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## **FORM 10-K**

**Gener8 Maritime, Inc. - GNRT**

**Filed: March 13, 2017 (period: December 31, 2016)**

Annual report with a comprehensive overview of the company

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

**FORM 10-K**

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

For the fiscal year ended December 31, 2016

**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 001-34228

**GENER8 MARITIME, INC.**

(Exact name of registrant as specified in its charter)

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

**66-071-6485**  
(I.R.S. Employer  
Identification No.)

**299 Park Avenue, 2nd Floor, New York, NY**  
(Address of principal executive office)

**10171**  
(Zip Code)

Registrant's telephone number, including area code: **(212) 763-5600**

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

Title of Each Class  
**Common Stock, par value \$.01 per share**

Name of Each Exchange on Which Registered  
**New York Stock Exchange**

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

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

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

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

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

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

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

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

The aggregate market value of the voting stock of the registrant held by non-affiliates of the registrant as of June 30, 2016 was approximately \$282.8 million, based on the closing price of \$6.40 per share.

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  No

The number of shares outstanding of the registrant's common stock as of March 10, 2017 was 82,960,194 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

Proxy Statement for the 2017 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2016, is incorporated by reference in Part III herein.

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### Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and are based on our management's current beliefs, expectations, estimates and projections about future events, many of which, by their nature, are inherently uncertain and beyond our control. Actual results may differ materially from those currently anticipated and expressed in such forward-looking statements due to a number of factors, including: (i) loss or reduction in business from our significant customers or the significant customers of the commercial pools in which we participate; (ii) changes in the values of our vessels, newbuildings or other assets; (iii) the failure of our significant customers, shipyards, pool managers or technical managers to perform their obligations owed to us; (iv) the loss or material downtime of significant vendors and service providers; (v) our failure, or the failure of the commercial pools in which we participate, to successfully implement a profitable chartering strategy; (vi) termination or change in the nature of our relationship with any of the commercial pools in which we participate; (vii) changes in demand for our services; (viii) a material decline or prolonged weakness in rates in the tanker market; (ix) changes in production of or demand for oil and petroleum products, generally or in particular regions; (x) greater than anticipated levels of tanker newbuilding orders or lower than anticipated rates of tanker scrapping; (xi) adverse weather and natural disasters, acts of piracy, terrorist attacks and international hostilities and instability; (xii) changes in rules and regulations applicable to the tanker industry, including, without limitation, legislation adopted by international organizations such as the International Maritime Organization and the European Union or by individual countries; (xiii) actions taken by regulatory authorities; (xiv) actions by the courts, the U.S. Coast Guard, the U.S. Department of Justice or other governmental authorities and the results of the legal proceedings to which we or any of its vessels may be subject; (xv) changes in trading patterns significantly impacting overall tanker tonnage requirements; (xvi) any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 or other applicable regulations relating to bribery; (xvii) the highly cyclical nature of our industry; (xviii) changes in the typical seasonal variations in tanker charter rates; (xix) changes in the cost of other modes of oil transportation; (xx) changes in oil transportation technology; (xxi) increases in costs including without limitation: crew wages, fuel, insurance, provisions, repairs and maintenance; (xxii) the adequacy of insurance to cover our losses, including in connection with maritime accidents or spill events; (xxiii) changes in general political conditions; (xxiv) changes in the condition of our vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs); (xxv) changes in the itineraries of our vessels; (xxvi) adverse changes in foreign currency exchange rates affecting our expenses; (xxvii) the fulfillment of the closing conditions under, or the execution of customary additional documentation for, our agreements to acquire vessels and borrow under our existing financing arrangements; (xxviii) the effect of our indebtedness on our ability to finance operations, pursue desirable business operations and successfully run our business in the future; (xxix) financial market conditions; (xxx) sourcing, completion and funding of financing on acceptable terms; (xxxi) our ability to generate sufficient cash to service our indebtedness and comply with the covenants and conditions under our debt obligations; (xxxii) the impact of electing to take advantage of certain exemptions applicable to emerging growth companies; and (xxxiii) other factors listed from time to time in our filings with the Securities and Exchange Commission, or the "SEC," including without limitation, under "*Risk Factors*" in this Annual Report on Form 10-K. Accordingly, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### Website Information

We intend to use our website, [www.gener8maritime.com](http://www.gener8maritime.com), as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in our website's Investor Relations section. Accordingly, investors should monitor the Investor Relations portion of our website, in addition to following our press releases, SEC filings, public conference calls, and webcasts. To subscribe to our e-mail alert service, please click the "Investor Alerts" link in the Investor Relations section of our website and submit your email address. The information contained in, or that may be accessed through, our website is not incorporated by reference into or a part of this document or any other report or document we file with or furnish to the SEC, and any references to our website are intended to be inactive textual references only.

## PART I

### ITEM 1. BUSINESS

#### OVERVIEW

We are Gener8 Maritime, Inc., a leading U.S.-based provider of international seaborne crude oil transportation services, resulting from a transformative merger between General Maritime Corporation, a well-known tanker owner, and Navig8 Crude Tankers Inc., a company sponsored by the Navig8 Group, an independent vessel pool manager. General Maritime Corporation was founded in 1997 by our Chairman and Chief Executive Officer, Peter Georgiopoulos, and we have been an active owner, operator and consolidator in the crude tanker sector. As of March 10, 2017, we owned a fleet of 40 tankers on the water, consisting of 24 Very Large Crude Carriers (“VLCCs”), ten Suezmax vessels, four Aframax vessels and two Panamax vessels, with an aggregate carrying capacity of 9.4 million deadweight tons, or “DWT” and one “eco” VLCC newbuilding that is being constructed at a highly reputable shipyard and is expected to be delivered during the second half of 2017. See “*Our Fleet*” below for a list of all our ships on the water.

We believe we are uniquely positioned to benefit from the recent expansion of our fleet through the acquisition of 21 VLCC vessels in 2014 and 2015, all of which have been delivered as of the date of this report, except for the *Gener8 Nestor* which is expected to be delivered during the second half of 2017. We believe that the timing of this expansion coincides with a strong outlook on the long-term rate environment. All of our recently delivered VLCC vessels are considered “eco,” incorporating many of the latest technological improvements designed to optimize speed and reduce fuel consumption and emissions.

Our fleet is employed worldwide. As of March 10, 2017, approximately 77% of our total fleet carrying capacity based on DWT, including newbuildings, is focused on VLCC vessels. We have seen an increase in trip length and ton-miles in the tanker market due to shifting trade patterns and believe that VLCC vessels are uniquely positioned to benefit from such increase and provide operational benefits due to economies of scale.

We seek to maximize long-term cash flow, taking into account current freight rates in the market and our own views on the direction of those rates in the future. Historically our spot and charter exposures have varied as we continually evaluate our charter employment strategy and the trade-off between shorter spot voyages and longer-term charters. For the year ended December 31, 2016, we had approximately 91.2% of our vessel operating days exposed to the short-term charter market, mostly via employment in pools.

Pools generally consist of a number of vessels that may be owned by a number of different ship owners which operate as a single marketing entity in an effort to produce freight efficiencies. Pools typically employ experienced commercial charterers and operators who have close working relationships with customers and brokers, while technical management is typically the responsibility of each ship owner. We believe that pool participation optimizes various operational efficiencies including improving the potential to monetize freight spikes, greater flexibility of voyage planning and fleet positioning, and reduction of waiting times. In addition to these competitive advantages, pool participation provides us with greater access to key market dynamics and information. As of December 31, 2016, all of our VLCC, Suezmax and Aframax vessels were employed in Navig8 Group commercial crude tanker pools, which we refer to as the “Navig8 pools.”

We maintain strong relationships with high quality customers, including Saudi Aramco, BP, Shell, S-Oil, Exxon, Chevron, Repsol, Valero, Reliance, Petrobras and Clearlake, either directly or through pooling arrangements. We believe the substantial scale of the global tanker pools in which we participate will provide with freight optimization and cost benefits through economies of scale, as well as greater access to key market dynamics and information. Additionally, we expect the new “eco” vessels deployed in the Navig8 pools will be able to earn higher returns relative to older, non-eco vessels that may be contributed, as fuel consumption is a significant determinant of pool earnings distributed to shipowners.

Our New York City-based executive management team includes executives with extensive experience in the shipping industry who have a long track record of managing the commercial, technical and financial aspects of our business.

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In executing our strategy, our practice is to acquire or dispose of secondhand vessels, newbuilding contracts, or shipping companies while focusing on maximizing shareholder value and returning capital to shareholders when appropriate.

We are incorporated under the laws of the Republic of the Marshall Islands. We maintain our principal executive offices at 299 Park Avenue, New York, New York 10171. Our telephone number at that address is (212) 763-5600. Our website is located at [www.gener8maritime.com](http://www.gener8maritime.com). Information on our website is not part of this report.

### **AVAILABLE INFORMATION**

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

In addition, our company website can be found on the Internet at [www.gener8maritime.com](http://www.gener8maritime.com). The website contains information about us and our operations. Copies of each of our filings with the SEC on Form 10-K, Form 10-Q and Form 8-K, and all amendments to those reports, can be viewed and downloaded free of charge after the reports and amendments are electronically filed with or furnished to the SEC. To view the reports, access [www.gener8maritime.com](http://www.gener8maritime.com), click on Investors, then SEC Filings. No information on our company website is incorporated by reference into this annual report on Form 10-K.

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

Corporate Investor Relations  
Gener8 Maritime, Inc.  
299 Park Avenue  
New York, NY 10171

### **BUSINESS STRATEGY**

Our strategy is to leverage our competitive strengths to enhance our position within the industry and maximize long term shareholder returns. Our strategic initiatives include:

- *Optimize our vessel deployment to maximize shareholder returns.* We seek to employ our vessels in a manner that maximizes fleet utilization and earnings upside through our chartering strategy in line with our goal of maximizing shareholder value and returning capital to shareholders when appropriate. We believe our participation in the Navig8 pools provides us with unique benefits, including access to both scale and superior utilization, versus the broader market. We believe these pools allow us to capture additional opportunities as they become available. Our management actively monitors market conditions and changes in charter rates to seek to achieve optimal vessel deployment for our fleet, which may include entering our vessels into time charters when appropriate.
- *Maintain cost efficient operations.* We outsource the technical management of our fleet to experienced third party managers who have specific teams dedicated to our vessels. We believe the technical management cost at third party managers is lower than what we could achieve by performing the function in house. We seek to aggressively manage our operating and maintenance costs and quality by actively overseeing the activities of the third party technical managers and by monitoring and controlling vessel operating expenses they incur on our behalf.
- *Operate a young, high quality fleet and continue to safely and effectively serve our customers.* We intend to maintain a high quality fleet that meets or exceeds stringent industry standards and complies with charterer

requirements through our technical managers' rigorous and comprehensive maintenance programs under our active oversight. Our fleet has a strong safety and environmental record that we maintain through regular maintenance and inspection. We believe that the "eco" design of our 20 recently delivered VLCCs on the water, and our one VLCC newbuilding, as well as the extensive experience from our technical managers and our in house oversight team, will enhance our position as a preferred provider to oil major customers.

- *Opportunistically engage in acquisitions or disposals to maximize shareholder value.* Our practice is to acquire or dispose of secondhand vessels, newbuilding contracts, or shipping companies while focusing on maximizing shareholder value and returning capital to shareholders when appropriate. Our executive management team has a demonstrated track record in sourcing and executing acquisitions and disposals at attractive points in the cycle and financings. We are continuously and actively monitoring the market in an effort to take advantage of growth opportunities. We believe that the demand created by changing oil trade pattern distances has been most significant in the VLCC sector as those ships have been directed largely to long haul trade routes to China. Consistent with our strategy, we purchased 21 "eco" VLCC newbuildings in 2014 and 2015, of which 18 were delivered as of December 31, 2016. Two additional VLCC newbuildings were delivered in the first quarter of 2017, and the final vessel is expected to be delivered in the second half of 2017. In 2016, we completed the sale of two VLCC vessels (the *Genmar Victory* and *Genmar Vision*), one Suezmax vessel (the *Gener8 Spyridon*) and one Handymax vessel (the *Gener8 Consul*). In the first quarter of 2017, we completed the sale of one VLCC vessel (the *Gener8 Ulysses*).
- *Actively manage capital structure and return capital to shareholders when appropriate.* We believe that we have access to multiple financing sources, including banks and the capital markets. We leveraged our strong relationships with our lenders under the Korean Export Credit Facility and the Amended Sinosure Credit Facility to fund the construction and delivery of our VLCC newbuildings. We intend to manage our capital structure by actively monitoring our leverage level with changing market conditions and returning capital to shareholders when appropriate. For more information regarding our senior secured credit facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt Financings."

## VESSEL ACQUISITIONS AND DISPOSALS

Our practice is to acquire or dispose of secondhand vessels, newbuilding contracts, or shipping companies while focusing on maximizing shareholder value and returning capital to shareholders when appropriate. Our executive management team has a demonstrated track record in sourcing and executing acquisitions and disposals at attractive points in the cycle and financings. We are continuously and actively monitoring the market in an effort to take advantage of growth opportunities. We also evaluate opportunities to monetize our investments in vessels by selling them when conditions allow us to generate attractive returns, to adjust the profile of our fleet to fit customer demands such as preferences for modern vessels, and to generate capital for potential investments in the future.

From 2001 to 2008, we grew from 20 vessels to 31 vessels upon the completion of our stock-for-stock acquisition of Arlington Tankers Ltd. in December 2008, our first acquisition of VLCCs.

In 2010, we entered into agreements to purchase seven tankers for an aggregate purchase price of approximately \$620 million, consisting of five VLCCs built between 2002 and 2010 and two Suezmax newbuildings, from subsidiaries of Metrostar Management Corporation. We completed taking delivery of these vessels in April 2011.

In 2011, we sold three product tankers for aggregate net proceeds of \$62 million and subsequently leased back each of these vessels to one of our subsidiaries. Pursuant to the Chapter 11 plan, we rejected the bareboat charters and charter guarantees related to these leasebacks effective June 2012 and July 2012. In February 2011, we also sold one Aframax vessel and one Suezmax vessel. We sold one Aframax vessel in each of March 2011, April 2011, October 2011, May 2012 and October 2012.

In 2014, we sold one Suezmax vessel, and we sold one Aframax vessel in each of February 2014 and October 2013.

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In 2016, we sold one Suezmax vessel (the *Gener8 Spyridon*), two VLCC vessels (the *Genmar Victory* and *Genmar Vision*) and one Handymax (*Gener8 Consul*) vessel. For more information regarding our sale of the vessels, see *Note 8, DELIVERY AND DISPOSAL OF VESSELS* and *Note 22, SUBSEQUENT EVENTS*, to the consolidated financial statements in Item 8.

Our recent fleet expansion strategy has involved two acquisitions of VLCC fleets in 2014 and 2015, described in more detail below. The VLCC fleet purchased in 2014 consists of seven “eco” newbuild VLCCs originally ordered by Scorpio Tankers, Inc. or “Scorpio.” These seven newbuildings were originally ordered by Scorpio and have an aggregate contract price of \$662.2 million, and we acquired them for \$735.0 million (with the difference from the contract price representing an additional embedded premium paid to Scorpio). We refer to the seven newbuildings acquired from Scorpio as the “2014 acquired VLCC newbuildings.” As of March 10, 2017, all of these VLCC vessels have been delivered to us and deployed in the VL8 Pool. As of March 10, 2017, we have borrowed approximately \$419.1 million under our senior secured credit facilities to fund the installment payments paid under the shipbuilding contracts for these vessels.

Additionally, in 2015, we acquired 14 “eco” VLCCs newbuilding contracts through a merger with Navig8 Crude Tankers, Inc., which we refer to as “Navig8 Crude.” See *Management’s Discussion and Analysis of Financial Condition and Results of Operations—Related Party Transactions—2015 Merger Related Transactions* for more information regarding the merger with Navig8 Crude, which we refer to as the “2015 merger.”

The 14 “eco” newbuild VLCCs we acquired in the 2015 merger had been originally ordered by Navig8 Crude prior to the 2015 merger with an aggregate contract price (including installment payments already made) of \$1.3 billion. We assumed the remaining installment payments from Navig8 Crude. One remaining newbuilding has yet to be delivered, which has remaining installment payments of \$48.2 million as of March 10, 2017. We have an agreement in place with Navig8 Shipmanagement Pte Ltd., an affiliate of the Navig8 Group, to supervise and inspect the construction of the one remaining newbuilding, which we expect to be delivered during the second half of 2017. See *Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions – Related Party Transactions of Navig8 Crude Tankers, Inc.* for more information regarding our relationship with the Navig8 Group.

We refer to the 14 newbuildings acquired in the 2015 merger as the “2015 acquired VLCC newbuildings.” As of March 10, 2017, all but one of these VLCC vessels have been delivered to us and deployed in the VL8 Pool. As of March 10, 2017, we have borrowed approximately \$1.1 billion under our senior secured credit facilities to fund the installment payments paid under the shipbuilding contracts for the 2015 acquired VLCC newbuildings.

These 21 VLCC vessels are based on advanced “eco” design, which incorporate many technological improvements such as more fuel-efficient engines, hull forms, and propellers and decreased water resistance, designed to optimize speed and fuel consumption and reduce emissions. However, there is no guarantee of the extent to which these fuel efficiencies will be realized. See *Risk Factors—There is no assurance that our recently delivered VLCC vessels (as well as the Gener8 Nestor which is scheduled to be delivered in the second half of 2017) will provide the fuel consumption savings that we expect, or that we will fully realize any fuel efficiency benefits of our recently delivered VLCC vessels.*

Certain events may arise which could result in us not taking delivery of our final 2015 acquired VLCC newbuilding on such schedule or at all. See *Risk Factors—Delay in delivery of our one remaining VLCC newbuilding or any other new vessel that we may order, or delivery of any vessel with significant defects, could harm our operating results and lead to the termination of any related charters that may be entered into prior to their delivery.*

### **OUR FLEET**

As of March 10, 2017 our fleet was comprised of 41 wholly-owned tankers, which includes 40 vessels on the water, consisting of 24 VLCC vessels, ten Suezmax vessels, four Aframax vessels and two Panamax vessels, with an aggregate carrying capacity of 9.4 million DWT and one “eco” VLCC newbuilding with an expected delivery in the second half of 2017. As of March 10, 2017, all of our VLCC vessels were deployed in Navig8 Group’s VL8 Pool, all of



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our Suezmax vessels were deployed in Navig8 Group’s Suez8 Pool and all of our Aframax vessels were deployed in the Navig8 Group’s V8 Pool.

| Vessel                            | Year Built | DWT              | Employment Status | Yard         | Flag             |
|-----------------------------------|------------|------------------|-------------------|--------------|------------------|
| <b>VLCC (1)</b>                   |            |                  |                   |              |                  |
| Gener8 Zeus                       | 2010       | 318,325          | Pool              | Hyundai      | Marshall Islands |
| Gener8 Atlas                      | 2007       | 306,005          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Hercules                   | 2007       | 306,543          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Poseidon                   | 2002       | 305,795          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Neptune                    | 2015       | 299,999          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Athena                     | 2015       | 299,999          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Strength                   | 2015       | 300,960          | Pool              | SWS          | Marshall Islands |
| Gener8 Apollo                     | 2016       | 301,417          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Supreme                    | 2016       | 300,933          | Pool              | SWS          | Marshall Islands |
| Gener8 Ares                       | 2016       | 301,587          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Hera                       | 2016       | 301,619          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Success                    | 2016       | 300,932          | Pool              | SWS          | Marshall Islands |
| Gener8 Nautilus                   | 2016       | 298,991          | Pool              | HHI          | Marshall Islands |
| Gener8 Andriotis                  | 2016       | 301,014          | Pool              | SWS          | Marshall Islands |
| Gener8 Constantine                | 2016       | 299,011          | Pool              | HHI          | Marshall Islands |
| Gener8 Perseus                    | 2016       | 299,392          | Pool              | HHI          | Marshall Islands |
| Gener8 Macedon                    | 2016       | 298,991          | Pool              | HHI          | Marshall Islands |
| Gener8 Chiotis                    | 2016       | 300,973          | Pool              | SWS          | Marshall Islands |
| Gener8 Oceanus                    | 2016       | 299,011          | Pool              | HHI          | Marshall Islands |
| Gener8 Noble                      | 2016       | 298,991          | Pool              | HHI          | Marshall Islands |
| Gener8 Theseus                    | 2016       | 299,392          | Pool              | HHI          | Marshall Islands |
| Gener8 Miltiades                  | 2016       | 301,038          | Pool              | SWS          | Marshall Islands |
| Gener8 Hector                     | 2017       | 297,363          | Pool              | HAN          | Marshall Islands |
| Gener8 Ethos                      | 2017       | 298,991          | Pool              | HHI          | Marshall Islands |
| <b>SUEZMAX</b>                    |            |                  |                   |              |                  |
| Gener8 Spartiate                  | 2011       | 164,925          | Pool              | Hyundai      | Marshall Islands |
| Gener8 Maniate                    | 2010       | 164,715          | Pool              | Hyundai      | Marshall Islands |
| Gener8 St. Nikolas                | 2008       | 149,876          | Pool              | Universal    | Marshall Islands |
| Gener8 George T                   | 2007       | 149,847          | Pool              | Universal    | Marshall Islands |
| Gener8 Kara G                     | 2007       | 150,296          | Pool              | Universal    | Liberia          |
| Gener8 Harriet G                  | 2006       | 150,296          | Pool              | Universal    | Liberia          |
| Gener8 Orion                      | 2002       | 159,992          | Pool              | Samsung      | Marshall Islands |
| Gener8 Argus                      | 2000       | 159,999          | Pool              | Hyundai      | Marshall Islands |
| Gener8 Horn                       | 1999       | 159,475          | Pool              | Daewoo       | Marshall Islands |
| Gener8 Phoenix                    | 1999       | 153,015          | Pool              | Halla        | Marshall Islands |
| <b>AFRAMAX</b>                    |            |                  |                   |              |                  |
| Gener8 Pericles                   | 2003       | 105,674          | Pool              | Sumitomo     | Liberia          |
| Gener8 Daphne                     | 2002       | 106,560          | Pool              | Tsuneishi    | Marshall Islands |
| Gener8 Defiance                   | 2002       | 105,538          | Pool              | Sumitomo     | Liberia          |
| Gener8 Elektra                    | 2002       | 106,560          | Pool              | Tsuneishi    | Marshall Islands |
| <b>PANAMAX</b>                    |            |                  |                   |              |                  |
| Gener8 Companion                  | 2004       | 72,749           | Spot              | Dalian China | Bermuda          |
| Gener8 Compatriot                 | 2004       | 72,749           | Spot              | Dalian China | Bermuda          |
| <b>Vessels on the Water Total</b> |            | <b>9,369,538</b> |                   |              |                  |

Pool = Vessel is chartered into a pool where it is deployed on the spot market (see below under the heading “—Fleet Deployment—Our Charters”).

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- (1) The table does not include the *Gener8 Nestor*, our VLCC newbuilding vessel which is being built at Hanjin Heavy Industries and Construction Philippines, Inc., has a carrying capacity of approximately 300,000 DWT and is expected to be delivered during the second half of 2017.

### FLEET DEPLOYMENT

We strive to optimize the financial performance of our fleet by opportunistically evaluating the deployment of our vessels in the spot market, which are contracts pertaining to specified cargo, and on time charters, which are contracts defined by their duration rather than their cargoes, including through commercial pool arrangements. Vessels operating in the spot market typically are chartered for a single voyage that may last up to three months whereas vessels operating on time charters may be chartered for several months or years. Vessels operating in the spot market may generate increased profit margins during periods of improving tanker rates, while vessels operating on time charters generally provide more predictable cash flows. Due to the historically low charter rates in recent years, we have primarily deployed our vessels on spot market voyage charters (either directly or through pools which operate primarily in the spot market) as opposed to time charters. However, we actively monitor market conditions and changes in charter rates in managing the deployment of our vessels between spot market voyage charters, pool agreements and time charters. Historically, during certain periods of higher charter rates, we entered into time charters to benefit from a measure of stability through cycles. We may utilize a similar strategy to the extent that tanker rates rise and market conditions become favorable. We may also utilize time charters to lock in contracted rates when we believe the rate environment could weaken or decline in the future. We may also consider deploying our vessels on time charter for customers to use as floating storage. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Pool, Spot and Time Charter Deployment*” for more information regarding our fleet deployment strategy.

#### *Our Charters*

The following table details the percentage of our fleet operating on time charters, in the spot market and in the Navig8 pools during the prior three years.

|                                    | Time Charter Vs. Spot Mix<br>(as % of operating days) |                   |                   |
|------------------------------------|---|-------------------|-------------------|
|                                    | Year ended  | Year ended        | Year ended        |
|                                    | December 31, 2016                                     | December 31, 2015 | December 31, 2014 |
| Percentage in Navig8 pool days (1) | 91.2  | 39.4              | —                 |
| Percentage in time charter days    | 1.8   | 9.4               | 6.3               |
| Percentage in spot charter days    | 7.0   | 51.2              | 93.7              |
| Total vessel operating days        | 100.0   | 100.0             | 100.0             |

- (1) Consists of vessels chartered into the VL8 Pool, the Suez8 Pool and the V8 Pool.

As of December 31, 2016, our fleet consisted of 39 vessels on the water, which were all employed in the spot market (either directly or through spot market focused pools). Additionally, all of our vessels that were delivered in the first quarter of 2017 were employed in the spot market (either directly or through spot market focused pools).

#### *VL8, Suez8 and V8 Pools*

We employ all of our VLCC, Suezmax and Aframax vessels, in Navig8 Group commercial crude tanker pools, including the VL8 Pool, the Suez8 Pool and the V8 Pool, respectively. The pools leverage the Navig8 Group’s industry leading platform with a spot market focus, in which shipowners with vessels of similar size and quality participate along with us in the pools. As of December 31, 2016, based on information provided to us by the Navig8 Group, the VL8 Pool was comprised of 45 vessels, the Suez8 Pool was comprised of 24 vessels and the V8 Pool was comprised of 19 vessels.

We believe this scale among global tanker pools will provide both us and these pools with freight optimization and cost benefits through economies of scale, as well as greater access to key market dynamics and information. Furthermore, we believe that vessel pools can provide cost-effective commercial management activities for a group of similar class vessels and potentially result in lower waiting times. Pooling our vessels with those of other operators also helps us derive various operational benefits through voyage flexibility, including having more vessels available to

deploy as opportunities arise. For example, pool participation means we could obtain backhaul or other voyages that could result in higher time charter equivalent earnings than we might have otherwise earned.

For further detail on our pooling arrangements with the Navig8 Group, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Related Party Transactions—Related Party Transactions of Navig8 Crude Tankers Inc.*”

For more information on other pools we have participated in, see *Note 16, VESSEL POOL ARRANGEMENTS*, to the consolidated financial statements in Item 8.

## **OPERATIONS AND SHIP MANAGEMENT**

### *Commercial Management*

Our management team and other employees, including the management and employees of our wholly-owned subsidiary, Gener8 Maritime Management LLC, are responsible for the commercial and strategic management of our fleet. Commercial management involves negotiating charters for vessels, managing the mix of various types of charters, such as time charters, voyage charters and spot market-related time charters, and monitoring the performance of our vessels under their charters. Strategic management involves locating, purchasing, financing and selling vessels. The commercial management of our vessels deployed in the VL8, Suez8 and V8 Pools is handled by affiliates of the Navig8 Group. Our in-house commercial management team oversees our pool arrangements and manages any vessels not chartered into pools.

### *Technical Management*

We utilize the services of independent technical managers for the technical management of our fleet (including the vessels we have deployed in pools). We currently contract with Anglo Eastern Ship Management, Northern Marine Management, Wallem Ship Management and Selandia Ship Management, independent technical managers, for our technical management. Technical management involves the day-to-day management of vessels, including performing routine maintenance, attending to vessel operations, arranging for crews and supplies and providing safety, quality and environmental management, operational support, crewing shipyard supervision, insurance and financial management services. Members of our New York City-based corporate technical department oversee the activities of our independent technical managers. The head of our technical management team has over 38 years of experience in the shipping industry.

Under our technical management agreements, our technical managers are obligated to:

- provide qualified personnel to ensure safe vessel operation;
- arrange and supervise the maintenance of our vessels to our standards to assure that our vessels comply with applicable national and international regulations and the requirements of our vessels’ classification societies including arranging and conducting vessel dry dockings;
- select and train the crews for our vessels, including assuring that the crews have the correct certificates for the types of vessels on which they serve;
- warrant the compliance of the crews’ licenses with the regulations of the vessels’ flag states and the International Maritime Organization, or “IMO”;
- arrange the supply of spares and stores and lubricating oil for our vessels;
- report expense transactions to us, and make its procurement and accounting systems available to us in accordance with the Sarbanes-Oxley Act of 2002, as amended, or the “Sarbanes-Oxley Act”; and
- ensure that our vessels are acceptable to customers for the safe carriage of cargo.

Our crews inspect our vessels and perform ordinary course maintenance, both at sea and in port. Our vessels are regularly inspected by technical management staff and specific notations and recommendations are made for improvements to the overall condition of the vessel, maintenance of the vessel and safety and welfare of the crew.

## **EMPLOYEES**

As of December 31, 2016, we employed 38 office personnel. Fourteen of these employees (of which thirteen are located in New York City and one is located in Houston, Texas) manage the commercial operations of our business and oversee the technical management of our fleet. As part of our strategy to outsource the technical management of our fleet, we completed the closure of our Portugal office (which had four employees) in August 2015 and our Russia office (which had three employees) in March 2016.

Since November 15, 2014, we no longer provided any seaborne personnel to crew our vessels. Crews for our vessels are provided by third-party managers. Our technical managers are responsible for locating and retaining qualified officers for our vessels subject to third-party management arrangements. The crewing agencies handle each seaman's training, travel and payroll, and ensure that all the seamen on our vessels have the qualifications and licenses required to comply with international regulations and shipping conventions. We typically man our vessels with more crew members than are required by the country of the vessel's flag in order to allow for the performance of routine maintenance duties.

We place great emphasis on attracting qualified crew members for employment on our vessels. Recruiting qualified senior officers has become an increasingly difficult task for vessel operators. We believe that our third-party technical managers pay competitive salaries and provide competitive benefits to our personnel. We believe that the well-maintained quarters and equipment on our vessels help to attract and retain motivated and qualified seamen and officers. Our crew management services contractors have collective bargaining agreements that cover all the junior officers and seamen whom they provide to us.

## **CUSTOMERS**

We have strong relationships with our customers, which include major international oil companies and commodities trading firms such as Saudi Aramco, BP, Shell, S-Oil, Exxon, Chevron, Repsol, Valero, Reliance, Petrobras and Clearlake, either directly or through pooling arrangements.

Our vessels are primarily available for employment in commercial pools, or for charter on a spot voyage or time charter basis.

During the years ended December 31, 2016 and 2015, the Navig8 pools accounted for 91.2% and 34.8%, respectively of our net voyage revenues. The Navig8 pools, which manage vessels owned by third-party operators, distribute revenues on net basis, and our net voyage revenues are not directly attributable to the charterers of our vessels. We receive such revenues indirectly through distributions made to us by the Navig8 pools in which our vessels participate. During the years ended December 31, 2015 and 2014, one of our customers, Unipet, accounted for 9.9% and 15.2% of our voyage revenues (including revenue from the Unique Tankers pool), respectively. On May 7, 2015, we delivered to Unipet a notice of termination under certain of our pool related agreements between Unipet and Unique Tankers, and we subsequently transitioned all of our vessels to the Navig8 commercial crude tanker pools, with the exception of two vessels deployed in the spot market, to the Navig8 commercial crude tanker pools. See "*Risk Factors—We receive a significant portion of our revenues from a limited number of customers and pools, and the loss of any customer or the termination of our relationships with these pools could result in a significant loss of revenues and cash flow*" for certain risks related to our reliance on key customers. See *Note 16, VESSEL POOL ARRANGEMENTS*, to the consolidated financial statements in Item 8 for more information on the Unique Tankers pool and the Navig8 pools.

## **COMPETITION**

International seaborne transportation of crude oil and other petroleum products is provided by two main types of operators: fleets owned by independent companies and fleets operated by oil companies (both private and

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state-owned). Many oil companies and other oil trading companies, the primary charterers of the vessels we own, also operate their own vessels and transport oil for themselves and third-party charterers in direct competition with independent owners and operators. Competition for charters is intense and is based upon price, vessel location, the size, age, condition and acceptability of the vessel, and the quality and reputation of the vessel's operator.

Other significant operators of vessels carrying crude oil and other petroleum products include Frontline, Ltd., Overseas Shipholding Group, Inc., Teekay Shipping Corporation, Tsakos Energy Navigation, Euronav NV, DHT Holdings, Inc., and Tankers International LLC. There are also numerous, smaller vessel operators.

See "Risk Factors" for a discussion of certain negative factors pertaining to our competitive position.

## **INSURANCE**

### *General Operational Risks*

The operation of any ocean-going vessel carries an inherent risk of catastrophic marine disasters and property losses caused by adverse weather conditions, mechanical failures, human error, war, terrorism and other circumstances or events. In addition, the transportation of crude oil is subject to the risk of spills, and business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts. The U.S. Oil Pollution Act of 1990, or "OPA," has made liability insurance more expensive for ship owners and operators imposing potentially unlimited liability upon owners, operators and bareboat charterers for oil pollution incidents in the territorial waters of the United States. We believe that our current insurance coverage is adequate to protect us against the principal accident-related risks that we face in the conduct of our business.

### *Liability Risks: Protection and Indemnity Insurance*

Our protection and indemnity insurance, or "P&I insurance," covers, subject to customary deductibles, policy limits and extensions, third-party liabilities and other related expenses from, among other things, injury or death of crew, passengers and other third parties, claims arising from collisions, damage to cargo and other third-party property and pollution arising from oil or other substances. Our current P&I insurance coverage for pollution is the maximum commercially available amount of \$1.0 billion per tanker per incident and is provided by mutual protection and indemnity associations. Our current P&I insurance coverage for non-pollution losses is \$3.0 billion per tanker per incident. Each of the vessels currently in our fleet is entered in a protection and indemnity association which is a member of the International Group of Protection and Indemnity Mutual Assurance Associations, or the "International Group." The 13 protection and indemnity associations that comprise the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. Each protection and indemnity association has capped its exposure to this pooling agreement at \$4.3 billion. As a member of protection and indemnity associations, which are, in turn, members of the International Group, we are subject to calls payable to the associations based on the International Group's claim records as well as the claim records of all other members of the individual associations and members of the pool of protection and indemnity associations comprising the International Group.

### *Marine Risks: Hull and Machinery and War Risks*

Our hull and machinery insurance covers actual or constructive total loss from covered risks of collision, fire, heavy weather, grounding and engine failure or damages from same. Our war risk insurance covers risks of confiscation, seizure, capture, vandalism, sabotage and other war-related risks. Such coverage is subject to policy deductibles. Our loss-of-hire insurance covers loss of revenue for up to 90 days resulting from vessel off hire for each of our vessels, with a 14-day deductible.

## ENVIRONMENTAL REGULATION AND OTHER REGULATIONS

Government regulations and laws significantly affect the ownership and operation of our vessels. We are subject to international conventions, national, state and local laws and regulations in force in the countries in which our vessels may operate or are registered and compliance with such laws, regulations and other requirements may entail significant expense.

Our vessels are subject to both scheduled and unscheduled inspections by a variety of government, quasi-governmental and private organizations, including local port authorities, national authorities, harbor masters or equivalent, classification societies, flag state administrations (countries of registry) and charterers. Our failure to maintain permits, licenses, certificates or other approvals required by some of these entities could require us to incur substantial costs or temporarily suspend operation of one or more of our vessels.

We believe that the heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. We believe that the operation of our vessels is in substantial compliance with applicable 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 frequently changed 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. In addition additional legislation or regulation applicable to the operation of our vessels that may be implemented in the future could negatively affect our profitability.

### *International Maritime Organization (IMO)*

The United Nations' International Maritime Organization, or the "IMO," has adopted the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 and updated through various amendments relating thereto (collectively referred to as MARPOL 73/78 and herein as "MARPOL"). MARPOL entered into force on October 2, 1983. It 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 tankers, among other 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; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997.

In 2012, the IMO's Marine Environmental Protection Committee, or the "MEPC," adopted a resolution amending the International Code for the Construction and Equipment of Ships Carrying Dangerous Chemicals in Bulk, or the "IBC Code." The provisions of the IBC Code are mandatory under MARPOL and the IMO International Convention for the Safety of Life at Sea of 1974, or "SOLAS." These amendments, which entered into force in June 2014, pertain to revised international certificates of fitness for the carriage of dangerous chemicals in bulk and identifying new products that fall under the IBC Code. We may need to make certain financial expenditures to comply with these amendments.

In 2013, the MEPC adopted a resolution amending MARPOL Annex I Condition Assessment Scheme, or "CAS." These amendments became effective on October 1, 2014, and require compliance with the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, or "ESP Code," which provides for enhanced inspection programs. We may need to make certain financial expenditures to comply with these amendments.

**Air Emissions.** In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits "deliberate emissions" of "ozone depleting substances," defined to include certain halons and chlorofluorocarbons. "Deliberate emissions" are not limited

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to times when the ship is at sea; they can for example include discharges occurring in the course of the ship's repair and maintenance. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls "PCBs") are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions known as "Emission Control Areas," or "ECAs" (see below).

The MEPC adopted amendments to Annex VI on October 10, 2008, which amendments were 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 sulfur contained in any fuel oil used on board ships. On October 27, 2016, at its 70th session, or "MEPC 70," MEPC announced its decision concerning the implementation of regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020 ships will now have to either remove sulfur from emissions through the use of emission scrubbers or buy fuel with low sulfur content.

Sulfur content standards are even stricter within certain ECAs. As of January 1, 2015, ships operating within an ECA may not use fuel with sulfur content in excess of 0.10%. Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea, the North Sea and certain coastal areas of North America and the Caribbean Sea have been so designated. Ocean-going vessels in these areas are subject to stringent emissions controls, which may cause us to incur additional costs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency, or "EPA," or the states where we operate, compliance with these regulations could entail significant capital expenditures, operational changes, or otherwise increase the costs of our operations. For example, the amended Annex VI also establishes new tiers of stringent nitrogen oxide emission standards for new marine engines developed after the date of installation. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009. At MEPC 70, MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxides, effective January 1, 2021. It is expected that these areas will be formally designated after the draft amendments are presented at MEPC's next session.

As of January 1, 2013, Amended Annex VI of MARPOL made mandatory certain measures relating to energy efficiency for ships in part to address greenhouse gas emissions. This included the requirement that all new ships utilize the Energy Efficiency Design Index, or "EEDI," and that all ships use the Ship Energy Efficiency Management Plan, or "SEEMP."

We believe that all our vessels will be compliant in all material respects with these regulations. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, results of operations, cash flows and financial condition.

### *Pollution Control and Liability Requirements*

The IMO adopted the International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits of ballast discharge. All ships will also have to carry a ballast water record book and an International Ballast Water Management Certificate. The BWM Convention enters into force 12 months after it has been 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 tonnage. On September 8, 2016, this threshold was met (with 52 contracting parties making up 35.14%). Thus, the BWM Convention will enter into force on September 8, 2017.

Many of the implementation dates originally written into 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, or "BWMS". For this reason, on December 4, 2013, the IMO Assembly passed a resolution revising the application 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 BWMS on such vessels at the first renewal survey following entry into force of the Convention. At MEPC 70, MEPC adopted updated "guidelines for approval of ballast water management systems (G8)." G8 updates previous guidelines concerning procedures to approve BWMS. The cost of compliance could increase for ocean carriers and the costs of ballast water treatments may be material.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or 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 relevant national or other domestic laws in the jurisdiction where the events or damages occur.

The IMO has also adopted the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocol in 1976, 1984, and 1992, and amended in 2000, or the "CLC." Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability. The right to limit liability is forfeited under the CLC where the spill is caused by the shipowner's personal fault and under the 1992 Protocol where the spill is caused by the shipowner's personal act or omission or by intentional or reckless conduct where the shipowner knew pollution damage would probably result. The CLC requires ships covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner's liability for a single incident.

Noncompliance with the IMO's International Management Code for the Safe Operation of Ships and for Pollution Prevention, or "ISM Code," or other IMO regulations may subject the vessel 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 Annual Report, each of our operating vessels is ISM Code certified.

**Anti-Fouling Requirements.** In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the "Anti-fouling Convention." The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels after September 2003. Vessels of over 400 gross tons engaged in international voyages will be 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.

The IMO continues to review and 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 might have on our operations.

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

The U.S. Oil Pollution Act of 1990, or "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, or "CERCLA," which applies to the discharge of hazardous substances (other than petroleum, except in certain 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.



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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 or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 21, 2015, the U.S. Coast Guard, or “USCG,” adjusted the limits of OPA liability to the greater of \$2,200 per gross ton or \$18,796,800 per tank vessel, other than a single-hull tank vessel, that is greater than 3,000 gross tons (subject to periodic adjustments for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. 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 does not apply if the responsible party fails or refuses to (i) report the incident where the responsible 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 certain provisions of the U.S. Clean Water Act 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 million for vessels carrying a hazardous substance as cargo 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 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. Under OPA regulations, an owner or operator of more than one tanker is required to demonstrate evidence of financial responsibility for the entire fleet in an amount equal only to the financial responsibility requirement of the tanker having the greatest maximum strict liability under OPA and CERCLA. We have provided such evidence and received certificates of financial responsibility from the USCG for each of our vessels required to have one. Compliance with any new requirements of OPA may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory

initiatives or statutes. Additional legislation or regulations applicable to the operation of our vessels that may be implemented in the future could adversely affect our business.

We currently maintain pollution liability coverage insurance in the amount of \$1 billion per incident for each of our operating vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Other United States Environmental Regulations.** The U.S. Clean Water Act, or the “CWA,” prohibits the discharge of oil, hazardous substances and ballast water in U.S. 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, most 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 U.S. federal law.

The EPA requires a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within U.S. waters under the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels, or “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, or “NOI,” at least 30 days before the vessel operates in U.S. waters. On March 28, 2013, the EPA re-issued the VGP for another 5 years. This VGP took effect on December 19, 2013. The VGP focuses on authorizing discharges incidental to operations of commercial vessels and the new VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, more stringent requirements for gas scrubbers and the use of environmentally acceptable lubricants.

USCG regulations adopted, and proposed for adoption, under the U.S. National Invasive Species Act, or “NISA,” also impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering or operating in U.S. waters, which require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures, and/or otherwise restrict our vessels from entering U.S. waters. The USCG must approve any technology before it is placed on a vessel, but has not yet approved the technology necessary for vessels to meet the foregoing standards. However, the USCG has developed an Alternate Management System, or “AMS,” acceptance program. This is a bridging strategy to allow foreign type approved BWMS to be installed and operated on vessels. An AMS must be installed prior to the vessel’s compliance date and may be used up to five years after the date that the vessel is required to be in compliance with the USCG ballast water discharge standards.

Notwithstanding the foregoing, as of January 1, 2014, vessels are technically subject to the phasing-in of these standards. As a result, the USCG has provided waivers to vessels which cannot install the as-yet unapproved technology. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers.

In October 2015, the Second Circuit Court of Appeals issued a ruling that directed the EPA to redraft certain sections of the VGP that address ballast water. However, the Second Circuit stated that the 2013 VGP will remain in effect until the EPA issues a new VGP. Since the current VGP will remain in effect until the EPA issues a new VGP, it remains unclear how the ballast water requirements promulgated by the EPA, the USCG, and IMO BWM Convention, some of which are in effect and some of which are pending, will co-exist and affect us.

Compliance with the VGP could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other disposal arrangements, and/or otherwise restrict our vessels from entering United States waters. In addition, certain states have enacted more stringent discharge standards as conditions to their required certification of the VGP. We submit NOIs for our vessels where required and do not believe that the costs associated with obtaining and complying with the VGP have a material impact on our operations. We have installed ballast water treatment systems on newbuilding vessels and will retrofit these on certain other ships in the future.

The U.S. Clean Air Act of 1970 (including its amendments in 1977 and 1990), or the “CAA,” requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. Our vessels that operate in such port areas with restricted cargoes are equipped with vapor recovery systems that satisfy these requirements. The CAA also requires states to draft State Implementation Plans, or “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 indicated above, our vessels operating in covered port areas are already equipped with vapor recovery systems that satisfy these existing requirements.

#### *European Union Regulations*

In October 2009, the European Union 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 European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The European Union also adopted and then extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply.

#### *Greenhouse Gas Regulation*

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions. The 2015 United Nations Convention on Climate Change Conference in Paris did not result in an agreement that directly limited greenhouse gas emissions from ships.

However, in January 2013 the MEPC’s two new sets of mandatory requirements that address greenhouse gas emissions from ships entered into force. Currently operating ships will be required to develop Ship Energy Efficiency Management Plans, and minimum energy efficiency levels per capacity mile, outlined in the Energy Efficiency Design Index, will apply to new ships. These requirements could cause us to incur additional compliance costs. In April 2015, a regulation was adopted requiring that large ships (over 5,000 gross tons) calling at European ports from January 2018 collect and publish data on carbon dioxide emissions. Draft amendments, which included guidelines on this data collection system, were approved by the 69th session of the MEPC in April 2016, and adopted at MEPC 70. This is expected to be an early step in the analysis of such data for international shipping by MEPC to aid in deciding future steps concerning greenhouse gas emissions and energy efficiency. A roadmap for a “comprehensive IMO strategy on a reduction of greenhouse gas emissions from ships” was also approved at MEPC 70.

The MEPC is also considering the implementation of market-based mechanisms to reduce greenhouse gas emissions from ships. For 2020, the European Union made a unilateral commitment to reduce overall greenhouse gas emissions from its member states by 20% of 1990 levels. The European Union also committed to reduce its emissions by 20% under the Kyoto Protocol’s second period, from 2013 to 2020. In December 2013, the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. The EPA enforces both the CAA and the international standards found in Annex VI of MARPOL concerning marine diesel engines, their emissions, and the sulfur content in marine fuel. Although the mobile source emissions regulations do not

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apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures, including capital expenditures to upgrade our vessels, which we cannot predict with certainty at this time.

### *International Labour Organization*

The International Labour Organization, or “ILO,” is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labour Convention 2006, or “MLC 2006.” A Maritime Labor Certificate and a Declaration of Maritime Labour Compliance will be required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. On August 20, 2013, MLC 2006 entered into force. Amendments to MLC 2006 were adopted in 2014 and 2016. The MLC 2006 requires us to develop new procedures to ensure full compliance with its requirements.

### *Ship Safety*

**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, or “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.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter XI-2 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, or the “ISPS Code.” The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate, or “ISSC,” from a recognized security organization approved by the vessel’s flag state. The following are among the various requirements, some which are found in SOLAS:

- 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.

A ship operating without a valid certificate may be detained at port until it obtains an ISSC, or 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 align 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. We have implemented the various security measures addressed by the MTSA, SOLAS and the ISPS Code.

**Safety Management System Requirements.** In addition to SOLAS, the IMO also adopted the International Convention on Load Lines, or the "LL Convention." SOLAS and the LL Convention impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises SOLAS and LL Convention standards. May 2012 SOLAS amendments entered into force as of January 1, 2014. The Convention on Limitation of Liability for Maritime Claims, or "LLMC," was recently amended and went into effect on June 8, 2015. The amendments alter the limits of liability for loss of life or personal injury claims and property claims against ship owners. We believe that all our vessels will be in substantial compliance with SOLAS and LL Convention standards.

The operation of our ships is also affected by the requirements set forth in Chapter IX of SOLAS, which sets forth the ISM Code. The ISM Code requires ship owners and bareboat charterers to develop and maintain an extensive "Safety Management System" 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 dealing with emergencies. We rely upon the safety management systems that we and our technical managers 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.

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 a 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. We believe that we have all material requisite documents of compliance for our offices and safety management certificates for all of our operating vessels for which such certificates are required by the IMO. We renew these documents of compliance and safety management certificates as required.

**Inspection by Classification Societies.** Every oceangoing vessel must be evaluated, surveyed and approved 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 classes 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:* In addition to annual surveys, intermediate surveys 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 occasion of 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 every four or five years, depending on whether a grace period was granted, a vessel 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. Upon a vessel owner's request, 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 under 15 years old undergo an intermediate survey every 30 to 36 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 vessel owner within prescribed time limits. For vessels 15 years and older, a class renewal survey is performed every 30 months.

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. All of our operating vessels have been certified as being "in class" by a recognized classification society. All new and secondhand vessels that we purchase must be certified prior to their delivery under our standard agreements.

#### *Oil Major Vetting Process*

Shipping in general and crude tankers in particular, have been, and will remain, heavily regulated. Many international and national rules, regulations and other requirements—whether imposed by the classification societies, international statutes, national and local administrations or industry—must be complied with in order to enable a shipping company to operate and a vessel to trade.

Traditionally there have been relatively few large players in the oil trading business and the industry is continuously consolidating. The so-called "oil majors," such as BP, Chevron, Conoco Phillips, Exxon, Petrobras, Shell, Sinopec, Statoil and Total, together with a few smaller companies, represent a significant percentage of the production, trading and, especially, shipping logistics (terminals) of crude and refined products worldwide. Concerns for the environment, health and safety have led the oil majors to develop and implement a strict due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel.

While many parameters are considered and evaluated prior to a commercial decision, the oil majors, through their association, the Oil Companies International Marine Forum, or "OCIMF," have developed and are implementing two basic tools: (a) SIRE, the Ship Inspection Report Program, and (b) the Tanker Management & Self Assessment, or "TMSA" program. The former is a physical ship inspection protocol based upon a thorough vessel inspection questionnaire, and performed by accredited OCIMF inspectors, resulting in a report being logged on SIRE, while the latter is a recent addition to the risk assessment tools used by the oil majors.

Based upon commercial needs, there are three levels of risk assessment used by the oil majors: (a) terminal use, which will clear a vessel to call at one of the oil major's terminals; (b) voyage charter, which will clear the vessel for a single voyage; and (c) term charter, which will clear the vessel for use for an extended period of time. The depth, complexity and difficulty of each of these levels of assessment vary. While for the terminal use and voyage charter

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relationships a ship inspection and the operator's TMSA will be sufficient, a longer term charter relationship also requires a thorough office assessment. In addition to the commercial interest on the part of the oil major, an excellent safety and environmental protection record is necessary to ensure an office assessment is undertaken.

We believe that we benefit from our technical managers' track record of successful audits by major international oil companies. See "*Operations and Ship Management—Technical Management*" for more information about our technical managers.

### **SEASONALITY**

We operate our vessels in markets that have historically exhibited seasonal variations in tanker demand and, as a result, in charter rates. Tanker markets are typically stronger in the fall and winter months (the fourth and first quarters of the calendar year) in anticipation of increased oil consumption in the Northern Hemisphere during the winter months. Unpredictable weather patterns and variations in oil reserves disrupt vessel scheduling and could adversely impact charter rates.

## Glossary

The following are abbreviations and definitions of certain terms commonly used in the shipping industry and this annual report. The terms are taken from the *Marine Encyclopedic Dictionary* (Ninth Edition) published by Lloyd's of London Press Ltd. and other sources, including information supplied by us.

*Aframax tanker.* Tanker ranging in size from 80,000 DWT to 120,000 DWT.

*American Bureau of Shipping.* American classification society.

*Annual survey.* The inspection of a vessel pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

*Bareboat charter.* Contract or hire of a vessel under which the shipowner is usually paid a fixed amount for a certain period of time during which the charterer is responsible for the complete operation and maintenance of the vessel, including crewing.

*Bunker Fuel.* Fuel supplied to ships and aircraft in international transportation, irrespective of the flag of the carrier, consisting primarily of residual fuel oil for ships and distillate and jet fuel oils for aircraft.

*Charter.* The hire of a vessel for a specified period of time or to carry a cargo from a loading port to a discharging port. A vessel is "chartered in" by an end user and "chartered out" by the provider of the vessel.

*Charterer.* The individual or company hiring a vessel.

*Charterhire.* A sum of money paid to the shipowner by a charterer under a charter for the use of a vessel.

*Classification society.* A private, self-regulatory organization which has as its purpose the supervision of vessels during their construction and afterward, in respect to their seaworthiness and upkeep, and the placing of vessels in grades or "classes" according to the society's rules for each particular type of vessel.

*Daewoo.* Daewoo Shipbuilding & Marine Engineering Co., Ltd.

*Demurrage.* The delaying of a vessel caused by a voyage charterer's failure to load, unload, etc. before the time of scheduled departure. The term is also used to describe the payment owed by the voyage charterer for such delay.

*DNV GL.* Norwegian classification society.

*Double-hull.* Hull construction design in which a vessel has an inner and outer side and bottom separated by void space, usually several feet in width.

*Double-sided.* Hull construction design in which a vessel has watertight protective spaces that do not carry any oil and which separate the sides of tanks that hold any oil within the cargo tank length from the outer skin of the vessel.

*Drydock.* Large basin where all the fresh/sea water is pumped out to allow a vessel to dock in order to carry out cleaning and repairing of those parts of a vessel which are below the water line.

*DWT.* Deadweight ton. 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.

*Gross ton.* Unit of 100 cubic feet or 2.831 cubic meters.

*HAN.* Hanjin Heavy Industries (Philippines).



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*Handymax tanker.* Tanker ranging in size from 40,000 DWT to 60,000 DWT.

*HHI.* Hyundai Heavy Industries Co., Ltd.

*HSHI.* Hyundai Samho Heavy Industries

*Hull.* Shell or body of a vessel.

*IMO.* International Maritime Organization, a United Nations agency that sets international standards for shipping.

*Intermediate survey.* The inspection of a vessel by a classification society surveyor which takes place approximately two and half years before and after each special survey. This survey is more rigorous than the annual survey and is meant to ensure that the vessel meets the standards of the classification society.

*LWT.* Lightweight tons.

*Net voyage revenues.* Voyage revenues minus voyage expenses.

*Newbuilding.* A new vessel under construction or just completed.

*Off hire.* The period a vessel is unable to perform the services for which it is immediately required under its contract. Off hire periods include days spent on repairs, drydockings, special surveys and vessel upgrades. Off hire may be scheduled or unscheduled, depending on the circumstances.

*Panamax tanker.* Tanker ranging in size from 60,000 DWT to 80,000 DWT.

*P&I Insurance.* Third-party indemnity insurance obtained through a mutual association, or P&I Club, formed by shipowners to provide protection from third-party liability claims against large financial loss to one member by contribution towards that loss by all members.

*Scrapping.* The disposal of old vessel tonnage by way of sale as scrap metal.

*SIRE discharge reports.* A hydrocarbon discharge ship inspection report carried out under the Ship Inspection Report Program (SIRE) of the Oil Companies International Marine Forum, a voluntary association of oil companies (including all the oil majors) having an interest in the shipment of crude oil and oil products and the operation of terminals.

*Sister ship.* Ship built to same design and specifications as another.

*Special survey.* The inspection of a vessel by a classification society surveyor that takes place every four to five years.

*Spot market.* The market for immediate chartering of a vessel, usually on voyage charters.

*Suezmax tanker.* Tanker ranging in size from 120,000 DWT to 200,000 DWT.

*SWS.* China's Shanghai Waigaoqiao Shipbuilding.

*Tanker.* Vessel designed for the carriage of liquid cargoes in bulk with cargo space consisting of many tanks. Tankers carry a variety of products including crude oil, refined products, liquid chemicals and liquid gas. Tankers load their cargo by gravity from the shore or by shore pumps and discharge using their own pumps.

*TCE.* Time charter equivalent. TCE is a measure of the average daily revenue performance of a vessel on a per voyage basis determined by dividing net voyage revenue by total operating days for fleet.

*Time charter.* Contract for hire of a vessel under which the shipowner is paid charterhire on a per day basis for a certain period of time. The shipowner is responsible for providing the crew and paying operating costs while the charterer is responsible for paying the voyage expenses.

*VLCC.* Acronym for Very Large Crude Carrier, or a tanker ranging in size from 200,000 DWT to 320,000 DWT.

*Voyage charter.* A Charter under which a customer pays a transportation charge for the movement of a specific cargo between two or more specified ports. The shipowner pays all voyage expenses, and all vessel expenses, unless the vessel to which the Charter relates has been time chartered in. The customer is liable for demurrage, if incurred.

## ITEM 1A. RISK FACTORS

We face a variety of risks that are substantial and inherent in our business, including market, financial, operational, legal and regulatory risks. Below, we have described certain important risks that could affect our business. These risks and other information included in this report should be carefully considered. If any of these risks occur, our business, financial condition, operating results and cash flows could be materially adversely affected and the trading price of our common stock could decline.

### RISK FACTORS RELATED TO OUR INDUSTRY

#### **Our revenues may be adversely affected if we and/or our pool managers do not successfully employ our vessels.**

We seek to employ our vessels with reputable and creditworthy customers to maximize fleet utilization and earnings upside through spot market related employment, pool agreements and time charters in a manner that maximizes long-term cash flow, taking into account fluctuations in freight rates in the market and our own views on the direction of those rates in the future. As of March 10, 2017, all of our vessels are employed in the spot market (either directly or through spot market focused pools), given our expectation of near- to medium-term increases in charter rates. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Related Party Transactions—Related Party Transactions of Navig8 Crude Tankers, Inc.*” for more information on these arrangements.

In recent years, we have primarily deployed our vessels on spot market voyage charters (either directly or through pools which operate primarily in the spot market). Although spot chartering is common in the crude and product tankers sectors, crude and product tankers charter hire rates are highly volatile and may fluctuate significantly based upon demand for seaborne transportation of crude oil and petroleum products, as well as tanker supply. The successful operation of our vessels in the 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 highly volatile, and, in the past, there have been periods when spot rates have declined below the operating cost of vessels. Furthermore, as charter rates for spot charters are fixed for a single voyage that may last up to three months, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases. Additionally, even if our vessels are not otherwise employed during a period of rising rates, we may not obtain spot charters during such periods because of vessel position or because of competition.

Although time charters generally provide stable revenues, they also limit the portion of our fleet available for spot market voyages during an upswing in the tanker industry cycle, when spot market voyages might be more profitable.

We earned approximately 97.7%, 93.3% and 97.2% of our net voyage revenue from spot charters (directly or through pool agreements) for the years ended December 31, 2016, 2015, and 2014, respectively. The spot charter market is highly competitive, and spot market voyage charter rates may fluctuate dramatically based primarily on the worldwide

supply of tankers available in the market for the transportation of oil and the worldwide demand for the transportation of oil by tanker. There is no assurance that future spot market voyage charters will be available at rates that will allow us to operate our vessels deployed in the spot market profitably or that we will successfully employ our vessels at available rates.

**The cyclical nature of the tanker industry may lead to volatility in charter rates and vessel values which may adversely affect our earnings.**

We anticipate that future demand for our vessels, and in turn our future charter rates and profitability, will be affected by the rate of economic growth in the world's economy, demand for petroleum, and petroleum based products, as well as seasonal and regional changes in demand and supply of tanker capacity. As of March 10, 2017 all of our vessels were employed in the spot market (either directly or through spot-market focused pools). As a result, we currently have limited contractual committed future revenues and thus are largely subject to spot market rates, which are highly volatile. If the tanker industry, which has been highly cyclical and volatile, is depressed in the future when a vessel is employed in the spot market, when a charter expires, or at a time when we may want to sell a vessel, our earnings and available cash flow will be adversely affected. There is no assurance that we or our pool managers will be able to successfully charter our vessels in the future or renew our existing charters at rates sufficient to allow us to operate our business profitably or meet our obligations, including payment of debt service to lenders.

The factors affecting the supply and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable. The tanker markets have been volatile as a result of the many conditions and factors that can affect the price, supply and demand for tanker capacity.

The factors that influence demand for tanker capacity include:

- supply of and demand for petroleum and petroleum products;
- global, regional economic and political conditions, including developments in international trade and fluctuations in industrial and agricultural production;
- geographic changes in oil production, processing and consumption;
- oil price levels and volatility;
- actions by the Organization of the Petroleum Exporting Countries, or "OPEC";
- inventory policies of the major oil and oil trading companies;
- strategic inventory policies of countries such as the United States and China;
- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve or the conversion of existing non-oil pipelines to oil pipelines in those markets;
- changes in seaborne and other transportation patterns, including changes in the distances over which tanker cargoes are transported by sea;
- environmental and other legal and regulatory developments;
- currency exchange rates;
- weather and acts of God and natural disasters, including hurricanes and typhoons;
- competition from alternative sources of energy and other modes of transportation; and

- international sanctions, embargoes, import and export restrictions, nationalizations, piracy and wars.

The factors that influence the supply of tanker capacity include:

- current and expected purchase orders for tankers;
- the number of tanker newbuilding deliveries;
- the scrapping rate of older tankers;
- conversion of tankers to other uses or conversion of other vessels to tankers;
- the price of steel and vessel equipment;
- technological advances in tanker design and capacity;
- tanker freight rates, which are affected by factors that may affect the rate of newbuilding, scrapping and laying up of tankers;
- the number of tankers that are out of service;
- changes in environmental and other regulations that may limit the useful lives of tankers; and
- port and canal congestion charges.

**An over-supply of tanker capacity may lead to weakness or reductions in charter rates, vessel values, and profitability.**

The global supply of tankers generally increases with deliveries of new vessels and decreases with the scrapping of older vessels. If the capacity of new vessels delivered exceeds the capacity of tankers being scrapped and lost, global tanker capacity will increase. We believe that the total newbuilding order books for VLCC, Suezmax, Aframax, Panamax and Handymax vessels scheduled to enter the fleet through 2017 currently are a substantial portion of the existing fleets, and could negatively impact charter rates. There is no assurance that the order books will not increase further in proportion to the existing fleets.

If the supply of tanker capacity increases and if the demand for tanker capacity does not increase correspondingly, charter rates and vessel values could experience prolonged weakness or a material decline. A reduction in charter rates and the value of our vessels may have a material adverse effect on our business, financial condition, operating results, ability to pay distributions or the trading price of our common shares.

**The international tanker industry has experienced volatility in charter rates and vessel values, and further declines in the current market environment, or failure of the current market environment to recover sufficiently, may have an adverse effect on our earnings, impair our goodwill and the carrying value of our vessels and affect compliance with our loan covenants.**

The Baltic Dirty Tanker Index, a U.S. dollar daily average of charter rates that takes into account input from brokers around the world regarding crude oil fixtures for various routes and tanker vessel sizes and is issued by the London based Baltic Exchange (an organization providing maritime market information for the trading and settlement of physical and derivative contracts), declined from a high of 2,347 in July 2008 to a low of 453 in mid-April 2009, which represents a decline of 80%. The index has since recovered to 919 as of December 23, 2016. The Baltic Clean Tanker Index fell from 1,509 points as of June 19, 2008, to 345 points as of April 15, 2009. The index rose to 678 as of December 23, 2016. The dramatic decline in these indexes and charter rates in late 2008 and 2009 was due to various factors, including the significant fall in demand for crude oil and petroleum products, the consequent rising inventories

of crude oil and petroleum products in the United States and in other industrialized nations, and increases in vessel supply. Tanker freight rates improved due to seasonal conditions at the end of the fourth quarter of 2016 with high OPEC and non-OPEC production levels. However, there is no assurance that the crude oil charter market will maintain these levels due to potential lower production levels, and the market could decline.

Continued weakness in charter rates and vessel values, or a further decline in the current market or a failure of the market to recover sufficiently, could have a material adverse effect on our business, financial condition and results of operations. If the charter rates in the tanker market decline from their current levels, our future earnings may be adversely affected, we may have to record impairment adjustments to the carrying values of our fleet and we may not be able to comply with the financial covenants in our debt instruments. Additionally, a downturn in the tanker market, or a decline in the fair value of our tanker vessels, could adversely impact our future earnings, since we may be required to record impairment adjustments to our goodwill. We evaluate our goodwill for impairment in the fourth quarter of our fiscal year, unless there are indicators that would require a more frequent evaluation. We evaluated our goodwill for impairment in the fourth quarter of 2014 and recorded goodwill impairment of approximately \$2.1 million for the year ended December 31, 2014. In addition, we evaluated our goodwill for impairment in the third quarter of 2016, as a result of the continued decline in the fair value of our fleet independent valuations. As a result of the goodwill impairment test performed, it was determined that the carrying value for each reporting unit was higher than its fair value, which resulted in a goodwill impairment at September 30, 2016 of \$23.3 million. Additionally, during the third quarter of 2016, we recorded a \$3.0 million goodwill write-off associated with the sale of the *Genmar Victory* and *Genmar Vision*, which were sold in August 2016. See *Note 3, GOODWILL*, to the consolidated financial statements in Item 8 for more information on this impairment to goodwill. It was determined that there was no goodwill impairment during the year ended December 31, 2015.

**The market for crude oil and refined petroleum product transportation services is highly competitive and we may not be able to effectively compete.**

Our vessels are employed in a highly competitive market. Our competitors include the owners of other VLCC, Suezmax, Aframax and Panamax vessels and, to a lesser degree, owners of other size tankers. Both groups include independent oil tanker companies as well as oil companies.

We may not be able to compete profitably as we expand our business into new geographic regions or provide new services. New markets may require different skills, knowledge or strategies than we use in our current markets, and the competitors in those new markets may have greater financial strength and capital resources than we do.

**The market value of our vessels may fluctuate significantly, and we may incur impairment charges or incur losses when we sell vessels following a decline in their market value.**

The fair market value of our vessels has fluctuated over time. It is possible that the fair market value of our vessels may decrease depending on a number of factors including:

- prevailing charter rates;
- general economic and market conditions affecting the shipping industry;
- competition from other shipping companies;
- supply and demand for tankers and the types and sizes of tankers we own;
- alternative modes of transportation;
- ages of vessels;
- cost of newbuildings;

- governmental or other regulations; and
- technological advances.

**Declines in charter rates and other market deterioration could cause the market value of our vessels to decrease significantly or result in an impairment of our vessels' carrying amounts.**

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 when events and changes in circumstances 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, fleet utilization, future operating costs and earnings from the vessels. Some of these items have been historically volatile.

If the recoverable amount, on an undiscounted basis, is less than the carrying amount of the vessel, the vessel is deemed impaired. The carrying values of our vessels may not represent their fair market value at any point in time because the new market prices of secondhand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. Any impairment charges incurred as a result of further declines in charter rates could negatively affect our financial condition and operating results.

Due to the cyclical nature of the tanker market, the market value of one or more of our vessels may at various times be lower than their book value, and sales of those vessels during those times would result in losses. If we determine at any time that a vessel's future useful life and earnings require us to impair its value on our financial statements, that would result in a charge against our earnings and the reduction of our shareholders' equity. If for any reason we sell vessels at a time when vessel prices have fallen, the sale may be at less than the vessel's carrying amount on our financial statements, with the result that we would also incur a loss and a reduction in earnings. Declining tanker values could limit our ability to finance our one remaining VLCC newbuilding using the Korean Export Credit Facility, the borrowings under which depend on the fair market value of such newbuilding around the time of delivery, or any alternative sources of financing and could affect our ability to raise cash by limiting our ability to refinance indebtedness and thereby adversely impact our liquidity. In addition, declining vessel values could result in the requirement to repay outstanding amounts or a breach of loan covenants, which could give rise to an event of default under our debt instruments.

**Global financial markets and economic conditions may adversely impact our ability to obtain additional financing on acceptable terms and otherwise negatively impact our business.**

Global financial markets and economic conditions have been, and continue to be, volatile. In recent years, businesses in the global economy have faced tightening credit, weakening demand for goods and services, deteriorating international liquidity conditions, volatile interest rates, and declining markets. There has been a general decline in the willingness of banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline.

Concerns about the stability of financial markets generally and the solvency of counterparties specifically may increase the cost of obtaining money from the credit markets if lenders increase interest rates, tighten lending standards, refuse to refinance existing debt on favorable terms or at all and reduce or cease to provide funding to borrowers. As a result, additional financing may not be available if needed and to the extent required, on acceptable terms. If additional financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to execute our business plan, complete additional vessel acquisitions, or otherwise take advantage of potential business opportunities as they arise.

**If economic conditions throughout the world do not continue to improve, it will impede our operations.**

The global economy continues to face a number of challenges, including uncertainty related to the possible additional increases in interest rates set by the U.S. Federal Reserve and declining global growth rates, particularly in the U.S., China and emerging markets. These challenges also include continuing turmoil and hostilities in the Middle East, North Africa and other geographic areas and countries and continuing economic weakness in the European Union. There has historically been a strong link between the development of the world economy and demand for energy, including oil and refined products. An extended period of deterioration in the outlook for the world economy could reduce the overall demand for oil and refined products and for our services. Such changes could adversely affect our results of operations and cash flows.

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. We cannot predict how long the current market conditions will last. However, these recent and developing economic and governmental factors, together with the concurrent decline in charter rates and vessel values, may have a material adverse effect on our results of operations and may cause the price of our common shares to decline.

**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.**

Several European Union, or “EU,” countries, including Greece, Ireland, Italy, Spain, and Portugal, continue to face budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. In July and August 2015, Greece reached agreements with its creditors for bailouts that provide aid in exchange for certain austerity measures. These and similar austerity measures may adversely affect world economic conditions and have an adverse impact on our business and that of our portfolio companies. In addition, the referendum by British voters to exit the EU, or “Brexit,” in June 2016 has led to further disruption and instability in the global markets. There is also continued concern about national-level support for the euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. An extended period of adverse development in the outlook for European countries could reduce the overall demand for oil and consequently for our services. These potential developments, or market perceptions concerning these and related issues, could adversely affect our financial position, results of operations and cash flow.

**An economic slowdown or changes in the economic and political environment in the Asia Pacific region, in particular China, could have a material adverse effect on our business, financial position and results of operations.**

A significant number of the port calls made by our vessels involve the transportation of crude oil and petroleum products to ports in the Asia Pacific region. As a result, an economic slowdown in the region, and particularly in China, could have an adverse effect on our business, results of operations, cash flows and financial condition. In particular, in recent years, China has been one of the world’s fastest growing economies in terms of gross domestic product, or “GDP,” which had a significant impact on shipping demand. The growth rate of China’s GDP is estimated by government officials to average 6.7% for the year ended December 31, 2016, as compared to approximately 6.9% for the year ended December 31, 2015 and 7.3% for the year ended December 31, 2014. If the Chinese government does not continue to pursue a policy of economic growth and urbanization, or if the Chinese economy experiences periods of slower growth, or if there are changes in the political, economic and social conditions or other relevant policies of the Chinese government, such as changes in laws, regulations or restrictions on importing commodities into the country, the level of imports of crude oil or petroleum products to China could be adversely affected. Notwithstanding economic reform, the Chinese government may adopt policies that favor domestic tanker 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 European Union or various Asian countries may adversely affect economic growth in China and elsewhere. Our business, results of operations, cash flows and financial condition could be materially and adversely affected by an economic downturn in any of these countries.

**Any decrease or weakness in shipments of crude oil may adversely affect our financial performance.**

The demand for our vessels and services in transporting oil derives from demand around the world for oil primarily from Arabian Gulf, West African, North Sea and Caribbean countries, which, in turn, primarily depends on the economies of the world's industrial countries and competition from alternative energy sources. A wide range of economic, social and other factors can significantly affect the strength of the world's industrial economies and their demand for crude oil from the mentioned geographical areas.

Any decrease or weakness in shipments of crude oil from the above-mentioned geographical areas could have a material adverse effect on our financial performance. Among the factors that could lead to such a decrease or weakness are:

- increased crude oil production from other areas, including the exploitation of shale reserves in the United States and the growth in its domestic oil production and exportation, and the opening of the Iranian oil markets to exports;
- increased refining capacity in the Arabian Gulf or West Africa;
- increased use of existing and future crude oil pipelines in the Arabian Gulf or West Africa;
- a decision by Arabian Gulf or West African oil producing nations to increase their crude oil prices or to further decrease or limit their crude oil production;
- armed conflict in the Arabian Gulf and West Africa and political or other factors;
- trade embargoes or other economic sanctions by the United States and other countries against countries such as Iran, Russia, Sudan and Syria; and
- the development and the relative costs of nuclear power, natural gas, coal and other alternative sources of energy.

In addition, a slowdown in the United States or other world economies may result in reduced consumption of oil products and a decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our earnings.

**Increasing self-sufficiency in energy by the United States could lead to a decrease or prolonged weakness in imports of oil to that country, which to date has been one of the largest importers of oil worldwide.**

The United States, Russia and Saudi Arabia, are currently the top three oil producing countries in the world, according to an annual long-term report by the International Energy Agency, or "IEA." The rise in shale oil and gas production, despite the recent slowdown in production, is expected to push the United States toward self-sufficiency in energy. According to the IEA report, a continued fall in U.S. oil imports is expected with North America becoming a net oil exporter by around 2030. In recent years, the share of total U.S. consumption met by total liquid fuel net imports, including both crude oil and products, has been decreasing since peaking at over 60% in 2005 and fell to around 25% in 2016 as a result of lower consumption and the substantial increase in domestic crude oil production. A prolonged weakness or a further slowdown in oil imports to the United States, one of the most important oil trading nations worldwide, may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.



**The employment of our vessels could be adversely affected by an inability to clear the oil majors' risk assessment process, and we could be in breach of our charter agreements with respect to the applicable vessels.**

The shipping industry, and especially the shipment of crude oil and refined petroleum products (clean and dirty), has been, and will remain, heavily regulated. The so-called "oil majors" companies, such as BP, Chevron, ConocoPhillips, Exxon, Petrobras, Shell, Sinopec, Statoil and Total, together with a number of commodities traders, represent a significant percentage of the production, trading and shipping logistics (terminals) of crude oil and refined products worldwide. Concerns for the environment have led the oil majors to develop and implement a strict ongoing due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel, including physical ship inspections, completion of vessel inspection questionnaires performed by accredited inspectors and the production of comprehensive risk assessment reports. In the case of time charter relationships, additional factors are considered when awarding such contracts, including:

- office assessments and audits of the vessel operator and manager;
- the operator's and manager's environmental, health and safety record;
- compliance with the standards of the International Maritime Organization, or the "IMO," a United Nations agency that issues international trade standards for shipping;
- compliance with heightened industry standards that have been set by several oil companies;
- shipping industry relationships, reputation for customer service, technical and operating expertise;
- shipping experience and quality of ship operations, including cost effectiveness;
- quality, experience and technical capability of crews;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

Under the terms of our charter agreements, our charterers require that our vessels and the relevant technical manager are vetted and approved to transport oil products by multiple oil majors. Our failure to maintain any of our vessels to the standards required by the oil majors could put us in breach of the applicable charter agreement and lead to termination of such agreement, and could give rise to impairment in the value of our vessels.

Should we not be able to successfully clear the oil majors' risk assessment processes on an ongoing basis, the future employment of our vessels, as well as our ability to obtain charters, whether medium- or long-term, and to charter our vessels into pools, could be adversely affected. Such a situation may lead to the oil majors' terminating existing charters and refusing to use our vessels in the future, which would adversely affect our results of operations and cash flows.

**Acts of piracy could adversely affect our business.**

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Strait of Malacca, the Indian Ocean, the Arabian Sea, the Red Sea, off the coast of West Africa and in the Gulf of Aden off the coast of Somalia. Sea piracy incidents continue to occur, particularly in the South China Sea, the Strait of Malacca, off the coast of West Africa and off the coast of Somalia, with drybulk vessels and tankers particularly vulnerable to such attacks. If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as "war risk" zones, or Joint War Committee "war and strikes" listed areas, premiums payable for related insurance coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition,

crew costs, including costs which may be incurred to the extent we employ onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on our business. In addition, detention 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, results of operations, cash flows and financial condition.

In response to piracy incidents in recent years, we have in the past stationed, and may in the future station, guards on some of our vessels in certain instances. While the use of guards is intended to deter and prevent the hijacking of our vessels, it may also increase our risk of liability for death or injury to persons or damage to personal property. While we believe that we generally have adequate insurance in place to cover such liability, if we do not, it could adversely impact our business, results of operations, cash flows, and financial condition.

**Terrorist attacks, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.**

We conduct most of our operations outside of the United States, and our business, results of operations, cash flows and financial condition may be adversely affected by the effects of political instability, terrorist or other attacks, war or international hostilities. Continuing conflicts and recent developments in the Middle East and North Africa, including in Iraq, Syria, Afghanistan, Pakistan and Yemen, and the presence of the United States and other armed forces in Afghanistan may lead to additional acts of terrorism and armed conflict around the world and to civil disturbance in the United States or elsewhere, which may increase the likelihood of our vessels being attacked and may contribute to further world economic instability and uncertainty in global financial and commercial markets. As a result of the above, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. Future terrorist attacks could result in increased volatility of the financial markets and negatively impact the U.S. and global economy. These uncertainties could also adversely affect our business, operating results, financial condition, ability to raise capital and future growth. In addition, future hostilities or other political instability in regions where our vessels trade could affect our trade patterns and adversely affect our operations and performance. Hostilities in or closure of major waterways in, for example, the Middle East, Ukraine or Black Sea region could adversely affect the availability of and demand for crude oil and petroleum products. In addition, sanctions against oil exporting countries such as Iran, Russia, Sudan and Syria may also impact the availability of crude oil and petroleum products and which would increase the availability of applicable vessels thereby impacting negatively charter rates.

In addition, oil facilities, shipyards, vessels, pipelines and oil and gas fields could be targets of future terrorist attacks. Any such attacks could lead to, among other things, bodily injury or loss of life, vessel or other property damage, increased vessel operational costs, including insurance costs, and the inability to transport oil and other refined products to or from certain locations. Terrorist attacks, war or other events beyond our control that adversely affect the distribution, production or transportation of oil and other refined products to be shipped by us could entitle our customers to terminate our charter contracts, which would harm our cash flow and business.

**Sanctions by the United States, Canada, European Union and other governments against certain companies and individuals in Russia and Ukraine and possible counter sanctions by the Russian government may hinder our ability to conduct business with potential or existing customers in these countries and may otherwise have an adverse effect on us.**

Since 2014, the United States, Canada, the European Union and other countries have enforced sanctions against certain prominent Russian and Ukrainian officials, businessmen, Russian private banks, and certain Russian companies in response to the situation in Ukraine and Crimea. In response, the Russian government has implemented sanctions to counter the sanctions implemented by the United States, Canada, the European Union and other sanctions. While we believe that these sanctions currently do not preclude us from conducting business with our current Russian customers, the sanctions imposed by the United States, Canada or the European Union and other governments may be expanded in the future to restrict us from engaging with certain of our Russian customers.

Although customers representing less than 3.0%, 4.5% and 2.0% of our 2016, 2015 and 2014, respectively, of Navig8 pools' revenues (based on information provided by Navig8 Group's tanker pools) have their primary operations in Russia, we or our counterparties could be affected by such sanctions, which could adversely affect our business.

**If our vessels call on ports located in countries that are subject to restrictions imposed by the U.S. or other governments, that could adversely affect our reputation and the market for our common shares.**

All of our charters with customers and pools in which we participate contain restrictions prohibiting our vessels from entering any countries or conducting any trade prohibited by the United States. However, there is no assurance that, on such charterers' instructions, our vessels will not call on ports located in countries subject to sanctions or embargoes imposed by the U.S. government or countries identified by the U.S. government as state sponsors of terrorism, such as Iran, Sudan and Syria. Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there is no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. Additionally, some investors may decide to divest their interest, or not to invest, in us simply because we do business with companies that do business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. Investor perception of the value of our common stock may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

**Public health threats could have an adverse effect on our operations and our financial results.**

Public health threats and other highly communicable diseases, outbreaks of which have already occurred in various parts of the world near where we operate, could adversely impact our operations, the operations of our customers and the global economy, including the worldwide demand for crude oil and the level of demand for our services. Any quarantine of personnel, restrictions on travel to or from countries in which we operate, or inability to access certain areas could adversely affect the operations of our vessels by preventing our vessels from calling on ports or discharging cargo in the affected areas or in other locations after having visited the affected areas. Travel restrictions, operational problems or large-scale social unrest in any part of the world in which we operate, or any reduction in the demand for tanker services caused by public health threats in the future, may impact operations and adversely affect our financial results.

**We are subject to requirements under environmental and operational safety laws, regulations and conventions that could require significant expenditures, affect our cash flows and net income and could subject us to significant liability.**

The shipping industry in general, and our business and the operation of our vessels in particular, are affected by a variety of governmental requirements in the form of numerous international conventions and national, state and local laws and regulations in force in the jurisdictions in which such vessels operate, as well as in the country or countries in which such vessels are registered. These requirements govern, among other things, discharges to air and water, the prevention and cleanup of spills and contamination, the storage and disposal of hazardous substances and wastes, the management of ballast water and invasive species and health and safety matters. They include, but are not limited to:

- the U.S. Clean Air Act;
- the U.S. Clean Water Act;
- the U.S. Oil Pollution Act of 1990, or "OPA," which imposes strict liability for the discharge of oil into the 200 mile United States exclusive economic zone, the obligation to obtain certificates of financial responsibility for vessels trading in United States waters and the requirement that newly constructed tankers that trade in United States waters be constructed with double hulls;

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- the International Convention on Civil Liability for Oil Pollution Damage of 1969, or the “CLC,” entered into by many countries (other than the United States) which, subject to certain exceptions, imposes strict liability for pollution damage caused by the discharge of oil;
- the International Convention for the Prevention of Pollution from Ships, or “MARPOL,” adopted and implemented under the auspices of the International Maritime Organization, or “IMO,” with respect to strict technical and operational requirements for tankers;
- the IMO International Convention for the Safety of Life at Sea of 1974, or “SOLAS,” which imposes crew and passenger safety requirements and requires the shipowner or any party with operational control of a vessel to develop an extensive safety management system;
- the International Ship and Port Facilities Securities Code, or the “ISPS Code,” which became effective in 2004;
- the International Convention on Load Lines of 1966 which imposes requirements relating to the safeguarding of life and property through limitations on load capability for vessels on international voyages; and
- the U.S. Maritime Transportation Security Act of 2002 which imposes security requirements for tankers entering U.S. ports.

These requirements can affect the resale value or useful lives of our vessels, require reductions in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage or increased policy costs for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations and natural resource damages, in the event that there is a release of petroleum or other hazardous substances from our vessels or otherwise in connection with our operations. Violations of or liabilities under environmental requirements also can result in substantial penalties, fines and other sanctions, including, in certain instances, seizure or detention of our vessels, and third-party claims for personal injury or property damage.

More stringent maritime safety rules have been imposed in the European Union. Furthermore, the 2010 explosion of the Deepwater Horizon and the subsequent release of oil into the Gulf of Mexico, or similar events in the future, may result in further regulation of the tanker industry, and modifications to statutory liability schemes, and related increases in compliance costs, all of which could limit our ability to do business or increase the cost of our doing business and that could have a material adverse effect on our operations. Further legislation, or amendments to existing legislation, applicable to international and national maritime trade is expected over the coming years in areas such as ship recycling, sewage systems, emission control (including emissions of greenhouse gases) and ballast treatment and handling. Existing and future legislation or regulations may require significant additional capital expenditures or operating expenses (such as increased costs for low-sulfur fuel) in order for us to maintain our vessels’ compliance with international and/or national regulations. For example, legislation and regulations that require more stringent controls of air emissions from ocean-going vessels are pending or have been approved at the federal and state level in the United States. In addition, various jurisdictions, including the IMO and the United States, have proposed or implemented requirements governing the management of ballast water to prevent the introduction of non-indigenous invasive species having adverse ecological impacts. We also are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our operations. Although we believe our vessels are maintained in good condition in substantial compliance with present regulatory requirements relating to safety and environmental matters and are insured against usual risks for such amounts as our management deems appropriate, government regulation of tankers, particularly in the areas of safety and environmental impact, may change in the future and require us to incur significant capital expenditures with respect to our ships to keep them in compliance.

On October 27, 2016, the International Maritime Organization’s Marine Environment Protection Committee announced its decision concerning the implementation of regulations mandating a reduction in sulfur emissions from

3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020 ships will now have to either remove sulfur from emissions through the use of emission scrubbers or buy fuel with low sulfur content. Scrubbers can cost \$3.0 million to \$5.0 million to install on existing ships. If a vessel is not retrofitted with a scrubber or other emission abatement technology, it will need to use low sulfur fuel (0.5%), which is more expensive than standard marine fuel. This increased demand for low sulfur fuel may result in an increase in prices for such fuel.

**Our international operations expose us to additional costs and legal and regulatory risks, which could have a material adverse effect on our business, results of operations and financial conditions.**

We operate worldwide, where appropriate, through agents or other intermediaries. Compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business. These numerous and sometimes conflicting laws and regulations include, among others, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, data privacy requirements, export requirements, and anti-bribery laws.

Given the high level of complexity of these laws, there is a risk that we may inadvertently breach some provisions. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Violations of laws and regulations also could result in prohibitions on our ability to operate in one or more countries and could materially damage our reputation, our ability to attract and retain employees, or our business, results of operations and financial condition.

**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 tanker must be classed by a classification society authorized by its country of registry. The classification society certifies that a tanker is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the tanker and the international conventions of which that country is a member. All of our operating vessels are certified as being “in-class” by DNV GL or the American Bureau of Shipping. These classification societies are members of the International Association of Classification Societies.

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. Our vessels are on special survey cycles for hull inspection and on special survey or continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to five years for inspection of the underwater parts of such vessel.

If a vessel in our fleet does not maintain its class and/or fails any annual survey, intermediate survey or special survey, it will be unemployable and unable to trade between ports. This would negatively impact our results of operations.

**Climate change and greenhouse gas restrictions may adversely impact our operations and markets.**

Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. Compliance with changes in laws, regulations and obligations relating to climate change could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions, or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected. Climate change may reduce the demand for oil or increased regulation of greenhouse gases may create greater incentives for use of alternative energy sources. Any long-term material adverse effect on the oil industry could have a significant financial and operational adverse impact on our business that cannot be predicted with certainty at this time.

**The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.**

We expect that our vessels will call in ports where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

**Our vessels may be requisitioned by governments without adequate compensation.**

A government could requisition for title or seize our vessels. In the case of a requisition for title, a government takes control of a vessel and becomes its owner. Also, a government could requisition our vessels for hire. Under requisition for hire, a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Although we, as owner, would be entitled to compensation in the event of a requisition, the amount and timing of payment would be uncertain.

**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 lienholder 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 both the vessel which is subject to the claimant’s maritime lien, as well as 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, any of our subsidiaries or our vessels for liabilities of other vessels that we own or which are bareboat chartered.

**RISK FACTORS RELATED TO OUR COMPANY**

**Failure of counterparties, including charterers, pool managers or technical managers, to meet their obligations to us could have a material adverse effect on our business, financial condition, results of operations and cash flows.**

We have in the past entered into, and expect in the future to enter into, among other things, memoranda of agreement, pooling arrangements, charter agreements, ship management agreements and debt instruments with third parties with respect to the purchase and operation of our fleet. Such agreements subject us to counterparty risks. Although we may have rights against any counterparty if it defaults on its obligations, our shareholders will share that recourse only indirectly to the extent that we recover funds. In particular, we face credit risk with our charterers.

Additionally, in the case of pooling arrangements, in addition to bearing charterer credit risk indirectly, we face credit risk with our pool managers. Not all charterers or pool managers will necessarily provide detailed financial information regarding their operations. As a result, charterer risk and pool manager risk is largely assessed on the basis of our charterers’ or pool managers’ reputation in the market, and even on that basis, there is no assurance that they can or will fulfill their obligations under the contracts we may enter into with them. Furthermore, charterers and pool managers are sensitive to and may be impacted by market forces. In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters. There is no assurance that they can or will fulfill their obligations under the contracts we may enter into with them. Our charterers may fail to pay charterhire or attempt to renegotiate charter rates. Pool managers may also fail to fulfill their obligations to pool participants. Should a charterer or pool manager fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for our vessels, and any new charter arrangements we secure on the spot market, on time charters or in alternative pooling arrangements may be at lower rates or on less favorable terms, depending on the then existing charter rate levels, compared to the rates currently being charged for our vessels, and

other market conditions. In addition, if the charterer or pool manager of a vessel in our fleet that is used as collateral under our senior secured credit facilities or other debt instruments defaults on its obligations to us, such default may constitute an event of default under our senior secured credit facilities or the relevant debt instruments, which may allow the lender to exercise remedies under our senior secured credit facilities, or the relevant debt instruments. If our charterers or pool managers fail to meet their obligations to us or attempt to renegotiate our agreements with them, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows, in the future, and compliance with covenants in our debt instruments.

The ability of each of the counterparties to perform its obligations under a contract with us or contracts entered into on our behalf 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 shipping sector, the overall financial condition of the counterparty, charter rates received for tanker vessels and the supply and demand for oil transportation services. Should a counterparty fail to honor its obligations under any such contracts, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

**We depend to a significant degree upon third-party managers to provide the technical management of our fleet. Any failure of these technical managers to perform their obligations to us could adversely affect our business.**

We have contracted the day-to-day technical management of our fleet (including the vessels deployed in pools), including crewing, maintenance and repair services, to third-party technical management companies. See “*Business—Operations and Ship Management*” for more information. The failure of these technical managers to perform their obligations could materially and adversely affect our business, results of operations, cash flows, and financial condition. Further, these third-party technical management companies would be considered our agents and we would have to indemnify them in certain situations which could increase our potential liabilities.

**If labor interruptions arise and are not resolved in a timely manner, they could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.**

We contract with independent technical managers to manage and operate our vessels, including the crewing of those vessels. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out as we expect and could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

**We may not be able to grow or to effectively manage our growth.**

A principal focus of our strategy has been to acquire or dispose of secondhand vessels, newbuilding contracts, or shipping companies with a focus on maximizing shareholder value and returning capital to shareholders when appropriate. Our future growth and profits will depend upon a number of factors, some of which we can control and some of which we cannot. These factors include our ability to:

- identify businesses engaged in managing, operating or owning vessels for acquisitions or joint ventures;
- identify vessels and/or shipping companies for acquisitions;
- integrate any acquired businesses or vessels successfully with our existing operations;
- hire, train and retain qualified personnel to manage and operate our growing business and fleet or engage a third party technical manager to do the same;
- identify opportune times for the purchase or disposal of vessels;
- move quickly to execute vessel acquisitions or disposals at advantageous times in a timely manner;
- improve operating and financial systems and controls; and

- obtain required financing for existing and new operations.

Our ability to grow is in part dependent on our ability to expand our fleet through acquisitions of suitable double-hull vessels. We may not be able to contract for newbuildings or locate suitable secondhand double-hull vessels or negotiate acceptable construction or purchase contracts with shipyards and owners, or obtain financing for such acquisitions on economically acceptable terms. This could impede our growth and negatively impact our financial condition.

Our current financial and operating systems may not be adequate as we implement our plan to expand the size of our fleet, and our attempts to improve those systems may be ineffective. In addition, as we expand our fleet, we will have to rely on outside technical managers to recruit suitable additional seafarers and shore-based administrative and management personnel. There is no assurance that our outside technical managers will be able to continue to hire suitable employees as we expand our fleet.

The failure to effectively identify, purchase, develop and integrate any vessels or businesses or to dispose of vessels at opportune times could adversely affect our business, financial condition and results of operations.

**Our acquisition and growth strategy exposes us to certain risks.**

Our acquisition and growth strategy exposes us to risks that could adversely affect our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits of acquisitions, such as new customer relationships, cost savings or increased cash flow;
- not be able to obtain charters at favorable rates or at all;
- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet or engage a third party technical manager to do the same;
- not have adequate operating and financial systems in place;
- decrease our liquidity through the use of a significant portion of available cash or borrowing to finance acquisitions or newbuildings;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions or newbuildings;
- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired; or
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

**We may be unable to make, or realize the expected benefits from, the construction, delivery and deployment of our VLCC newbuildings and the failure to successfully integrate these newbuildings into our fleet could adversely affect our business, financial condition and operating results.**

In 2014 and 2015, we purchased 21 VLCC newbuildings, of which twenty have been delivered through March 10, 2017 and the remaining newbuilding is scheduled to be delivered during the second half of 2017. These newbuilding crude tankers may not be profitable at or after the time of delivery and may not generate cash flow sufficient to cover the costs of ownership and operation. Market conditions at the time of delivery may be such that charter rates are not favorable and the revenue generated by such vessels may be depressed.



**The construction of our recently delivered VLCC vessels required, and any future newbuildings may require, the implementation of complex, new technology and is dependent upon factors outside of our control, and unexpected outcomes resulting from the implementation of such technology could adversely affect our profitability and future prospects.**

The construction of our recently delivered VLCC vessels and our one remaining newbuilding, which is scheduled to be delivered in the second half of 2017, utilized, and any future newbuildings may utilize, new and complex technologies. Problems in implementing these new technologies or substantive design changes in the construction process may lead to delays in maintaining the design schedule needed for construction. The risk associated with new technology or mid-construction design changes may delay delivery, and, in the case of substantial mid-construction design, may increase the cost of the vessel.

Newbuildings, including our recently delivered VLCC vessels, cannot always be tested and proven and are otherwise subject to unforeseen problems, including premature failure of components that cannot be accessed for repair or replacement, substandard quality or workmanship and unplanned degradation of product performance. These failures could result in loss of life or property and could negatively affect our results of operations by causing unanticipated expenses not covered by insurance or indemnification from the customer, diversion of management focus in responding to unforeseen problems, loss of follow-on work and, in the case of certain contracts, liquidated damages or other claims against us.

We may discover quality issues in the future related to our newbuildings, including our recently delivered VLCC vessels, that require analysis and corrective action. Such issues and our responses and corrective actions could have a material adverse effect on our financial position, results of operations or cash flows.

**There is no assurance that our recently delivered VLCC vessels (as well as the *Gener8 Nestor* which is scheduled to be delivered in the second half of 2017) will provide the fuel consumption savings that we expect, or that we will fully realize any fuel efficiency benefits of our recently delivered VLCC vessels.**

Our recently delivered VLCC vessels and our one remaining newbuilding are based on advanced “eco” design. These vessels and newbuilding incorporate many of the latest technological improvements designed to optimize speed and fuel consumption and reduce emissions, such as more fuel-efficient engines, and propellers and hull forms for decreased water resistance. However, overall, within the tanker industry opinion is divided with regard to the merits of “eco” ships and their performance relative to non-“eco” ships and there is no assurance that our recently delivered VLCC vessels and newbuilding will provide the fuel consumption savings that we expect, as among other things, the vessels are based on new technologies. Further, the market conditions from time to time may require us to share any fuel efficiency benefits with our charterers and the “eco” ships may not provide us with the same competitive advantage in securing favorable charter arrangements as we might expect. Should the fuel consumption levels of our “eco” VLCC vessels and newbuilding materially deviate from what we expect, or should we for any reason not receive the profits from any fuel efficiency benefits associated with our vessels, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

**Delay in delivery of our one remaining VLCC newbuilding or any other new vessel that we may order, or delivery of any vessel with significant defects, could harm our operating results and lead to the termination of any related charters that may be entered into prior to their delivery.**

The delivery of our one remaining VLCC newbuilding or any future vessel we may order could be delayed, which would delay our receipt of revenues under any future charters we enter into for the vessels. The adverse effects of any delay in delivery of any VLCC newbuilding or cancellation of the associated shipbuilding contract may be compounded by the fact that we will have made significant payments in respect of the newbuilding prior to taking possession of the vessel. In the event a shipbuilder does not perform under a shipbuilding contract with us and we are unable to enforce certain refund guarantees with third-party banks for any reason, we may lose all or part of our investment, which would have a material adverse effect on our results of operations, financial condition and cash flows.

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Our receipt of any newbuildings could be delayed because of many factors, including:

- our ability to borrow to fund the newbuildings;
- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- unanticipated cost increases;
- bankruptcy or other financial crisis of the shipbuilder;
- a backlog of orders at the shipyard;
- political or economic disturbances in the locations where the vessels are being built;
- weather interference or interference from a catastrophic event, such as a major earthquake or fire;
- our requests for changes to the original vessel specifications;
- shortages of, or delays in the receipt of necessary equipment or of construction materials, such as steel;
- failure by the shipbuilder to deliver vessels to us as agreed;
- delays caused by acts of God, war, strike, riot, crime or natural catastrophes, or force majeure events;
- our inability to finance the purchase of the vessels or obtain financing on terms favorable to us; or
- our inability to obtain requisite permits or approvals.

We do not carry delay of delivery insurance to cover any losses that are not covered by delay penalties in our construction contracts. In the event any such shipyards are unable or unwilling to deliver the vessels ordered, we may not have substantial remedies. As a result, if delivery of a vessel is materially delayed, it could increase our expenses, diminish our net income and cash flows and otherwise adversely affect our business, financial condition and operating results.

**There is no assurance that we will be able to borrow the remaining amounts committed under the Korean Export Credit Facility and if we are unable to borrow such amounts we may be liable for damages if we breach our obligations under a VLCC shipbuilding contract.**

As of March 10, 2017, the aggregate amount of remaining payments due under the remaining 2015 acquired VLCC shipbuilding contract was \$48.2 million. Under the Korean Export Credit Facility, as of March 10, 2017, we have an aggregate remaining borrowing capacity of up to \$63.0 million to fund these remaining payments due under this shipbuilding contract, subject to customary borrowing conditions. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt Financings*” below. The Korean Export Credit Facility includes customary borrowing terms and conditions. Accordingly, there is no assurance that we will be able to satisfy such terms and conditions or be able to borrow all or any of the amounts that may be committed under the Korean Export Credit Facility, or obtain other financing. If we are not able to borrow additional funds, raise other capital, generate sufficient cash flow from operations or utilize available cash on hand, we may not be able to fund the remaining portion of these payments and take delivery of this VLCC newbuilding vessel, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. If for any reason

we fail to make a payment when due, which may result in a default under this shipbuilding contract, we would be prevented from realizing potential revenues from this vessel, we could lose all or a portion of any payments previously paid by us in respect of this vessel and we could be liable for any additional damages under or connected with such contracts resulting from a breach by us of the contract terms. We may also lose any equipment provided to the shipyard as buyers' supplies for installation by the shipyard on this vessel.

**There may be risks associated with the purchase and operation of secondhand vessels.**

Our business strategy may include additional growth through the acquisition of secondhand vessels. Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, we do not conduct a historical financial due diligence process when we acquire secondhand vessels. Accordingly, we do not obtain the historical operating data for such vessels from the sellers and are not provided with the same knowledge about their condition that we would have had if such vessels had been built for and operated exclusively by us. Most secondhand vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased secondhand vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is normally terminated and the vessel's trading certificates are surrendered to its flag state following a change in ownership. Furthermore, we generally do not receive the benefit of warranties from the builders if the vessels we buy are more than one year old. Our future operating results could be negatively affected if some of the vessels do not perform as expected.

**Certain affiliations may result in conflicts of interest between us and the former executives and managers of Navig8 Crude Tankers, Inc., all of which are affiliates of the Navig8 Group.**

The Navig8 Group consists of Navig8 Limited and its subsidiaries. The managers with which Gener8 Subsidiary contracts, such as Navig8 Shipmanagement Pte Ltd., Navig8 Asia Pte Ltd and VL8 Pool Inc., are subsidiaries of Navig8 Limited. Mr. Busch serves as a member of our Board. Mr. Busch is a member of the board of, and minority beneficial owner of, Navig8 Limited. As a result, conflicts of interest may arise between us and the affiliated entities of the Navig8 Group. Additionally, we cannot be assured that any future agreements and transactions with the affiliates of the Navig8 Group will be on the same terms as those available with unaffiliated third parties or that these agreements or relationships will be maintained at all or will not otherwise impact our agreements and transactions in a manner that is adverse to us or our shareholders.

Although Mr. Busch has fiduciary obligations to us as a member of our Board, neither Mr. Busch nor the Navig8 Group are subject to any express contractual restrictions on competing with us or pursuing business opportunities in our industry that may conflict with our interests.

**Certain agreements entered into by our subsidiaries with members of the Navig8 Group may adversely affect or restrict our business.**

Certain agreements entered into by our subsidiaries with members of the Navig8 Group may adversely affect or restrict our business. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Related Party Transactions—Related Party Transactions of Navig8 Crude Tankers, Inc.*" for a description of these agreements. For example, time charters by and between VL8 Pool Inc. and V8 Pool Inc., each of which we refer to as a "pool company," and our newbuilding-owning and vessel-owning subsidiaries contain the following provisions: (a) we are subject to continuing seaworthiness and maintenance obligations; (b) the pool company may put a pool vessel off hire or cancel a charter if the relevant vessel owning subsidiary fails to produce certain documentation within 30 days of demand; (c) the pool company may put a pool vessel off hire for any delays caused by the vessel's flag or the nationality of her crew; (d) the pool company has extensive rights to place the vessel off hire and to terminate and redeliver the vessel without penalty in connection with any shortfall in oil majors' approvals or SIRE discharge reports; (e) the pool company has the right to call for remedy of any breach of representation or warranty within 30 days failing which the vessel may be put off hire; and (f) after 10 days off hire the charter may then be terminated by the charterers. The pool

agreements, together with the time charters, provide that each pool vessel shall remain in the VL8 Pool, the Suez8 Pool or the V8 Pool, as the case may be, for a minimum period of one year, with each of the vessel-owning subsidiaries and the relevant pool company being entitled to terminate the pool agreement and the time charter by giving 90 days' notice in writing to the other (plus or minus 30 days at the option of the relevant pool company) at any time after the expiration of the initial nine month period such pool vessel is in the pool (which may be reduced if there is a firm sale to a third party) but a pool vessel may not be withdrawn until it has fulfilled its contractual obligations to third parties.

Additionally, the pool agreements by and between VL8 Pool Inc. and V8 Pool Inc. and our subsidiaries contain the following provisions: (a) if the relevant pool company suffers a loss in connection with the pool agreements, it may set off the amount of such loss against the distributions that were to be made to the relevant vessel-owning subsidiary or any working capital repayable pursuant to the agreement; (b) we are required to provide working capital of \$1.0 million (revised in the first quarter of 2016 from \$1.5 million) to VL8 Pool Inc. upon delivery of a VLCC vessel into the VL8 Pool, of \$0.9 million (revised in the first quarter of 2016 from \$1.0 million) to V8 Pool Inc. upon delivery of a Suezmax vessel into the Suez8 Pool and \$0.7 million (revised in the first quarter of 2016 from \$0.8 million) to V8 Pool Inc. upon delivery of an Aframax vessel into the V8 Pool, which is repayable on the vessel leaving the relevant pool, as well as fund cash calls to be paid within 10 days of recommendation by the Pool Committee (consisting of representatives from the relevant pool company and each pool participant); (c) each pool vessel is obligated to remain on hire for 90 days after seizure by pirates but will thereafter be off hire until again available to the pool company; and (d) the pool company has the right to terminate the vessel's participation in the pool under a wide range of circumstances, including but not limited to (i) the pool vessel is off hire for more than 30 days in a six month period, (ii) the pool vessel is, in the reasonable opinion of the pool company, untradeable to a significant proportion of oil majors for any reason, (iii) insolvency of the relevant vessel-owning subsidiary, (iv) the relevant vessel-owning subsidiary is in breach of the agreement and the pool company, in its reasonable opinion, considers the breach to warrant a cancellation of the agreement or (v) if any relevant vessel-owning subsidiary or an affiliate becomes a sanctioned person.

Additionally, our supervision agreements with Navig8 Shipmanagement Pte Ltd., or "Navig8 Shipmanagement," with regards to the 2015 acquired VLCC newbuildings do not contain the ability to terminate early and, as such, the agreements would be effective until full performance or a termination by default. Under the supervision agreements, the liability of Navig8 Shipmanagement is limited to acts of negligence, gross negligence or willful misconduct and is subject to a cap of \$250,000 per vessel, which is less than the fee payable per vessel. The supervision agreements also contain an indemnity in favor of Navig8 Shipmanagement and its employees and agents.

**Our operating results may fluctuate seasonally.**

We operate our vessels in markets that have historically exhibited seasonal variations in tanker demand and, as a result, in charter rates. Tanker markets are typically stronger in the fall and winter months (the fourth and first quarters of the calendar year) in anticipation of increased oil consumption in the Northern Hemisphere during the winter months. Unpredictable weather patterns and variations in oil reserves disrupt vessel scheduling and could adversely impact charter rates.

**Because we generate all of our revenues in U.S. Dollars but incur a significant portion of our expenses in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations.**

We generate all of our revenues in U.S. Dollars, but we may incur a portion of expenses, such as maintenance and dry-docking costs, in currencies other than the U.S. Dollar. This difference could lead to fluctuations in net income due to changes in the value of the U.S. Dollar relative to other currencies, particularly the Euro. Furthermore, due to the recent sovereign debt crisis in certain European member countries, the U.S. Dollar-Euro exchange rate has experienced volatility. An adverse movement in these currencies could increase our expenses.

**An increase in costs could materially and adversely affect our financial performance.**

Our vessel operating expenses are comprised of a variety of costs including crew costs, provisions, deck and engine stores, lubricating oil and insurance, many of which are beyond our control. Additionally, repairs and maintenance costs are difficult to predict with certainty and may be substantial. Many of these expenses are not covered

by our insurance. Also, costs such as insurance and security could increase. If costs continue to rise, that could materially and adversely affect our cash flows and profitability.

Fuel, or bunker, is a significant, if not the largest, expense for our vessels that will be employed in the spot market. Spot charter arrangements generally provide that the vessel owner or pool operator bear the cost of fuel in the form of bunker, which is a significant vessel operating expense. With respect to our vessels that will be employed on time charter, the charterer is generally responsible for the cost of fuel and with respect to vessels deployed in pools, the pool is generally responsible for the cost of fuel. However such cost may affect the charter rates that we or our pool manager are able to negotiate for our vessels and costs incurred by pools may decrease the amount of profits available for distribution to pool participants. Changes in the price of fuel may adversely affect our profitability. 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 OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Furthermore, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of our business compared to other forms of transportation, such as pipelines. On the other hand, a prolonged downturn in oil prices may cause oil companies to cut down production which could negatively impact market demand for global transportation of petroleum products.

**Our history of operations includes periods of operating and net losses, and we may incur operating and net losses in the future. Our significant net losses and our significant amount of indebtedness led us to declare bankruptcy in 2011.**

For the years ended December 31, 2016, 2015 and 2014, we generated operating income (loss) of \$116.3 million, \$152.0 million, and \$(17.4) million, respectively, and net income (loss) of \$67.3 million, \$129.6 million, and \$(47.1) million, respectively. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations*” and the consolidated financial statements in Item 8 for more information regarding our results of operations during these periods. If we suffer future operating losses, the trading price of our common shares may decline significantly and our business, financial condition and results of operations may be negatively impacted.

On November 17, 2011, which we refer to as the “petition date,” we and substantially all of our subsidiaries (with the exception of those in Portugal, Russia and Singapore, as well as certain inactive subsidiaries), which we refer to collectively as the “debtors,” filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York, which we refer to as the “Bankruptcy Court,” under Case No. 11-15285 (MG), which we refer to as the “Chapter 11 cases.” On January 31, 2012, the debtors filed a joint plan of reorganization with the Bankruptcy Court. We refer to the joint plan of reorganization as amended, modified and confirmed by the Bankruptcy Court as the “Chapter 11 plan.” The Bankruptcy Court entered an order, which we refer to as the “confirmation order,” confirming the Chapter 11 plan on May 7, 2012. Contributing factors to the bankruptcy included the drastic fall of global tanker charter rates in 2007 through 2009 due to the over-supply of tanker capacity and services. Additionally, leverage levels that we believed were reasonable at the time of incurrence based on prevailing vessel values became unsustainable in light of subsequent charter rate declines.

On May 17, 2012, which we refer to as the “effective date,” the debtors completed their financial restructuring and emerged from Chapter 11 through a series of transactions contemplated by the Chapter 11 plan, and the Chapter 11 plan became effective pursuant to its terms.

We may not generate sufficient revenues in future periods to pay for all of our operating or other expenses, which could have a material adverse effect on our business, results of operations and financial condition. As noted above, we generated operating losses for the years ended December 31, 2014. In addition, our bankruptcy may have created a negative public perception of our company in relation to our competitors. As a result, the value of our common shares could be negatively affected.

**We may face unexpected repair costs for our vessels.**

Repairs and maintenance costs are difficult to predict with certainty and may be substantial. Many of these expenses are not covered by our insurance. Significant repair expenses could decrease our cash flow and profitability and reduce our liquidity.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause.

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 have to pay drydocking costs that our insurance does not cover in full. The loss of revenues while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. 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 relative to our vessels' positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect our business and financial condition. Furthermore, the total loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss, which could negatively impact our business, financial condition and results of operations.

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

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

It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, 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 impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

Our vessels are currently registered under the flags of the Republic of Liberia, the Republic of the Marshall Islands and Bermuda. Each of these jurisdictions imposes taxes based on the tonnage capacity of each of the vessels registered under its flag. The tonnage taxes imposed by these countries could increase, which would cause the costs of our operations to increase.

**We depend on our executive officers and other key personnel.**

The loss of the services of any of our key personnel or our inability to successfully attract and retain qualified personnel in the future could have a material adverse effect on our business, financial condition and operating results. Our future success depends particularly on the continued service of Peter C. Georgiopoulos, our Chairman since 2001 and Chief Executive Officer, John Tavlarios, our Chief Operating Officer and Leonard J. Vrontassis, our Chief Financial Officer, and our ability to attract suitable replacements, if necessary. The loss of Peter Georgiopoulos' service or that of any other member of our senior management could have an adverse effect on our operations.

**We rely on our third-party technical managers and on their and our ability to attract and retain skilled employees.**

Our success also depends in large part on the ability of our third-party technical managers to attract and retain highly skilled and qualified ship officers and crew. In crewing our vessels, we require technically skilled employees with

specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members is intense. If we are not able to increase our rates to compensate for any crew cost increases, our financial condition and results of operations may be adversely affected. Any inability our third-party technical managers experience in the future to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

Our third-party technical management companies employ masters, officers and crews to man our vessels. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out as we expect and could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

**Our Chairman may pursue business opportunities in our industry that may conflict with our interests.**

Our Chairman and Chief Executive Officer, Peter C. Georgiopoulos, actively reviews potential investment opportunities in the shipping industry from time to time. In addition, Mr. Georgiopoulos serves as Chairman of the Board of Aegean Marine Petroleum Network Inc. (NYSE: ANW), a marine fuel logistics company that physically supplies and markets refined marine fuel and lubricants to ships in port and at sea, among other things. While we have entered into an employment agreement with Mr. Georgiopoulos, the agreement requires Mr. Georgiopoulos to devote at least 50% of his business time to his duties with us, provided that he will not be prevented from continuing his involvement with certain other businesses with which he is currently involved, including Maritime Equity Management LLC, Aegean Marine Petroleum Network Inc. and Chemical Transportation Group Ltd. In addition, under the agreement, Mr. Georgiopoulos is required to direct to us any business opportunities involving the international maritime transportation of crude oil or refined products derived from crude oil (excluding bunkering operations). The agreement provides that Mr. Georgiopoulos will have no fiduciary, contractual or other obligation to direct to us any business opportunity not involving the international maritime transportation of crude oil or refined products derived from crude oil (excluding bunkering operations).

**Our outstanding indebtedness may become immediately due and payable upon a change of control.**

We depend on Peter Georgiopoulos's and Nicolas Busch's continued service under our senior secured credit facilities. Under the Korean Export Credit Facility, and the Amended Sinosure Credit Facility, a change of control will occur if, at any time, none of (i) Peter Georgiopoulos, (ii) Gary Brocklesby or (iii) Nicolas Busch serves as a member of our board of directors. For example, since Mr. Brocklesby is not currently a member of the board of directors, a change of control would occur should Mr. Georgiopoulos and Mr. Busch both resign or be removed from the board, decline to stand for reelection or fail to be reelected to the board, die or otherwise cease to remain as our directors for any reason. In the event of a change of control under either the Korean Export Credit Facility or the Amended Sinosure Credit Facility, the majority of lenders may elect to declare all amounts outstanding under the loans to be immediately due and payable and, in the event of non-payment, proceed against the collateral securing such loans. The lenders under the relevant senior secured credit facility may make this election at any time following the occurrence of a change of control.

**The revenues we earn may be dependent on the success and profitability of any vessel pools in which our vessels operate.**

A substantial portion of our revenues for the years ended December 31, 2016 and 2015 were from vessels deployed in the Navig8 Group commercial crude tanker pools, or the "Navig8 pools," and we expect that in 2017 a majority of our revenues will continue to be from vessels deployed in the Navig8 pools. A significant portion of revenues for the years ended December 31, 2014 were from vessels deployed in the Unique Tankers pool. During 2015, we transitioned the employment of all of our vessels in the Unique Tanker pool to existing Navig8 pools. We expect our revenues to continue to arise from vessels deployed in a limited number of pools, particularly the Navig8 pools.

Chartering arrangements for vessels deployed in a pool are handled by the commercial manager of the pool and, since the substantial majority of our vessels are deployed in the Navig8 pools, our results of operations are substantially dependent on the performance of the commercial managers of the Navig8 pools. The profitability of our vessels

operating in vessel pools will depend upon the pool managers' ability to successfully implement a profitable chartering strategy, which could include, among other things, obtaining favorable charters and employing vessels in the pool efficiently in order to service those charters. The pool's profitability will also depend on minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. Furthermore, should an incident occur that negatively affects a pool's revenues or should a pool underperform, then our profitability will be negatively impacted as a result. Commercial managers of pools typically exercise significant control and discretion over the operation of the pool, and our success and profitability will depend on the success of the pools in which we participate, particularly if we transition to a new pool. If vessels from other owners which enter into pools in which we participate are not of comparable design or quality to our vessels, or if the owners of such other vessels negotiate for greater pool weightings than those obtained by us, this could negatively impact the profitability of the pools in which we participate or dilute our interest in pool profits. If we wish to withdraw a vessel from a pool, we may be required to give advance notice and the agreements we enter into with pools in which we participate may provide the applicable pool the right to defer withdrawal of our vessels. If the commercial manager of the pools in which we participate were to cease serving in such capacity, the pools may not be able to find a replacement commercial manager who will be as successful as the current commercial manager in chartering vessels and who may not have the same customer relationships. Additionally, were we to seek to assume direct commercial management of these vessels, either by choice or because of our failure to negotiate or maintain favorable terms with a profitable and well-managed pool, we may face similar challenges.

**We receive a significant portion of our revenues from a limited number of customers and pools, and the loss of any customer or the termination of our relationships with these pools could result in a significant loss of revenues and cash flow.**

We have derived, and we believe we will continue to derive, a significant portion of our revenues and cash flow from a limited number of customers. For example, during the years ended December 31, 2016 and 2015, the Navig8 pools accounted for 91.2% and 34.8% of our net voyage revenues, respectively. The Navig8 pools, which manage vessels owned by third-party operators, distribute revenues on a net basis, and our net voyage revenues are not directly attributable to the charterers of our vessels. We receive such revenues indirectly through distributions made to us by the Navig8 pools in which our vessels participate. If any of our key customers, or the key customers of the pools in which we participate, breach or terminate their charters or renegotiate or renew them on terms less favorable than those currently in effect, or if any significant customer decreases the amount of business it transacts with us or if we lose any of our customers or a significant portion of our revenues, our operating results, cash flows and profitability could be materially adversely affected. Additionally, if we are unable to establish or maintain a commercially favorable relationship with a profitable and well-managed pool, our operating results, cash flows and profitability could be materially adversely affected.

**Shipping is an inherently risky business and our insurance may not be adequate.**

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, business interruptions caused by mechanical failures, human error, grounding, fire, explosions, war, terrorism, piracy and other circumstances or events. Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. 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, market disruptions, delay or rerouting. In addition, the operation of tankers has unique operational risks associated with the transportation of oil. An oil spill may cause significant environmental damage, and the associated costs could exceed the insurance coverage available to us. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high inflammability and high volume of the oil transported in tankers.

We carry insurance to protect against most of the accident-related risks involved in the conduct of our business. We currently maintain \$1 billion in coverage for each of our vessels for liability for spillage or leakage of oil or pollution, and also carry insurance covering lost revenue resulting from vessel off-hire for all of our operating vessels. Nonetheless, risks may arise against which we are not adequately insured. For example, a catastrophic spill could exceed



our insurance coverage and have a material adverse effect on our financial condition. In addition, we may not be able to procure adequate insurance coverage at commercially reasonable rates in the future and we cannot guarantee that any particular claim will be paid. In the past, new and stricter environmental regulations have led to higher costs for insurance covering environmental damage or pollution, and new regulations could lead to similar increases or even make this type of insurance unavailable. Furthermore, even if insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement ship in the event of a loss. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. In addition, our protection and indemnity associations may not have enough resources to cover our insurance claims. Our payment of these calls could result in significant expenses to us which could reduce our cash flows and place strains on our liquidity and capital resources.

**We are subject to international safety regulations and requirements imposed by classification societies 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 United Nations' International Maritime Organization's International Management Code for the Safe Operation of Ships and Pollution Prevention, or "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. We expect that any vessels that we acquire in the future will be ISM Code-certified when delivered to us. The failure of a shipowner 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, including United States and European Union ports.

In addition, 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. If a vessel does not maintain its class and/or fails any annual survey, intermediate survey or special survey, the vessel will be unable to trade between ports and will be unemployable, which will negatively impact our revenues and results from operations.

**The risks associated with older vessels could adversely affect our operations.**

In general, the costs to maintain a vessel in good operating condition increase as the vessel ages. As of March 10, 2017, 12 of the 40 operating vessels we own were built prior to 2007. Due to improvements in engine technology, older vessels typically are less fuel-efficient than more recently constructed vessels. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Governmental regulations, safety or other equipment standards related to the age of tankers may 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. There is no assurance that, as our vessels age, market conditions will justify any required expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

If we do not set aside funds and are unable to borrow or raise funds for vessel replacement, we will be unable to replace the vessels in our fleet upon the expiration of their remaining useful lives, which we estimate to be 25 years from their build dates. Our cash flows and income are dependent on the revenues earned by the chartering of our vessels. If we are unable to replace the vessels in our fleet upon the expiration of their useful lives, our revenue will decline and our business, results of operations, financial condition, and cash flow would be adversely affected.

**Our results of operations could be affected by natural events in the locations in which our customers operate.**

Several of our customers have operations in locations that are subject to natural disasters, such as severe weather and geological events, which could disrupt the operations of those customers and suppliers as well as our operations. Such geological events can cause significant damage and can adversely affect the infrastructure and economy of regions subject to such events, and could cause our customers located in such regions to experience shutdowns or otherwise negatively impact their operations. Upon such an event, some or all of those customers may reduce their orders for crude oil, which could adversely affect our revenue and results of operations. In addition to any negative direct economic effects of such natural disasters on the economy of the affected areas and on our customers and suppliers located in such regions, economic conditions in such regions could also adversely affect broader regional and global economic conditions. The degree to which natural disasters will adversely affect regional and global economies is uncertain at this time. However, if these events cause a decrease in demand for crude oil, our financial condition and operations could be adversely affected.

**Consolidation and governmental regulation of suppliers may increase the cost of obtaining supplies or restrict our ability to obtain needed supplies, which may have a material adverse effect on our results of operations and financial condition.**

We rely on third-parties to provide supplies and services necessary for our operations, including brokers, equipment suppliers, caterers and machinery suppliers. Various mergers have reduced the number of available suppliers, resulting in fewer alternatives for sourcing key supplies. With respect to certain items, we are generally dependent upon the original equipment manufacturer for repair and replacement of the item or its spare parts. Such consolidation may result in a shortage of supplies and services thereby increasing the cost of supplies and/or potentially inhibiting the ability of suppliers to deliver on time. These cost increases or delays could have a material adverse effect on our results of operations and result in downtime, and delays in the repair and maintenance of our vessels. Furthermore, many of our suppliers are U.S. companies or non-U.S. subsidiaries owned or controlled by U.S. companies, which means that in the event a U.S. supplier was debarred or otherwise restricted by the U.S. government from delivering products, our ability to supply and service our operations could be materially impacted. In addition, through regulation and permitting, certain foreign governments effectively restrict the number of suppliers and technicians available to supply and service our operations in those jurisdictions, which could materially impact our operations and financial condition.

**We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act, and other applicable worldwide anti-corruption laws.**

The U.S. Foreign Corrupt Practices Act, or “FCPA,” and other applicable worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. These laws include the U.K. Bribery Act which is broader in scope than the FCPA, as it contains no facilitating payments exception. We charter our vessels into some jurisdictions that international corruption monitoring groups have identified as having high levels of corruption. Our activities create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA or other applicable anti-corruption laws. Although we have policies, procedures and internal controls in place to monitor compliance, we cannot assure that our policies and procedures will protect us from governmental investigations or inquiries surrounding actions of our employees or agents. If we are found to be liable for violations of the FCPA or other applicable anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we could suffer from civil and criminal penalties or other sanctions.

**We may be subject to U.S. federal income tax on U.S. source shipping income, which would reduce our net income and cash flows.**

If we do not qualify for an exemption pursuant to Section 883, or the “Section 883 exemption,” of the U.S. Internal Revenue Code of 1986, as amended, or the “Code,” then we will be subject to U.S. federal income tax on our shipping income that is derived from U.S. sources. If we are subject to such tax, our results of operations and cash flows would be reduced by the amount of such tax.

We will qualify for the Section 883 exemption if, among other things, (i) our common shares are treated as primarily and regularly traded on an established securities market in the United States or another qualified country, or (ii) we satisfy one of two other ownership tests. We refer to the inquiry under clause (i) of the preceding sentence as the “publicly traded test.” Under applicable U.S. Treasury Regulations, the publicly traded test cannot be satisfied in any taxable year in which persons who directly, indirectly or constructively own five percent or more of our common shares (sometimes referred to as “5% shareholders”) own 50% or more of our common shares for more than half the days in such year, unless an exception applies.

We believe that, based on the ownership of our common shares in 2016, we satisfied the publicly traded test in 2016. However, if 5% shareholders were to own more than 50% of our common shares for more than half the days in any future taxable year, we may not be eligible to claim the Section 883 exemption for such taxable year. We can provide no assurance that changes and shifts in the ownership of our common shares by 5% shareholders will not preclude us from qualifying for the Section 883 exemption in 2017 or in future taxable years.

If we do not qualify for the Section 883 exemption, our gross shipping income derived from U.S. sources, i.e., 50% of our gross shipping income attributable to transportation beginning or ending in the United States (but not both beginning and ending in the United States), generally would be subject to a four percent tax without allowance for deductions.

**U.S. tax authorities could treat us as a “passive foreign investment company,” which could have adverse U.S. federal income tax consequences to U.S. shareholders.**

A non-U.S. corporation generally will be treated as a “passive foreign investment company,” or a “PFIC,” for U.S. federal income tax purposes if, after applying certain look through rules, either (i) at least 75% of its gross income for any taxable year consists of “passive income” or (ii) at least 50% of the average value (determined on a quarterly basis) produce or are held for the production of “passive income.” We refer to assets which produce or are held for production of “passive income” as “passive assets.”

For purposes of these tests, “passive income” generally includes dividends, interest, 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, as defined in applicable U.S. Treasury Regulations. Passive income does not include income derived from the performance of services. By contrast, rental income would generally constitute passive income unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business. In this regard, we intend to take the position that the gross income we derive or are deemed to derive from our time and spot chartering activities is services income, rather than rental income. Accordingly, we believe that (i) our income from time and spot chartering activities does not constitute passive income and (ii) the assets that we own and operate in connection with the production of that income do not constitute passive assets.

While there is no direct legal authority under the PFIC rules addressing our method of operation, there is legal authority supporting the characterization of income derived from time and spot charters as services income for other tax purposes. However, there is also legal authority, which characterizes time charter income as rental income rather than services income for other tax purposes.

Although there is legal authority to the contrary, as noted above, based on our existing operations and our view that income from time and spot chartered vessels is services income rather than rental income, we intend to take the position that we are not now and have never been a PFIC with respect to any taxable year.

There is no assurance 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 because there are uncertainties in the application of the PFIC rules and PFIC status is determined annually and is based on the composition of a company’s income and assets (which are subject to change), we can provide no assurance that we will not become a PFIC in any future taxable year.

If we were to be treated as a PFIC for any taxable year (and regardless of whether we remain as a PFIC for subsequent taxable years), our U.S. shareholders would be subject to a disadvantageous U.S. federal income tax regime

with respect to distributions received from us and gain, if any, derived from the sale or other disposition of our common shares. These adverse tax consequences to shareholders could negatively impact our ability to issue additional equity in order to raise the capital necessary for our business operations.

**We could be negatively impacted by future changes in applicable tax laws, or our inability to take advantage of favorable tax regimes.**

We may be subject to income or non-income taxes in various jurisdictions, including those in which we transact business, own property or reside. We may be required to file tax returns in some or all of those jurisdictions. We may be required to pay non U.S. taxes on dispositions of non U.S. property, or operations involving non U.S. property may give rise to non U.S. income or other tax liabilities in amounts that could be substantial.

Our tax position could be adversely impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof by any tax authority. The various tax regimes to which we are currently subject result in a relatively low effective tax rate on our worldwide income. These tax regimes, however, are subject to change, possibly with retroactive effect. Moreover, we may become subject to new tax regimes and may be unable to take advantage of favorable tax provisions afforded by current or future law. For example, there have been legislative proposals that, if enacted, could change the circumstances under which we would be treated as a U.S. person for U.S. federal income tax purposes, which could materially and adversely affect our effective tax rate and cash tax position and require us to take action, at potentially significant expense, to seek to preserve our effective tax rate and cash tax position. We cannot predict the outcome of any specific legislative proposals.

**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, securities litigation, 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.

In November 2008, a jury in the Southern District of Texas found General Maritime Management (Portugal) L.D.A., one of our subsidiaries which we refer to as "GMM Portugal," and two vessel officers of one of our vessels guilty of violating the Act to Prevent Pollution from Ships and 18 U.S.C. §1001. The conviction resulted from charges based on alleged incidents occurring on board such vessel arising from potential failures by shipboard staff to properly record discharges of bilge waste during the period of November 24, 2007 through November 26, 2007. Pursuant to the sentence imposed by the court in March 2009, we paid a \$1.0 million fine in April 2009 and were subject to a probationary period of five years which concluded in March 2014.

**Security breaches and other disruptions to our information technology infrastructure could interfere with our operations and expose us to liability which could materially adversely impact our business.**

In the ordinary course of business, we rely on information technology networks and systems, some of which are managed by third parties, to process, transmit, and store electronic information, and to manage or support a variety of business processes and activities. Additionally, we collect and store certain data, including proprietary business information and customer and employee data, and may have access to confidential information in the conduct of our business. Despite our cybersecurity measures (including employee and third-party training, monitoring of networks and systems, and maintenance of backup and protective systems) which are continuously reviewed and upgraded, our information technology networks and infrastructure may still be vulnerable to damage, disruptions, or shutdowns due to attack by hackers or breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters, or other catastrophic events. Any such events could result in legal claims or proceedings, liability or penalties under privacy laws, disruption in operations, and damage to our reputation, which could materially adversely affect our business. While we have experienced, and expect to continue to experience, these types of threats to our information technology networks and infrastructure, to date none of these threats has had a material impact on our business or operations.

Recent action by the IMO's Maritime Safety Committee and U.S. agencies indicate that cybersecurity regulations for the maritime industry are likely to be strengthened in an attempt to combat cybersecurity threats. As a result, we may be required to provide additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. However, the impact of such regulations is uncertain at this time.

**A shift in consumer demand from oil towards other energy sources or changes to trade patterns for oil and oil products may have a material adverse effect on our business.**

Substantially all of our earnings are related to the oil industry. A shift in the consumer demand from oil towards other energy resources such as wind energy, solar energy, water energy, gas or nuclear energy will potentially affect the demand for our vessels. This could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

Seabome trading and distribution patterns are primarily influenced by the relative advantage of the various sources of production, locations of consumption, pricing differentials and seasonality. Changes to the trade patterns of oil and oil products may have a significant negative or positive impact on the ton-miles and therefore the demand for our tankers. This could have a material adverse effect on our future performance, results of operations, cash flows and financial position.

**RISK FACTORS RELATED TO OUR FINANCINGS**

**We have incurred significant indebtedness which could affect our ability to finance our operations, pursue desirable business opportunities and successfully run our business in the future, and therefore make it more difficult for us to fulfill our obligations under our indebtedness.**

We have substantial debt. As of December 31, 2016, we had indebtedness outstanding (before application of discount and amortization of financing costs) of \$1.6 billion and shareholders' equity of \$1.4 billion. Our outstanding long-term indebtedness as of December 31, 2016 included \$408.3 million principal amount of indebtedness under the Refinancing Facility, \$340.4 million principal amount of indebtedness under the Amended Sinosure Credit Facility, \$658.6 million principal amount of indebtedness under the Korean Export Credit Facility and \$174.6 million of indebtedness in the form of our senior notes (which amount reflects accrual of payment-in-kind interest of \$43.0 million). In connection with the deliveries of 15 vessels, we borrowed \$563.0 million and \$290.8 million from the Korean Export Credit Facility and the Amended Sinosure Credit Facility, respectively, during the year ended December 31, 2016. As of March 10, 2017, we had fully drawn all available borrowings under our Amended Sinosure Credit Facility and we had \$63.0 million remaining commitments under the Korean Export Credit Facility, to fund the delivery of one vessel, with \$48.2 million remaining installment payments. In accordance with our growth strategy, we intend to pursue additional debt financing opportunistically to help fund the growth of our business, subject to market and other

conditions. While we have entered into interest rate swaps to hedge a portion of our floating rate indebtedness under our senior secured credit facilities, the interest rates borne by unhedged amounts that we have borrowed under our senior secured credit facilities fluctuate with changes in the LIBOR rates. Any volatility in LIBOR rates would affect the amount of interest payable on amounts that we were to draw down from our senior secured credit facilities. Our substantial indebtedness and interest expense could have important consequences to us, including:

- limiting our ability to use a substantial portion of our cash flow from operations in other areas of our business, including for working capital, capital expenditures and other general business activities, because we must dedicate a substantial portion of these funds to service our debt;
- requiring us to seek to incur further indebtedness in order to make the capital expenditures and other expenses or investments planned by us to the extent our future cash flows are insufficient;
- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, debt service requirements, acquisitions and the execution of our growth strategy, and other expenses or investments planned by us;
- limiting our flexibility and our ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation, our business and our industry;
- limiting our ability to satisfy our obligations under our indebtedness (which could result in an event of default and acceleration if we fail to comply with the requirements of our indebtedness);
- increasing our vulnerability to a downturn in our business and to adverse economic and industry conditions generally;
- placing us at a competitive disadvantage as compared to our competitors that are less leveraged;
- limiting our ability, or increasing the costs, to refinance indebtedness; and
- limiting our ability to enter into hedging transactions by reducing the number of counterparties with whom we can enter into such transactions as well as the volume of those transactions.

Our senior secured credit facilities and senior notes restrict our ability to use our cash. Among other restrictions, senior secured credit facilities and senior notes restrict our ability to make capital expenditures other than maintenance capital expenditures, or vessel acquisitions or other capital expenditures not in the ordinary course of business using net cash proceeds from equity offerings. Additionally, our senior secured credit facilities and senior notes contain restrictions on our ability to declare or pay dividends to our shareholders.

The limitations described above could have a material adverse effect on our business, financial condition, results of operations, prospects, and ability to satisfy our obligations under our indebtedness.

**We may incur significantly more indebtedness, which could further increase the risks associated with our indebtedness and prevent us from fulfilling our obligations under our senior secured credit facilities and senior notes.**

Despite our current level of outstanding indebtedness, our senior secured credit facilities and senior notes permit us to incur significant additional indebtedness in the future, as well as to refinance existing indebtedness, subject to specified limitations. If new indebtedness is added to our and our subsidiaries' current debt levels, the related risks that we and they face would be increased, and we may not be able to meet all our debt obligations, in whole or in part.

**We may not be able to generate sufficient cash to service all of our indebtedness.**

We expect our earnings and cash flow to vary significantly from year to year due to the cyclical nature of our industry and our chartering strategy. We have a significant amount of outstanding indebtedness under our senior secured credit facilities and our senior notes, and we may incur additional indebtedness. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and commitments. Any insufficiency could negatively impact our business. A range of economic, competitive, financial, business, industry and other factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt. Many of these factors, such as charter rates, economic and financial conditions in our industry and the global economy or competitive initiatives of our competitors, are beyond our control. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- refinancing or restructuring our debt;
- selling tankers, newbuildings or other assets;
- reducing or delaying investments and capital expenditures; or
- seeking to raise additional capital.

However, there is no assurance that undertaking alternative financing plans, if necessary, would be successful in allowing us to meet our debt obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Our inability to generate sufficient cash flow to satisfy our debt obligations, or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects.

**Our senior secured credit facilities and senior notes impose significant operating and financial restrictions that may limit our ability to operate our business.**

Our senior secured credit facilities and senior notes impose significant operating and financial restrictions on us and our restricted subsidiaries. These restrictions will limit our ability and the ability of our restricted subsidiaries to, among other things, as applicable:

- incur additional debt;
- pay dividends or make other restricted payments, including certain investments;
- create or permit certain liens;
- sell tankers or other assets;
- engage in certain transactions with affiliates; and
- consolidate or merge with or into other companies, or transfer all or substantially all of our assets or the assets of our restricted subsidiaries.

These restrictions could limit our ability to finance our future operations or capital needs, make acquisitions or pursue available business opportunities.

In addition, our senior secured credit facilities require us to comply with various collateral maintenance and financial covenants, including with respect to our minimum cash balance and an interest expense coverage ratio covenant. The senior secured credit facilities and senior notes require us to comply with a number of customary covenants, including covenants related to the delivery of quarterly and annual financial statements, budgets and annual projections; maintaining required insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the collateral vessels in the case of our senior secured credit facilities; restrictions on consolidations, mergers or sales of assets; limitations on liens; limitations on issuance of certain equity interests; limitations on transactions with affiliates; and other customary covenants and related provisions.

There is no assurance that we will meet these ratios or satisfy these covenants or that our lenders will waive any failure to do so. A breach of any of the covenants in, or our inability to maintain the required financial ratios under these instruments could result in a default under these instruments. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt Financings*” for further information. If a default occurs under any debt instrument, the lenders could elect to declare that debt, together with accrued interest and other fees, to be immediately due and payable and proceed against the collateral securing that debt, which, in the case of our senior secured credit facilities, constitutes all or substantially all of our assets, including our rights in the mortgaged vessels and their charters.

**The covenants under our senior secured credit facilities and senior notes may be difficult to satisfy in the current market environment.**

We continue to be subject to a difficult charter rate environment which has negatively impacted our cash flow from operations and liquidity.

We are subject to a number of covenants under our senior notes and senior secured credit facilities, including covenants governing the minimum amount of cash and cash equivalents we maintain, our ratio of consolidated EBITDA to our aggregate scheduled principal repayments and cash interest expense for our consolidated indebtedness, and the minimum aggregate appraised value of the vessels we have pledged as collateral under our senior secured credit facilities. In the event of continued weakness in charter rates and vessel values, if the current market environment declines further or does not recover sufficiently and/or because of the potential timing of receipt of payments and required expenditures, there is a possibility that we may not comply with these covenants as of the first half of 2017 absent waivers or amendments to our senior secured credit facilities or obtaining additional capital. We may not be in compliance earlier in the event of further weakness or deterioration in the markets in which we operate. To address these issues, we may require capital to fund our ongoing operations, and service of our debt, and we may pursue alternatives which may include potential dispositions of vessels and/or newbuildings, equity issuances, strategic transactions to strengthen our capital structure, waivers or amendments from our lenders and/or other restructuring options. Any such transactions may be subject to conditions. If market or other conditions are not favorable, we may be unable to complete any such transactions or obtain waivers or amendments from our lenders on acceptable terms or at all.

Absent such waivers or amendments, if we do not comply with these covenants and fail to cure our non-compliance following applicable notice and expiration of applicable cure periods, we would be in default of one or more of our senior secured credit facilities. If such a default occurs, we may also be in default under our unsecured senior notes. Each of our senior secured credit facilities and senior notes contain cross default provisions that could be triggered by our failure to comply with these covenants. As a result, some or all of our indebtedness could be declared immediately due and payable. We may not have sufficient assets available to satisfy our obligations. Substantially all of our assets are pledged as collateral to our lenders, and our lenders may seek to foreclose on their collateral if a default occurs. We may have to seek alternative sources of financing on terms that may not be favorable to us or that may not be available at all. Therefore, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.



**Fluctuations in the market value of our fleet may adversely affect our liquidity and may result in breaches under our financing arrangements and sales of vessels at a loss.**

The market value of vessels fluctuates depending upon general economic and market conditions affecting the tanker industry, the number of tankers in the world fleet, the price of constructing new tankers, or newbuildings, types and sizes of tankers, and the cost of other modes of transportation. The market value of our fleet may decline in the event of a downswing in the historically cyclical shipping industry or as a result of the aging of our fleet. Declining tanker values could limit our ability to seek alternative sources of financing and could affect our ability to finance our one remaining VLCC newbuilding or raise cash by limiting our ability to refinance vessels and thereby adversely impact our liquidity. In addition, declining vessel values could result in the requirement to repay outstanding amounts or a breach of loan covenants, which could give rise to an event of default under our debt instruments.

Our senior secured credit facilities require us to comply with collateral maintenance covenants under which the market value of our vessels must remain at or above a specified percentage of the total commitment amount under the applicable instrument. If we are unable to maintain this required collateral maintenance ratio, we may be prevented from borrowing additional money, if available, under the applicable instrument, or we may default under the applicable instrument. If a default occurs, the lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against the collateral securing the debt, which, in the case of our senior secured credit facilities, constitutes substantially all of our assets.

**If we default on our obligations to pay any of our indebtedness or otherwise default under the agreements governing our indebtedness, lenders could accelerate such debt and we may be subject to restrictions on the payment of our other debt obligations or cause a cross-default or cross-acceleration.**

Any default under the agreements governing our indebtedness that is not waived by the required lenders or holders of such indebtedness, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on other debt instruments and substantially decrease the market value of such debt instruments. If we are unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our substantial level of indebtedness, or if we otherwise fail to comply with the various covenants in any agreement governing our indebtedness, we would be in default under the terms of the agreements governing such indebtedness. In the event of such default:

- the lenders or holders of such indebtedness could elect to terminate any commitments thereunder, declare all the funds borrowed thereunder to be due and payable and, if not promptly paid, in the case of our secured debt, institute foreclosure proceedings against our assets;
- even if those lenders or holders do not declare a default, they may be able to cause all of our available cash to be used to repay the indebtedness owed to them; and
- such default could cause a cross-default or cross-acceleration under our other indebtedness.

As a result of such default and any actions the lenders may take in response thereto, we could be forced into bankruptcy or liquidation.

**An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.**

Our debt under our senior secured credit facilities bears interest at a variable rate. We may also incur indebtedness in the future with variable interest rates. As a result, an increase in market interest rates would increase the cost of servicing our debt and could materially reduce our profitability and cash flows. The impact of such an increase would be more significant for us than it would be for some other companies because of our substantial debt and because we do not currently hold any interest rate swaps.

LIBOR rates have historically been volatile, with the spread between those rates and prime lending rates widening significantly at times. However, LIBOR rates have recently been at historic lows. Because the interest rates borne by a portion of our outstanding borrowings under our senior secured credit facilities fluctuate with changes in the LIBOR rates, if LIBOR rates were to increase or become volatile, it would affect the amount of interest payable on

amounts that we have borrowed under our senior secured credit facilities, which in turn, would have an adverse effect on our profitability, earnings and cash flow.

**We may incur losses on interest rate swap and hedging arrangements.**

We have entered into six interest rate swap transactions to hedge our exposure on a portion of our outstanding variable rate debt. However, hedging against interest rate exposure may adversely affect us. Increased interest rates may increase the risk that the counterparties to our swap agreements will default on their obligations, which could further increase our exposure to interest rate fluctuations. Conversely, if interest rates are lower than our swapped fixed rates, we will be required to pay more for our debt than we would had we not entered into the swap agreements. In addition, if an arrangement is not indexed to the same rate as the indebtedness that is hedged, we may be exposed to losses to the extent which the rate governing the indebtedness and the rate governing the hedging arrangement change independently of each other.

**RISKS RELATED TO OUR COMMON SHARES**

**There is no guarantee that our common shares will have an active and liquid public market.**

The tanker industry has been highly unpredictable and volatile, and the market for common shares in this industry may be equally volatile. Our common shares may not have an active and liquid trading market.

In the absence of a liquid public trading market:

- you may not be able to liquidate your investment in our common shares;
- the market price of our common shares may experience significant price volatility; and
- there may be less efficiency in carrying out your purchase and sale orders.

**The price of our common shares historically has been volatile.**

The price of our common shares has been and may continue to be subject to large fluctuations due to a variety of factors, including:

- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- our ability to meet the obligations under our senior secured credit facilities and senior notes;
- mergers and strategic alliances in the tanker industry;
- market prices and conditions in the tanker and oil industries;
- changes in government regulation;
- potential or actual military conflicts or acts of terrorism;
- natural disasters affecting the supply chain or demand for crude oil or petroleum products;
- the failure of securities analysts to publish research about us, or shortfalls in our operating results from levels forecast by securities analysts;
- announcements concerning us or our competitors; and

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- the general state of the securities market.

These broad market and industry factors may materially reduce the market price of our common shares, regardless of our operating performance.

### **We may issue additional common shares or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common shares.**

We may issue additional common shares or other equity securities of equal or senior rank in the future in connection with, among other things, future vessel acquisitions, repayment of outstanding indebtedness or our equity incentive plan, without shareholder approval, in a number of circumstances.

Our issuance of additional common shares or other equity securities of equal or senior rank would have the following effects:

- our existing shareholders' proportionate ownership interest in us will decrease;
- the relative voting strength of each previously outstanding common share may be diminished; and
- the market price of our common shares may decline.

### **Certain large shareholders own a significant percentage of the voting power of our common shares, and as a result could be able to exert significant influence over us.**

Certain large shareholders and their affiliates own a significant percentage of the voting power of our issued and outstanding common shares. For example, as of the date of this Annual Report, Oaktree Capital Management L.P., BlueMountain Capital Management, LLC, Aurora Resurgence Capital Partners II LLC and BlackRock, Inc. and/or their respective investment entities or affiliates own greater than 5% of our outstanding common stock, based on information publicly filed with the SEC. In addition, Navig8 Limited owns greater than 4% of our outstanding common stock, based on information publicly filed with the SEC. Five members of our Board were designated by certain of these shareholders pursuant to the 2015 shareholders agreement, which terminated upon the consummation of our initial public offering. As a result, these shareholders may be able to exert significant influence over the actions of our Board, the election of directors and other matters that require shareholder approval. The interests of these shareholders may be different from that of other shareholders, and their large aggregate percentage ownership may result in them being able to exert substantial influence over us and may have effects such as delaying or preventing a change in control of the Company that may be favored by other shareholders or preventing transactions in which shareholders might otherwise recover a premium for their shares over their market prices.

In addition, our significant concentration of share ownership may adversely affect the trading price of our common shares because investors may perceive disadvantages in owning shares in companies with significant shareholders. Furthermore, certain large shareholders have certain registration rights described elsewhere in this Annual Report (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Related Party Transactions*") and the registration and sale to the public of a large number of common shares may have the immediate effect of reducing the trading price of our common shares.

### **Future sales of our common stock could cause the market price of our common stock to decline.**

The market price of our common stock could decline due to sales of a large number of shares in the market, including sales of shares by our large shareholders, or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of common stock.

**We incur increased costs and obligations as a result of being a public company and our management is required to devote substantial time to complying with public company regulations.**

As a publicly traded company, we incur significant legal, accounting and other expenses that we were not required to incur as a privately held company, particularly after we are no longer an “emerging growth company” as defined under the Jumpstart Our Business Startups Act of 2012, or the “JOBS Act.” In addition, new and changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd Frank Wall Street Reform and Consumer Protection Act and the rules and regulations promulgated and to be promulgated thereunder, as well as under the Sarbanes-Oxley Act, the JOBS Act, and the rules and regulations of the SEC and the New York Stock Exchange, or the “NYSE,” have created uncertainty for public companies and increased our costs and the time that our board of directors and management must devote to complying with these rules and regulations. These rules and regulations increase our legal and financial compliance costs and lead to a diversion of management time and attention from revenue generating activities.

Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management’s attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a publicly traded company. However, the measures we take may not be sufficient to satisfy our obligations as a publicly traded company.

For as long as we remain an “emerging growth company” as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” We may remain an “emerging growth company” for up to five fiscal years after our initial public offering or until such earlier time that we have more than \$1.0 billion in annual revenues, have more than \$700.0 million in market value of our common shares held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three year period. Further, there is no guarantee that the exemptions available to us under the JOBS Act will result in significant savings. To the extent we choose not to use exemptions from various reporting requirements under the JOBS Act, we will incur additional compliance costs, which may impact earnings.

**As an “emerging growth company,” we cannot be certain if the reduced disclosure requirements applicable to “emerging growth companies” will make our common shares less attractive to investors.**

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to obtain an assessment of the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

**Pursuant to the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 for so long as we are an “emerging growth company.”**

Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, and generally requires a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an “emerging growth company.”

**If we do not develop and implement all required accounting practices and policies, we may be unable to provide the financial information required of a U.S. publicly traded company in a timely and reliable manner.**

If we fail to develop and maintain effective internal controls and procedures and disclosure procedures and controls, we may be unable to provide financial information and required SEC reports that a U.S. publicly traded company is required to provide in a timely and reliable fashion. Any such delays or deficiencies could penalize us, including by limiting our ability to obtain financing, either in the public capital markets or from private sources and hurt our reputation and could thereby impede our ability to implement our growth strategy. In addition, any such delays or deficiencies could result in our failure to meet the requirements for continued listing of our common shares on the NYSE.

**Failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and share price.**

Our management is required to report on the effectiveness of our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation.

In connection with the implementation of the necessary procedures and practices related to internal control over financial reporting, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, we may encounter problems or delays in completing the implementation of any remediation of control deficiencies and receiving a favorable attestation in connection with the attestation provided by our independent registered public accounting firm. Furthermore, failure to achieve and maintain an effective internal control environment could have a material adverse effect on our business and share price and could limit our ability to report our financial results accurately and timely.

**Future issuances of our common stock could dilute our shareholders' interests in our company.**

We may, from time to time, issue additional shares of common stock to support our growth strategy, reduce debt or provide us with capital for other purposes that our Board of Directors believes to be in our best interest. To the extent that an existing shareholder does not purchase additional shares that we may issue, that shareholder's interest in our company will be diluted, which means that its percentage of ownership in our company will be reduced. Following such a reduction, that shareholder's common stock would represent a smaller percentage of the vote in our Board of Directors' elections and other shareholder decisions.

**Our shareholders may experience substantial dilution if any claims are made by General Maritime's or Navig8 Crude's former shareholders pursuant to the 2015 merger agreement.**

In connection with the 2015 merger agreement, until 24 months following the anniversary of the closing of the 2015 merger, we are required, subject to a maximum amount of \$75 million and a deductible of \$5 million, to indemnify and defend General Maritime's or Navig8 Crude's shareholders, in each case immediately prior to the 2015 merger, in respect of certain losses arising from inaccuracies or breaches in the representations and warranties of, or the breach prior to the closing of the 2015 merger by, Navig8 Crude and General Maritime, respectively. Any amounts payable pursuant to such indemnification obligation shall be satisfied by the issuance of shares of our common stock with a fair market value equal to the amount of the indemnified loss. If we are required to issue shares pursuant to these obligations, our shareholders may experience substantial dilution.

**Certain provisions of our amended and restated articles of incorporation, which we refer to as our articles of incorporation, our bylaws and certain agreements to which we are party may make it difficult for shareholders to change the composition of our board of directors and may discourage, delay or prevent a merger or acquisition that some shareholders may consider beneficial.**

Certain provisions of our articles of incorporation and bylaws may have the effect of delaying or preventing changes in control if our board of directors determines that such changes in control are not in our best interests or in the best interests of our shareholders. The provisions in our articles of incorporation and bylaws include, among other things, those that:

- provide for a classified board of directors with three-year staggered terms;
- authorize our board of directors to issue preferred shares and to determine the price and other terms, including preferences and voting rights, of those shares without shareholder approval;
- establish advance notice procedures for nominating directors or presenting matters at shareholder meetings;
- authorize the removal of directors only for cause and only upon the affirmative vote of the holders of at least 80% of the outstanding shares entitled to vote for those directors;
- allow only our board of directors to fill vacancies on our board of directors;
- prohibit us from engaging in a “business combination” with an “interested shareholder” for a period of three years after the date of the transaction in which the person became an interested shareholder unless certain provisions are met;
- prohibit cumulative voting in the election of directors;
- prohibit shareholder action by written consent unless the written consent is signed by all shareholders entitled to vote on the action;
- limit the persons who may call special meetings of shareholders; and
- require a super-majority to amend certain provisions of our bylaws and our articles of incorporation.

While these provisions have the effect of encouraging persons seeking to acquire control of our company to negotiate with our board of directors, they could enable the board of directors to hinder or frustrate a transaction that some, or a majority, of the shareholders may believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors.

These provisions may frustrate or prevent any attempts by our shareholders to replace or remove our current management by making it more difficult for shareholders to replace members of our board of directors, which is responsible for appointing the members of our management.

**We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law and, as a result, shareholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States.**

Our corporate affairs are governed by our amended and restated articles of incorporation and bylaws and by the Republic of the Marshall Islands Business Corporations Act. The provisions of the Republic of the Marshall Islands Business Corporations Act resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the Republic of the Marshall Islands Business Corporations Act. For example, the rights and fiduciary responsibilities of directors under the laws of the Republic 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 certain U.S. jurisdictions. Although the Republic of the Marshall Islands Business Corporations Act does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public shareholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction.

**It may be difficult to enforce a U.S. judgment against us, our officers and our directors because we are a foreign corporation.**

We are incorporated in the Republic of the Marshall Islands and most of our subsidiaries are organized in the Republic of Liberia and the Republic of the Marshall Islands. Substantially all of our assets and those of our subsidiaries are located outside the United States. As a result, our shareholders should not assume that courts in the countries in which we or our subsidiaries are incorporated or where our assets or the assets of our subsidiaries are located (1) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would enforce, in original actions, liabilities against us or our subsidiaries based upon these laws.

**Certain provisions in our financing agreements could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of our common stock.**

Our senior secured credit facilities and senior notes impose restrictions on changes of control of our company and our ship-owning subsidiaries. Under our senior secured credit facilities and senior notes, a change of control would be an event of default, such that lender consent or repayment in full of the obligations thereunder would be required. The note purchase agreement governing the senior notes would either require that we obtain the noteholders' consent prior to any change of control or that we make an offer to redeem the notes before a change of control can take place.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

We lease one property, which houses our corporate office that is used in the administration of our operations: the property is approximately 24,000 square feet in New York, New York. We do not own or lease any production facilities, plants or similar real properties. As of December 31, 2015, we had closed our Russia and Portugal offices.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time in the future we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. While we expect that these claims would be covered by our existing insurance policies, those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. We have not been involved in any legal proceedings which may have, or have had, a significant effect on our financial position, results of operations or liquidity, nor are we aware of any proceedings that are pending or threatened which may have a significant effect on our financial position, results of operations or liquidity. See "*Risk Factors—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.*"

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****MARKET INFORMATION, HOLDERS AND DIVIDENDS**

Our common stock has been listed on the NYSE under the symbol "GNRT" since June 25, 2015. Prior to that date, there was no public trading market for our common stock. As of March 10, 2017, there were approximately 75 holders of record of our common stock. The following table sets forth the high and low sales price per share of our common stock as reported on the NYSE for the periods indicated:

| <b>FISCAL YEAR ENDED DECEMBER 31, 2016</b> | <b>HIGH</b> | <b>LOW</b> |
|--|-------------|------------|
| 1st Quarter                                | \$ 9.08     | \$ 5.04    |
| 2nd Quarter                                | \$ 8.13     | \$ 5.84    |
| 3rd Quarter                                | \$ 6.30     | \$ 4.87    |
| 4th Quarter                                | \$ 5.56     | \$ 3.56    |

  

| <b>FISCAL YEAR ENDED DECEMBER 31, 2015</b> | <b>HIGH</b> | <b>LOW</b> |
|--|-------------|------------|
| 2nd Quarter (Beginning on June 25, 2015)   | \$ 13.63    | \$ 13.10   |
| 3rd Quarter                                | \$ 14.37    | \$ 10.95   |
| 4th Quarter                                | \$ 12.18    | \$ 8.70    |

We have not declared or paid any dividends since the fourth quarter of 2010. In order to pay dividends, we will be required to satisfy certain financial and other requirements under our debt instruments.

While we currently intend to retain future earnings, if any, for use in the operation and expansion of our business, we evaluate the option to adopt a policy to pay cash dividends from time to time. However, any future dividend policy is subject to the discretion of the Board, and restrictions under our debt instruments and under Marshall Islands law. Any determination to pay or not pay cash dividends will also depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory and contractual restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. Any such determination will also be subject to review, modification or termination at any time and from time to time. In addition, Marshall Islands law generally prohibits 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), when a company is insolvent or if the payment of the dividend would render the company insolvent.



**ITEM 6. SELECTED FINANCIAL DATA**

Set forth below are selected historical consolidated financial and other data of Gener8 Maritime, Inc. at the dates and for the fiscal years shown.

|  | Years Ended December 31, |            |             |
|--|--------------------------|------------|-------------|
|  | 2016                     | 2015       | 2014        |
| (dollars and shares in thousands, except per share data) |                          |            |             |
| <b>Income Statement Data:</b>                            |                          |            |             |
| Voyage revenues  | \$ 404,622               | \$ 429,933 | \$ 392,409  |
| Voyage expenses  | 12,490                   | 95,306     | 239,906     |
| Direct vessel expenses                                   | 107,308                  | 85,521     | 84,209      |
| Navig8 charterhire expenses                              | 3,059                    | 11,324     | —           |
| General and administrative expenses                      | 27,844                   | 36,379     | 22,418      |
| Depreciation and amortization                            | 87,191                   | 47,572     | 46,118      |
| Goodwill impairment                                      | 23,297                   | —          | 2,099       |
| Loss on impairment of vessels held for sale              | —                        | 520        | —           |
| Goodwill write-off for sales of vessels                  | 2,994                    | —          | 1,249       |
| Loss on disposal of vessels, net                         | 24,169                   | 805        | 8,729       |
| Closing of Portugal office                               | —                        | 507        | 5,123       |
| Total operating expenses                                 | 288,352                  | 277,934    | 409,851     |
| OPERATING INCOME / (LOSS)                                | 116,270                  | 151,999    | (17,442)    |
| Interest expense, net                                    | (49,627)                 | (15,982)   | (29,849)    |
| Other financing costs                                    | (7)                      | (6,044)    | —           |
| Other (expense) income, net                              | 670                      | (404)      | 207         |
| Total other expenses                                     | (48,964)                 | (22,430)   | (29,642)    |
| NET INCOME / (LOSS)                                      | \$ 67,306                | \$ 129,569 | \$ (47,084) |
| <b>INCOME / (LOSS) PER COMMON SHARE:</b>                 |                          |            |             |
| Basic (1)  | \$ 0.81                  | \$ 2.06    | \$ (1.54)   |
| Diluted (1)  | \$ 0.81                  | \$ 2.05    | \$ (1.54)   |
| <b>Weighted-average shares outstanding—basic</b>         |                          |            |             |
| Common shares  | 82,705                   | 62,779     | —           |
| Class A  | —                        | —          | 11,270      |
| Class B  | —                        | —          | 19,223      |
| <b>Weighted-average shares outstanding—diluted</b>       |                          |            |             |
| Common shares  | 82,705                   | 63,113     | —           |
| Class A  | —                        | —          | 30,493      |
| Class B  | —                        | —          | 19,223      |

- (1) Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” for the factors affecting comparability across the periods. On May 7, 2015, in connection with the filing of our Third Amended and Restated Articles of Incorporation, all of our Class A shares and Class B shares were converted on a one-to-one basis to a single class of common stock. At the closing of the 2015 merger on May 7, 2015, we issued 31,233,170 shares of our common stock into a trust account for the benefit of Navig8 Crude’s former shareholders. During the period from May 8, 2015 to December 31, 2015, we issued all of these shares and 232,819 additional shares of our common stock to Navig8 Crude’s former shareholders. Additionally, during the year ended December 31, 2016, 1,789 shares were issued to former shareholders of Navig8 Crude. Since we may be required to adjust the proportion of cash and stock as merger consideration depending on whether Navig8 Crude’s former shareholders are permitted to receive shares as consideration for the 2015 merger, the number of our shares outstanding is subject to change.

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In connection with the closing of the 2015 merger, we issued 483,971 shares of our common stock as a commitment premium paid to the commitment parties under the 2015 equity purchase agreement, we assumed an outstanding Navig8 Crude warrant and option to purchase an aggregate of 1,444,940 shares of our common stock, and we acquired cash and cash equivalents of \$41.4 million and vessels under construction of \$364.2 million as of March 31, 2015. For information regarding the 2015 merger, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Related Party Transactions—2015 Merger Related Transactions.*”

Weighted-average shares outstanding—diluted—Class A gives effect to the conversion of the outstanding Class B Shares into Class A Shares on a one-to-one basis. Accordingly, Class A amounts represent the total number of our outstanding common shares on a fully-diluted basis.

| (dollars in thousands)  | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| <b>Balance Sheet Data, at end of year / period:</b>                     |                      |                      |
| Cash and cash equivalents   | \$ 94,681            | \$ 157,535           |
| Total current assets  | 215,285              | 258,128              |
| Vessels, net of accumulated depreciation                                | 2,523,710            | 1,086,877            |
| Vessels under construction  | 177,133              | 911,017              |
| Total assets  | 2,992,669            | 2,389,746            |
| Current liabilities (including current portion of long-term debt)       | 216,566              | 268,615              |
| Total long-term debt less unamortized discount and debt financing costs | 1,337,782            | 772,723              |
| Total liabilities   | 1,555,258            | 1,041,985            |
| Shareholders’ equity  | 1,437,411            | 1,347,761            |

| (dollars in thousands)                              | Years Ended December 31, |            |             |
|---|--------------------------|------------|-------------|
|   | 2016                     | 2015       | 2014        |
| <b>Cash Flow Data:</b>                              |                          |            |             |
| Net cash provided by (used in) operating activities | \$ 258,932               | \$ 155,889 | \$ (11,797) |
| Net cash used in investing activities               | (902,959)                | (398,858)  | (238,019)   |
| Net cash provided by financing activities           | 581,173                  | 252,863    | 299,417     |

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| (dollars in thousands except fleet data and daily results)      | Years Ended December 31, |            |           |
|---|--------------------------|------------|-----------|
|   | 2016                     | 2015       | 2014      |
| <b>Fleet Data:</b>  |                          |            |           |
| Total number of owned vessels at end of period                  | 39.0                     | 28.0       | 25.0      |
| Total number of owned and chartered-in vessels at end of period | 39.0                     | 29.0       | 25.0      |
| Average number of vessels (1)                                   | 34.5                     | 25.7       | 25.7      |
| Average number of owned and chartered-in vessels (1)            | 34.7                     | 26.2       | 25.6      |
| Total operating days for fleet (2)                              | 12,353                   | 9,145      | 8,801     |
| Total time charter days for fleet                               | 218                      | 861        | 550       |
| Total spot market days for fleet                                | 868                      | 4,682      | 8,251     |
| Total Navig8 pool days for fleet                                | 11,266                   | 3,602      | —         |
| Total calendar days for fleet (3)                               | 12,687                   | 9,568      | 9,379     |
| Fleet utilization (4)   | 97.4 %                   | 95.6 %     | 93.8 %    |
| <b>Average Daily Results:</b>                                   |                          |            |           |
| Time charter equivalent (5)                                     | \$ 31,745                | \$ 36,590  | \$ 17,328 |
| VLCC  | 40,214                   | 47,781     | 17,255    |
| Suezmax   | 26,839                   | 35,012     | 17,161    |
| Aframax   | 18,036                   | 30,428     | 19,634    |
| Panamax   | 13,304                   | 22,464     | 17,235    |
| Handymax  | 4,610                    | 15,783     | 10,231    |
| Daily direct vessel operating expenses (6)                      | 8,458                    | 8,938      | 8,978     |
| Daily general and administrative expenses (7)                   | 2,195                    | 3,802      | 2,390     |
| Total daily vessel operating expenses (8)                       | 10,653                   | 12,740     | 11,369    |
| <b>Other Data:</b>  |                          |            |           |
| EBITDA (9)  | \$ 204,124               | \$ 193,123 | \$ 28,883 |
| Adjusted EBITDA (9)   | \$ 256,457               | \$ 215,222 | \$ 48,782 |

- (1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was part of our fleet during the period divided by the number of calendar days in that period. Total number of vessels and Average number of vessels exclude our VLCC newbuildings prior to delivery.
- (2) Total operating days for fleet are the total days our vessels were in our possession for the relevant period net of off hire days associated with major repairs, drydockings or special or intermediate surveys.
- (3) Total calendar days for fleet are the total days the vessels were in our possession for the relevant period including off hire days associated with major repairs, drydockings or special or intermediate surveys.
- (4) Fleet utilization is the percentage of time that our vessels were available for revenue generating voyages, and is determined by dividing total operating days for fleet by total calendar days for fleet for the relevant period.
- (5) Time Charter Equivalent, or “TCE,” is a measure of the average daily revenue performance of a vessel. We calculate TCE by dividing net voyage revenue by total operating days for fleet. Net voyage revenues are voyage revenues minus voyage expenses. We evaluate our performance using net voyage revenues. We believe that presenting voyage revenues, net of voyage expenses, neutralizes the variability created by unique costs associated with particular voyages or deployment of vessels on time charter or on the spot market and presents a more accurate representation of the revenues generated by our vessels.
- (6) Direct vessel operating expenses, which is also referred to as “direct vessel expenses” or “DVOE,” include crew costs, provisions, deck and engine stores, lubricating oil, insurance and maintenance and repairs incurred during

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- the relevant period. Daily DVOE is calculated by dividing DVOE by the total calendar days for fleet for the relevant period.
- (7) Daily general and administrative expense is calculated by dividing general and administrative expenses by total calendar days for fleet for the relevant time period.
  - (8) Total Vessel Operating Expenses, or "TVOE," is a measurement of our total expenses associated with operating our vessels. Daily TVOE is the sum of daily direct vessel operating expenses, and daily general and administrative expenses.
  - (9) See the EBITDA and Adjusted EBITDA reconciliation section below.

**EBITDA and Adjusted EBITDA Reconciliation**

EBITDA represents net income (loss) plus net interest expense and depreciation and amortization. Adjusted EBITDA represents EBITDA adjusted to exclude the items set forth in the table below, which represent certain non-cash, one-time and other items that we believe are not indicative of the ongoing performance of our core operations. EBITDA and Adjusted EBITDA are used by analysts in the shipping industry as common performance measures to compare results across peers. EBITDA and Adjusted EBITDA are not items recognized by accounting principles generally accepted in the United States of America ("GAAP"), and should not be considered in isolation or used as alternatives to net income, operating income, cash flow from operating activity or any other indicator of our operating performance or liquidity required by GAAP. Our presentation of EBITDA and Adjusted EBITDA is intended to supplement investors' understanding of our operating performance by providing information regarding our ongoing performance that exclude items we believe do not directly affect our core operations and enhancing the comparability of our ongoing performance across periods. We present Adjusted EBITDA in addition to EBITDA because Adjusted EBITDA eliminates the impact of additional non-cash, one-time and other items not associated with the ongoing performance of our core operations, including charges associated with stock-based compensation, gains and losses on the sale of vessels and costs associated with our financing activities, that we believe further reduce the comparability of the ongoing performance of our core operations across periods. Our management considers EBITDA and Adjusted EBITDA to be useful to investors because such performance measures provide information regarding the profitability of our core operations and facilitate comparison of our operating performance to the operating performance of our peers. Additionally, our management uses EBITDA and Adjusted EBITDA as performance measures and they are also presented for review at our board meetings. While we believe these measures are useful to investors, the definitions of EBITDA and Adjusted EBITDA used by us may not be comparable to similar measures used by other companies. In addition, these definitions are also not the same as the definitions of EBITDA and Adjusted EBITDA used in the financial covenants in our debt instruments.

During the year ended December 31, 2016, we included in Adjusted EBITDA Impact of interest rate swaps fair value and professional fees related to interest swaps due to our entry into interest rate swaps during the period.

| (dollars in thousands)  | Years Ended December 31, |                   |                  |
|---|--------------------------|-------------------|------------------|
|   | 2016                     | 2015              | 2014             |
| Net income / (loss)   | \$ 67,306                | \$ 129,569        | \$ (47,084)      |
| Interest expense, net   | 49,627                   | 15,982            | 29,849           |
| Depreciation and amortization   | 87,191                   | 47,572            | 46,118           |
| <b>EBITDA</b>   | <b>\$ 204,124</b>        | <b>\$ 193,123</b> | <b>\$ 28,883</b> |
| <i>Adjustments</i>  |                          |                   |                  |
| Goodwill impairment   | 23,297                   | —                 | 2,099            |
| Goodwill write-off for sales of vessels                               | 2,994                    | —                 | 1,249            |
| Loss on impairment of vessels held for sale                           | —                        | 520               | —                |
| Stock-based compensation  | 5,651                    | 12,243            | 1,215            |
| Loss on disposal of vessels, net                                      | 24,169                   | 805               | 8,729            |
| Closing of Portugal office  | —                        | 507               | 5,123            |
| Other financing costs   | 7                        | 6,044             | —                |
| Professional fees related to interest rate swaps                      | 327                      | —                 | —                |
| Impact of interest rate swaps fair value                              | (698)                    | —                 | —                |
| Non-cash G&A expenses, excluding stock-based compensation expense (1) | (3,414)                  | 1,980             | 1,484            |
| <b>Adjusted EBITDA</b>  | <b>\$ 256,457</b>        | <b>\$ 215,222</b> | <b>\$ 48,782</b> |

- (1) Non-cash G&A expenses, excluding stock-based compensation expense, include accounts receivable reserves, amortization of lease assets that were recorded in connection with fresh start accounting and amortization of straight line rent expense.

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

The following is a discussion of our financial condition and results of operations for the years ended December 31, 2016, 2015 and 2014. You should consider the foregoing when reviewing our financial condition and results of operations and this discussion. In addition, you should read the following discussion together with the consolidated financial statements including the notes to those financial statements for the periods mentioned above.

### General

We are Gener8 Maritime, Inc., a leading U.S.-based provider of international seaborne crude oil transportation services, resulting from a transformative merger in 2015 between General Maritime Corporation, a well-known tanker owner, and Navig8 Crude Tankers Inc., a company sponsored by the Navig8 Group, an independent vessel pool manager, which we refer to as the "2015 merger." As of March 10, 2017, we owned a fleet of 41 tankers, including 40 vessels on the water, consisting of 24 VLCCs, 10 Suezmax vessels, 4 Aframax vessels and 2 Panamax vessels, with an aggregate carrying capacity of 9.4mm DWT, which includes 20 recently delivered "eco" VLCC newbuildings equipped with advanced, fuel-saving technology, that were constructed at highly reputable shipyards.

In March 2014 and February 2015, we acquired a total of 21 "eco" newbuilding VLCCs. We refer to the 14 newbuildings acquired in the 2015 merger as the "2015 acquired VLCC newbuildings" and the 7 newbuildings acquired from Scorpio as the "2014 acquired VLCC newbuildings" and all our newbuildings collectively as our "VLCC newbuildings." During the years ended December 31, 2016 and 2015, we took delivery of 15 and three VLCC newbuilding vessels, respectively. Between January 1, 2017 and March 10, 2017, we took delivery of two additional VLCC newbuildings, and one additional VLCC newbuilding is scheduled to be delivered during the second half of 2017. We funded a significant portion of the installment payments in respect of our VLCC newbuildings through borrowings under the Korean Export Credit Facility and the Amended Sinosure Credit Facility. However there is no assurance we will be able to borrow any additional amounts under the Korean Export Credit Facility. See "*Liquidity and Capital Resources—Debt Financings*" for more information.

As of March 10, 2017, all of our 2014 and 2015 acquired VLCC newbuildings, with the exception of one vessel that is expected to be delivered in the second half of 2017, were delivered to the Company and entered into the VL8 Pool. See *Note 8 – DELIVERY AND DISPOSAL OF VESSELS* and *Note 22 – SUBSEQUENT EVENTS*, to the consolidated financial statements in Item 8 regarding vessel deliveries.

We have a significant amount of outstanding indebtedness under our refinancing facility, the Korean Export Credit Facility, and the Amended Sinosure Credit Facility, which we refer to collectively as our "senior secured credit facilities," and our senior notes. As of December 31, 2016, we owed an aggregate outstanding principal amount of \$1.6 billion under our senior secured credit facilities and our senior notes. Between January 1, 2017 to March 10, 2017, we borrowed an additional \$100.1 million under the Korean Export Credit Facility in connection with the delivery of two vessels. No additional amounts may be borrowed under the refinancing facility or the Amended Sinosure Credit Facility. The Korean Export Credit Facility provides up to \$63.0 million in additional financing (subject to borrowing limits and other conditions set forth in the Korean Export Credit Facility) as of March 10, 2017 in connection with the delivery of one VLCC newbuilding with remaining installment payments of \$48.2 million. See "*Liquidity and Capital Resources*." See "*Risk Factors Related to Our Financings*" for the risks associated with our ability to borrow future amounts under the Korean Export Credit Facility.

During 2016, we completed the sale of the 2004 Handymax vessel *Gener8 Consul*, 2000-built Suezmax tanker *Gener8 Spyridon*, 2001-built VLCC tankers *Genmar Vision* and *Genmar Victory* for \$17.5 million, \$13.9 million, \$28.0 million and \$29.0 million, respectively, in gross proceeds. We used the net proceeds from sale of the *Gener8 Consul*, the *Gener8 Spyridon*, the *Genmar Vision* and the *Genmar Victory* to repay approximately \$9.8 million, \$11.7 million, \$19.4 million and \$19.4 million, respectively, of the related portion of the indebtedness outstanding under the refinancing facility associated with these vessels.

In March 2014, we purchased seven "eco" newbuild VLCCs from Scorpio Tankers, Inc.

On February 24, 2015, General Maritime Corporation (our former name), Gener8 Maritime Acquisition, Inc. (one of our wholly-owned subsidiaries), Navig8 Crude Tankers, Inc. and each of the equityholders' representatives named therein entered into an Agreement and Plan of Merger. We refer to Gener8 Maritime Acquisition, Inc. as "Gener8 Acquisition," to Navig8 Crude Tankers, Inc. as "Navig8 Crude" and to the Agreement and Plan of Merger as the "2015 merger agreement." Pursuant to the 2015 merger agreement, Gener8 Acquisition merged with and into Navig8 Crude, with Navig8 Crude, which was renamed Gener8 Maritime Subsidiary Inc. or "Gener8 Subsidiary," continuing as the surviving corporation and our wholly-owned subsidiary. We refer to the transactions contemplated under the 2015 merger agreement as the "2015 merger." Concurrently with the 2015 merger, we filed with the Registrar of Corporations of the Republic of the Marshall Islands our Third Amended and Restated Articles of Incorporation to, among other things, increase our authorized capital, reclassify our common stock into a single class of common stock and change our name to "Gener8 Maritime, Inc." As part of the 2015 merger, we acquired 14 "eco" newbuild VLCCs owned by Navig8 Crude.

On June 30, 2015, we completed our Initial Public Offering, or "IPO," of 15,000,000 shares at \$14.00 per share, which together with the July 17, 2015 exercise by the underwriters of the IPO of their over-allotment option to purchase 1,882,223 shares, resulted in gross proceeds of \$236.4 million. After underwriting commissions and other expenses, we received net proceeds of \$214.4 million.

In September 2015, we entered into a new senior secured credit facility, which we refer to as the "refinancing facility," as part of the refinancing of our former senior secured credit facilities. The refinancing facility provides \$581.0 million in term loans which were fully drawn on September 8, 2015 and were used, together with available cash, to repay the aggregate outstanding principal amount of \$656.3 million under our former senior secured credit facilities. As of December 31, 2016, \$408.3 million was outstanding under the refinancing facility. See "*Liquidity and Capital Resources—Debt Financings—Refinancing Facility*" for further information regarding the refinancing facility.

In September 2015, we also entered into the Korean Export Credit Facility to fund a significant portion of the installment payments under our shipbuilding contracts with Korean shipyards. The Korean Export Credit Facility committed up to \$963.7 million of debt financing in connection with the delivery of 15 of our VLCC newbuildings from Korean shipyards. As of December 31, 2016, approximately \$658.6 million was outstanding under the Korean Export Credit Facility. Between January 1, 2017 and March 10, 2017, we borrowed an additional \$100.1 million under the Korean Export Facility in connection with the delivery of two vessels. Subject to borrowing limits and other terms and conditions set forth in the Korean Export Credit Facility, as of March 10, 2017, up to an additional \$63.0 million may be drawn in connection with the remaining one VLCC newbuilding expected to be delivered from a Korean shipyard during the second half of 2017. See "*Liquidity and Capital Resources—Debt Financings—Korean Export Credit Facility*" for further information.

In December 2015 and June 2016, we entered into and subsequently amended the Amended Sinasure Credit Facility to fund installment payments under five shipbuilding contracts with Chinese shipyards and to refinance a term loan facility we entered into in October 2015, which we had entered into to fund payments under a shipbuilding contract with a Chinese shipyard. As of December 31, 2016, the amount of the term loans under the Amended Sinasure Credit Facility, which were fully drawn, was approximately \$340.4 million. See "*Liquidity and Capital Resources—Debt Financings—Amended Sinasure Credit Facility*" below for further information regarding the Amended Sinasure Credit Facility.

On May 2, 2016, we entered into six interest rate swap transactions that effectively fix the interest rate on a portion of our outstanding variable rate debt to a range of fixed rates. See *Note 14, LONG TERM DEBT* and *Note 9, FINANCIAL INSTRUMENTS*, to the consolidated financial statements for the year ended December 31, 2016 and 2015 included in Item 8 for more information regarding these swap transactions. We may from time to time enter into additional interest rate swaps, caps or similar agreements for all or a significant portion of our remaining variable rate debt under the refinancing facility, the Korean Export Credit Facility and the Amended Sinasure Credit Facility.

For further description of our businesses, see "*Business*."

## Pool, Spot and Time Charter Deployment

We seek to employ our vessels in a manner that maximizes fleet utilization and earnings upside through our chartering strategy in line with our goal of maximizing shareholder value and returning capital to shareholders when appropriate, taking into account fluctuations in freight rates in the market and our own views on the direction of those rates in the future. As of December 31, 2016, all of our vessels were employed in the spot market (either directly or through spot market focused pools), given our expectation of continued favorable near term charter rates.

A spot market voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed upon freight per ton of cargo or a specified total amount. Under spot market voyage charters, we pay voyage expenses such as port and fuel costs. A time charter is generally a contract to charter a vessel for a fixed period of time at a set daily or monthly rate. Under time charters, the charterer pays voyage expenses such as port and fuel costs. Vessels operating on time charters provide more predictable cash flows, but can yield lower profit margins than vessels operating in the spot market during periods characterized by favorable market conditions. Vessels operating in the spot market generate revenues that are less predictable but may enable us to capture increased profit margins during periods of improvements in tanker rates although we are exposed to the risk of declining tanker rates and lower utilization. Pools generally consist of a number of vessels which may be owned by a number of different ship owners which operate as a single marketing entity in an effort to produce freight efficiencies. Pools typically employ experienced commercial charterers and operators who have close working relationships with customers and brokers while technical management is typically the responsibility of each ship owner. Under pool arrangements, vessels typically enter the pool under a time charter agreement whereby the cost of bunkers and port expenses are borne by the charterer (i.e., the pool) and operating costs, including crews, maintenance and insurance are typically paid by the owner of the vessel. Pools, in return, typically negotiate charters with customers primarily in the spot market. Since the members of a pool typically share in the revenue generated by the entire group of vessels in the pool, and since pools operate primarily in the spot market, including the pools in which we participate, the revenue earned by vessels placed in spot market related pools is subject to the fluctuations of the spot market and the ability of the pool manager to effectively charter its fleet. We believe that vessel pools can provide cost-effective commercial management activities for a group of similar class vessels and potentially result in lower waiting times.

As of December 31, 2016, we employed all of our VLCCs, Suezmax and Aframax vessels on the water in Navig8 Group commercial crude tanker pools, including the VL8 Pool, the Suez8 Pool and the V8 Pool. We refer to the VL8 Pool, the Suez8 Pool and the V8 Pool as the “Navig8 pools.” Our newbuilding and VLCC, Suezmax and Aframax owning subsidiaries have entered into pool agreements regarding the deployment of our vessels into the VL8 Pool, the Suez8 Pool and V8 Pool, respectively. VL8 Pool Inc. acts as the time charterer of the pool vessels in the VL8 Pool, and V8 Pool Inc. acts as the time charterer of the pool vessels in the Suez8 Pool and the V8 Pool, and in each case enters the pool vessels into employment contracts such as voyage charters. VL8 Pool Inc. and V8 Pool Inc. allocate the revenue of VL8 Pool, Suez8 Pool and V8 Pool vessels, as applicable, between all the pool participants based on pool results and a pre-determined allocation method. See “—Related Party Transactions—Related Party Transactions of Navig8 Crude Tankers, Inc.” for further information regarding these pool agreements. All of the vessels deployed in the Navig8 pools at any time during the year ended December 31, 2016 were deployed on spot market voyages. As of March 10, 2017, we have taken delivery of 20 of our VLCC newbuildings which were deployed by the VL8 Pool in spot market voyages.

Additionally, one chartered-in VLCC vessel (the *Nave Quasar*), which we had the right to operate at a gross rate of \$26,397 per day pursuant to a time charter that expired in March 2016 and under which we had agreed to share 50% of net pool earnings received in respect of such vessel over \$30,000 per day, was also deployed in the VL8 Pool between May 2015 and March 2016, the month in which the time charter expired, and the vessel was returned to its owner.

As of March 10, 2017, we have taken delivery of 20 of our VLCC newbuildings which we deployed in the VL8 Pool in spot market voyages, and we intend to employ the one remaining VLCC newbuilding in the VL8 Pool after delivery of the vessel.

We are constantly evaluating opportunities to increase the number of our vessels deployed on time charters, but only expect to enter into additional time charters if we can obtain contract terms that satisfy our criteria. We may also consider deploying our vessels on time charter for customers to use as floating storage. We believe that historically,



during certain periods of higher charter rates, we benefited from greater cash flow stability through the use of time charters for part of our fleet, while maintaining the flexibility to benefit from improvements in market rates by deploying the balance of our vessels in the spot market. We may utilize a similar strategy to the extent that time charter rates rise and market conditions become favorable. We may also utilize time charters to lock in contracted rates when we believe the rate environment could weaken or decline in the future.

Non-U.S. operations accounted for a majority of our revenues and results of operations. Vessels regularly move between countries in international waters, over hundreds of trade routes. It is therefore impractical to assign revenues, earnings or assets from the transportation of international seaborne crude oil and petroleum products by geographical area. Each of our vessels serves the same type of customer, has similar operations and maintenance requirements, operates in the same regulatory environment, and is subject to similar economic characteristics. Based on this, we have determined that we operate in one reportable segment, the transportation of crude oil and petroleum products with our fleet of vessels.

#### Net Voyage Revenues as Performance Measure

We evaluate performance using net voyage revenues. Net voyage revenues are voyage revenues minus voyage expenses. Voyage expenses primarily consist of port and fuel costs that are unique to a particular voyage. Consequently, spot charter rates are generally higher than time charter rates to allow spot charter vessel owners the ability to recoup voyage expenses. Voyage expenses typically are paid by the charterer when a vessel is under a time charter and by the vessel owner when a vessel is under a spot charter. We believe that utilizing net voyage revenues neutralizes the variability created by unique costs associated with particular voyages or the manner in which vessels are deployed and presents a more accurate representation of the revenues generated by our vessels on a comparable basis whether on spot or time charters.

Our voyage revenues are recognized ratably over the duration of the spot market voyages and the lives of the time charters, while direct vessel operating expenses are recognized when incurred. We recognize the revenues of time charters that contain rate escalation schedules at the average rate during the life of the contract.

As of December 31, 2016, all of our vessels, with the exception of two vessels that remained in the spot market (the *Gener8 Companion* and *Gener8 Compatriot*), were deployed in the Navig8 pools, and all of our vessels in the Navig8 pools have been chartered on the spot voyage market. The pool operators of the Navig8 pools act as the time charterer of the pool vessels, and enter the pool vessels into employment contracts. We generally recognize revenue from the Navig8 pools based on our portion of the net distributions reported by the relevant pool, which represents the net voyage revenue of the pool after pool manager fees. See *Note 16 – VESSEL POOL ARRANGEMENTS*, to the consolidated financial statements in Item 8 for more information on the Navig8 pools.

The following table shows the calculation of net voyage revenues for the years ended December 31, 2016, 2015 and 2014:

| (dollars in thousands)        | Years Ended December 31, |                  |                   |
|-------------------------------|--------------------------|------------------|-------------------|
|                               | 2016                     | 2015             | 2014              |
| <b>Income Statement Data:</b> |                          |                  |                   |
| Voyage revenues               | \$404,622                | \$429,933        | \$ 392,409        |
| Voyage expenses               | (12,490)                 | (95,306)         | (239,906)         |
| Net voyage revenues           | <u>\$392,132</u>         | <u>\$334,627</u> | <u>\$ 152,503</u> |

As used in this report, vessels deployed in the spot market includes vessels chartered into the Unique Tankers pool, but excludes vessels chartered into the Navig8 pools, and vessels chartered into the Navig8 pools includes vessels deployed in the spot market through the Navig8 pools.

During the year ended December 31, 2015, and subsequent to the 2015 merger on May 7, 2015, we changed our fleet's deployment strategy and entered the majority of our vessels into the Navig8 commercial crude tanker pools. These pools are the VL8 Pool, for VLCC vessels, the Suez8 Pool, for Suezmax vessels and the V8 Pool, for Aframax vessels. Under these pool arrangements, vessels typically enter the pool under a time charter agreement whereby the cost

of bunkers and port expenses are borne by the charterer (i.e., the pool) and operating costs, including crews, maintenance and insurance are typically paid by the owner of the vessel.

We calculate time charter equivalent, or “TCE,” rates by dividing net voyage revenue by total operating days for fleet for the relevant time period. Total operating days for fleet are the total number of days our vessels are in our possession for the relevant period net of off hire days associated with major repairs, drydocking and special or intermediate surveys. We also generate demurrage revenue, which represents fees charged to charterers associated with our spot market voyages when the charterer exceeds the agreed upon time required to load or discharge a cargo. We calculate daily direct vessel operating expenses, or “DVOE,” and daily general and administrative expenses for the relevant period by dividing the total expenses by the aggregate number of calendar days that the vessels are in our possession for the period including offhire days associated with major repairs, drydockings and special or intermediate surveys.

### **Seasonality**

We operate our vessels in markets that have historically exhibited seasonal variations in tanker demand and, as a result, in charter rates. Tanker markets are typically stronger in the fall and winter months (the fourth and first quarters of the calendar year) in anticipation of increased oil consumption in the Northern Hemisphere during the winter months. Unpredictable weather patterns and variations in oil reserves disrupt vessel scheduling and could adversely impact charter rates.

## **RESULTS OF OPERATIONS**

### **YEAR ENDED DECEMBER 31, 2016 COMPARED TO THE YEAR ENDED DECEMBER 31, 2015**

**Total voyage revenues.** Total voyage revenues decreased by \$25.3 million, or 5.9%, to \$404.6 million for the year ended December 31, 2016, or “fiscal 2016,” compared to \$429.9 million for the prior year period. The decrease was primarily attributable to decreases in spot charter revenue of \$225.1 million and time charter revenues of \$19.4 million, partially offset by an increase in Navig8 pool revenues of \$219.2 million for fiscal 2016 compared to the prior year period.

We refer to charter hire rates as a measure of the average daily revenue performance of a vessel on a per voyage basis, determined by dividing voyage revenue by total operating days for the applicable fleet.

**Navig8 pool revenues.** Our Navig8 pool revenues (which are distributed on a net basis after deduction of voyage expenses, which are the responsibility of the pool, and certain administrative expenses) increased by \$219.2 million, or 146.5%, to \$368.9 million for fiscal 2016, compared to \$149.6 million during the prior year period. This increase was primarily the result of an increase in our vessel operating days in Navig8 pools of 7,664 to 11,266 days for fiscal 2016, compared to 3,602 days during the prior period. The increase in vessel operating days resulted in an increase in Navig8 pool revenues of approximately \$250.9 million during fiscal 2016 compared to the prior year period. The increase in Navig8 pool revenues was partially offset by a decline in our average daily Navig8 pool charter hire rates, which decreased by \$8,796, or 21.2%, to \$32,743 for fiscal 2016 compared to \$41,538 for the prior year period primarily due to the decrease in rates in the spot charter market. The decline in our average daily Navig8 pool charter hire rates resulted in a decrease in Navig8 pool revenues of approximately \$31.7 million for fiscal 2016 compared to the prior year period.

**Time charter revenues.** Time charter revenues decreased by \$19.4 million, or 67.7%, to \$9.3 million for fiscal 2016 compared to \$28.7 million for the prior year period. The decrease was primarily the result of a decrease in our time charter days of 643 days, or 74.7%, to 218 days for fiscal 2016 compared to 861 days for the prior year period. The decrease in our time charter days was primarily due to the sale during fiscal 2016 of our two vessels that were previously operated on time charters (the *Genmar Victory* and *Genmar Vision*). The decrease in our time charter days resulted in a decrease in time charter revenues of approximately \$27.4 million for year ended December 31, 2016 compared to the prior year period. The decrease in time charter revenues was partially offset by an increase in our average daily time charter hire rates, which increased by \$10,084 or 31.07%, to \$42,542 for fiscal 2016 compared to \$32,458 for the prior

year period primarily due to the fact that in 2016 only VLCCs were on time charter, while in 2015, VLCCs and vessels of other classes were on time charters, and VLCCs generally earn higher time charter rates than other vessel classes. The increase in average daily time charter hire rates resulted in an increase in time charter revenues of approximately \$8.7 million for fiscal 2016 compared to the prior year period.

**Spot charter revenues.** Spot charter revenues decreased by \$225.1 million, or 89.5%, to \$26.5 million for fiscal 2016 compared to \$251.6 million for the prior year period. The decrease in spot charter revenues was primarily the result of the transition of our vessels (which operated in the Unique Tankers pool) from the spot market into the Navig8 pools, which resulted in a decrease in our spot market days of 3,813 days, or 81.5%, to 868 days for fiscal 2016 compared to 4,682 days for the prior year period. The decrease in our spot market days resulted in a decrease in our spot charter revenues of approximately \$116.2 million for fiscal 2016 compared to the prior year period. Contributing to the decrease in spot charter revenues was a decline in our average daily spot charter hire rates, which decreased by \$23,266, or 43.3% to \$30,469 for fiscal 2016 compared to \$53,734 for the prior year period primarily due to the decrease in rates in the spot charter market. The decrease in our average daily spot charter hire rates resulted in a decrease in spot charter revenues of approximately \$108.9 million during fiscal 2016 compared to the prior year period.

**Voyage expenses.** Substantially all of our voyage expenses relate to spot charter voyages, under which the vessel owner is responsible for voyage expenses such as fuel and port costs. No material voyage expenses were associated with our vessels deployed in the Navig8 pools as Navig8 pool revenues are presented on a net basis after deduction of voyage expenses, as such expenses are the responsibility of the pool.

Voyage expenses decreased by \$82.8 million, or 86.9%, to \$12.5 million for fiscal 2016 compared to \$95.3 million for the prior year period. The decrease of voyage expenses was primarily the result of decreases in fuel costs and port costs during fiscal 2016 as compared to the prior year period.

Fuel costs, which represent the largest component of voyage expenses, decreased by \$53.6 million, or 89.0%, to \$6.5 million for fiscal 2016 compared to \$60.1 million for the prior year period. The decrease in fuel costs was primarily attributable to the 81.5% decrease (from 4,682 days to 868 days) in our spot market days during fiscal 2016, compared to the prior year period, as a result of transitioning our vessels (which operated in the Unique Tankers pool) from the spot market into the Navig8 pools. The decrease in our spot market days resulted in the decrease of fuel costs by approximately \$28.6 million for fiscal 2016 compared to the prior year period. Also contributing to the decrease in fuel costs was a decrease in our daily fuel costs. Daily fuel costs decreased by \$5,348, or 41.6%, to \$7,494 for fiscal 2016 compared to \$12,842 for the prior year period. The decrease in our daily fuel costs reduced voyage expenses by approximately \$24.1 million for fiscal 2016 compared to the prior year period. Port costs, which can vary depending on the geographic regions in which the vessels operate and their trading patterns, decreased by \$20.9 million, or 85.4%, to \$3.6 million for the year ended December 31, 2016 compared to \$24.4 million for the prior year period. The decrease in port costs was primarily due to the decrease in our spot market days discussed above during fiscal 2016 as compared to the prior year period. Also contributing to the decrease in port costs were differences in the ports visited during fiscal 2016 as compared to the prior year period.

**Net voyage revenues.** Net voyage revenues, which are total voyage revenues minus voyage expenses, increased by \$57.5 million, or 17.2%, to \$392.1 million for fiscal 2016 compared to \$334.6 million for the prior year period. The increase in net voyage revenues was primarily attributable to the increase in our vessel operating days by 3,207 days, or 35.1%, to 12,353 days for fiscal 2016, compared to 9,145 days for the prior year period. The increase in our vessel operating days resulted in an increase in net voyage revenue of approximately \$101.8 million during fiscal 2016 compared to the prior year period. The increase in our vessel operating days was primarily the result of the increase in our average fleet size (including our owned vessels and chartered-in vessel) by 8.8 vessels, or 34.2%, to 34.5 vessels for fiscal 2016 compared to 25.7 vessels for the prior year period as a result of the deployment of 15 additional VLCC newbuilding vessels during fiscal 2016. The increase in net voyage revenues was partially offset by a decrease in our average daily fleet TCE rate by \$4,845, or 13.2%, to \$31,745 for fiscal 2016, compared to \$36,590 for the prior year period primarily due to the decrease in rates in the spot charter market. The decrease in average daily fleet TCE rate resulted in a decrease in net voyage revenue of approximately \$44.3 million during fiscal 2016 compared to the prior year period.

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The following is additional data pertaining to net voyage revenues:

|   | Years Ended December 31, |            |
|---|--------------------------|------------|
|   | 2016                     | 2015       |
| <b>Net voyage revenue (dollars in thousands):</b> |                          |            |
| Time charter:                                     |                          |            |
| VLCC  | \$ 9,278                 | \$ 23,929  |
| Suezmax   | —                        | 4,024      |
| Total   | 9,278                    | 27,953     |
| Spot charter:                                     |                          |            |
| VLCC  | 3,849                    | 38,232     |
| Suezmax   | 1,019                    | 75,579     |
| Aframax   | (689)                    | 21,265     |
| Panamax   | 9,595                    | 16,209     |
| Handymax  | 192                      | 5,747      |
| Total   | 13,966                   | 157,032    |
| Navig8 pools:                                     |                          |            |
| VLCC  | 238,972                  | 75,935     |
| Suezmax   | 103,497                  | 52,361     |
| Aframax   | 26,419                   | 21,346     |
| Total   | 368,888                  | 149,642    |
| Total Net Voyage Revenue                          | \$ 392,132               | \$ 334,627 |
| <b>Vessel operating days:</b>                     |                          |            |
| Time charter:                                     |                          |            |
| VLCC  | 218                      | 650        |
| Suezmax   | —                        | 212        |
| Total   | 218                      | 861        |
| Spot charter:                                     |                          |            |
| VLCC  | 105                      | 931        |
| Suezmax   | —                        | 2,006      |
| Aframax   | —                        | 659        |
| Panamax   | 721                      | 722        |
| Handymax  | 42                       | 364        |
| Total   | 868                      | 4,682      |
| Navig8 pools:                                     |                          |            |
| VLCC  | 5,946                    | 1,309      |
| Suezmax   | 3,894                    | 1,551      |
| Aframax   | 1,427                    | 742        |
| Total   | 11,266                   | 3,602      |
| Total Operating Days for Fleet                    | 12,353                   | 9,145      |
| Total Calendar Days for Fleet                     | 12,687                   | 9,568      |
| Fleet Utilization                                 | 97.4 %                   | 95.6       |
| Average Number of Owned Vessels                   | 34.5                     | 25.7       |
| Average Number of Owned and Chartered-in Vessels  | 34.7                     | 26.2       |
| <b>Time Charter Equivalent (TCE):</b>             |                          |            |
| Time charter:                                     |                          |            |
| VLCC  | \$ 42,542                | \$ 36,839  |
| Suezmax   | —                        | 19,013     |
| Combined  | 42,542                   | 32,458     |
| Spot charter:                                     |                          |            |
| VLCC  | 36,546                   | 41,057     |
| Suezmax   | —                        | 37,677     |
| Aframax   | —                        | 32,279     |
| Panamax   | 13,304                   | 22,464     |
| Handymax  | 4,610                    | 15,783     |
| Combined  | 16,084                   | 33,542     |
| Navig8 pools:                                     |                          |            |
| VLCC  | 40,194                   | 57,990     |
| Suezmax   | 26,578                   | 33,749     |
| Aframax   | 18,519                   | 28,785     |
| Combined  | 32,743                   | 41,538     |
| Fleet TCE   | \$ 31,745                | \$ 36,590  |

**Direct Vessel Operating Expenses.** Direct vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs for owned vessels increased by \$21.8 million, or 25.5%, to \$107.3 million for fiscal 2016 compared to \$85.5 million for the prior year period. The increase was primarily due to an increase in our average fleet size to 34.5 vessels for fiscal 2016 from 25.7 vessels for the prior year period, and associated increases in crew costs, insurance and maintenance and repair costs. Crew costs increased by \$12.0 million, or 29.9% to \$51.9 million for fiscal 2016, compared to \$39.9 million for the prior year period, insurance cost increased by \$1.8 million, or 17.6%, to \$12.3 million for fiscal 2016, compared to \$10.5 million for the prior year period, and maintenance and repair increased by \$2.6 million to \$17.1 million for fiscal 2016, compared to \$14.5 million for the prior year period. The increase in direct vessel operating expenses was partially offset by a decrease in daily direct vessel operating expenses per vessel of \$480, or 5.4%, to \$8,458 per day for fiscal 2016 compared to \$8,938 per day for the prior year period, primarily as a result of lower operating costs, including insurance, repair and maintenance and other costs, primarily associated with our newly delivered vessels. We estimate that this decrease in daily direct vessel operating expenses per vessel resulted in a decrease in direct vessel operating expenses of approximately \$6.1 million for fiscal 2016 compared to the prior year period.

We anticipate that direct vessel operating expenses will increase in 2017 as compared to 2016 due to the expected increase in the average size of our fleet during the latter part of 2015 and 2016. We estimate direct vessel operating expenses will increase by approximately \$23.9 million during the year ending December 31, 2017 compared to fiscal 2016 based on our direct vessel operating expenses budget for 2017 and considering the budgeted proportional increase in costs of the new vessels that have joined or will be joining our fleet. Our budget is based on prior year actual performance and estimates of costs provided by third-party technical managers based on expected vessel requirements. The budgeted amounts include no provisions for unanticipated repair or other costs. There is no assurance that our budgeted amounts will reflect our actual results. Unanticipated repair or other costs may cause our actual expenses to be materially higher than those budgeted.

**Navig8 charterhire expenses.** Navig8 charterhire expenses decreased by \$8.2 million, or 73.0%, to \$3.1 million for fiscal 2016 compared to \$11.3 million for the prior year period. These charterhire expenses were related to the *Nave Quasar*, a vessel chartered-in by Gener8 Maritime Subsidiary Inc. (formerly known as Navig8 Crude Tankers, Inc.), which became our subsidiary as a result of the 2015 merger. Navig8 charterhire expenses during fiscal 2016 included profit share adjustments related to the profit share plan for the *Nave Quasar*. The time charter under which this vessel had been chartered-in expired, and the vessel was redelivered to its owner, in March 2016.

**General and Administrative Expenses.** General and administrative expenses decreased by \$8.6 million, or 23.5%, to \$27.8 million for fiscal 2016 compared to \$36.4 million for the prior year period. This decrease was primarily due to the decrease in the stock-based compensation expense of \$7.3 million during fiscal 2016 compared to the prior year period primarily attributable to expenses recorded in 2015 for the restricted stock units granted in connection with the pricing of our initial public offering in 2015. We recognized compensation expense upon the immediate vesting of a portion of these restricted stock units upon the granting of these restricted stock units, and the vesting of an additional portion of these restricted stock units upon the consummation of our initial public offering. In connection with the vesting of these restricted stock units, we estimate that we will recognize \$2.8 million of compensation expense during the year ending December 31, 2017 and \$1.1 million in 2018. See *Note 19, STOCK-BASED COMPENSATION*, to the consolidated financial statements in Item 8 for further detail regarding these restricted stock units.

We anticipate our general and administrative costs in fiscal 2017 to be similar to fiscal 2016. In developing the 2017 budget, the Company assumes that costs related to being a publicly traded company and other future costs remain in-line with the Company's historical experience and anticipated trends based on being a publicly traded company.

**Depreciation and Amortization.** Depreciation and amortization, which includes depreciation of vessels as well as amortization of drydock and special survey costs, increased by \$39.6 million, or 83.3%, to \$87.2 million for fiscal 2016 compared to \$47.6 million for the prior year period. This increase in depreciation and amortization was primarily due to an increase in depreciation of vessels costs of \$37.5 million, or 90.1%, to \$79.1 million during fiscal 2016 compared to \$41.6 million for the prior year period. The increase in vessel depreciation and amortization of drydocking costs was primarily due to the increase in our fleet size and the additional drydocking costs incurred during fiscal 2016 as compared to the prior year period.

**Goodwill Impairment.** During fiscal 2016, we recorded expenses associated with goodwill impairment of \$23.3 million, compared with \$0 of expenses associated with goodwill impairment during the prior year period. During fiscal 2016, as a result of the goodwill impairment test performed, it was determined that the carrying value for each reporting unit was higher than its fair value and therefore goodwill was fully impaired, which resulted in an expense of \$23.3 million.

**Goodwill write-off for sales of vessels.** During fiscal 2016, in connection with the sale of the *Genmar Victory* and *Genmar Vision*, we had an expense of \$3.0 million of related to a goodwill write-off. There were no such expenses in the prior year period.

**Loss on Disposal of Vessels, net.** Losses on disposal of vessels, net increased during fiscal 2016 by \$23.4 million to \$24.2 million compared to \$0.8 million for the prior year period, primarily due to losses on the sale of the vessels the *Genmar Victory*, the *Genmar Vision*, the *Gener8 Spyridon* and the *Gener8 Ulysses*. The *Gener8 Ulysses* was recorded as assets held for sale as of December 31, 2016 and the sale of the vessel was finalized in February 2017. Additionally, during fiscal 2016, following the liquidation of foreign subsidiaries, we recorded a \$0.8 million gain related to the write-off of the accumulated translation adjustment component of equity.

**Interest Expense, net.** Interest expense, net increased by \$33.6 million to \$49.6 million for fiscal 2016 compared to \$16.0 million for the prior year period. The increase was primarily attributable to the increase in interest expense associated with our senior secured credit facilities of \$11.0 million, or 38.5%, to \$39.5 million compared to \$28.5 million for the prior year period due to the increase in outstanding borrowings under our senior secured credit facilities and senior notes. Our outstanding borrowings under our senior secured credit facilities and senior notes were \$1.6 billion and \$0.9 billion as of December 31, 2016 and 2015, respectively. Contributing to the increase in interest expense, net during fiscal 2016, was a decrease in capitalized interest of \$7.6 million, or 21.5%, to \$27.6 million compared to \$35.2 million for the prior year period related to the capitalization of interest expense associated with vessels under construction as a result of the funding of the acquisition of our VLCC newbuildings. Capitalized interest results in a reduction of interest expense, net. We do not capitalize interest expense associated with the funding of our VLCC newbuildings after delivery of the vessels.

Also contributing to the increase in interest expense, net were increases in amortization of deferred financing costs of \$7.9 million to \$11.3 million for fiscal 2016 compared to \$3.4 million for the prior year period, and commitment fees of \$2.5 million, or 91.7% to \$5.2 million for fiscal 2016 compared to \$2.7 million for the prior year period. We incurred these additional deferred financing costs and commitment fees in connection with our entry into the Amended Sinosure Credit Facility and the Korean Export Credit Facility, which we have used to fund a portion of the remaining installment payments due in connection with the delivery of our VLCC newbuildings.

In addition, during fiscal 2016, we entered into six interest rate swap transactions that effectively fix the interest rate on a portion of our outstanding variable rate debt to a range of fixed rates. During fiscal 2016, we recorded \$2.7 million related the settlement of these to interest rate swaps as interest expense, net.

**Other Financing Costs.** During the year ended December 31, 2015, in connection with the consummation of the 2015 merger and pursuant to the 2015 equity purchase agreement entered into in connection with the 2015 merger, we issued an aggregate of 483,970 shares to the commitment parties as a commitment premium as consideration for their purchase commitments under such agreement. The commitment to purchase our common stock by the commitment parties was terminated upon the consummation of our initial public offering, and the related expenses of \$6.0 million, representing the value of the commitment premium as of the issuance date, were reflected as other financing costs. There were no such expenses in the current year period.

**Other income (expense), net.** During fiscal 2016, the Company recognized \$0.7 million of earnings, as other (expense) income, net, related to the impact of our interest rate swap agreements, entered in fiscal 2016. There were no such expenses in the prior year period.

## YEAR ENDED DECEMBER 31, 2015 COMPARED TO THE YEAR ENDED DECEMBER 31, 2014

**Voyage revenues.** Voyage revenues increased by \$37.5 million, or 9.6%, to \$429.9 million for the year ended December 31, 2015, or “fiscal 2015,” compared to \$392.4 million for the prior year period. The increase was primarily attributable to an increase in Navig8 pool revenues of \$149.6 million and time charter revenues of \$17.8 million, partially offset by a decrease of spot charter revenues of \$129.9 million, for fiscal year 2015 compared to the prior year period.

**Navig8 pool revenues.** Our Navig8 pool revenues (which are distributed on a net basis after deduction of voyage expenses, which are the responsibility of the pool, and certain administrative expenses) increased to \$149.6 million for fiscal 2015 compared to \$0 during the prior year period. During the prior year period, we did not have any vessels deployed in the Navig8 pool. This increase was primarily the result of an increase in our vessel operating days in Navig8 pools of 3,602 days for fiscal 2015 compared to 0 days during the prior year period. Included in our Navig8 pool revenues were \$9.5 million of pool revenues associated with the chartered-in vessel *Nave Quasar*. The time charter under which this vessel was chartered-in expired in March 2016.

**Spot charter revenues.** In connection with the transition of 20 of our vessels from the spot market into the Navig8 pools, our spot market revenues decreased by \$129.9 million, or 34.1%, to \$251.6 million for fiscal 2015 compared to \$381.5 million for the prior year period. This decrease was primarily the result of a decrease in our spot market days by 3,569 days, or 43.2%, to 4,682 days for fiscal 2015 compared to 8,251 days for the prior year period. The decrease in spot market days resulted in a decrease in spot charter revenues of approximately \$191.8 million during fiscal 2015 compared to the prior year period. This decrease was partially offset by an increase in spot market charter hire rates during fiscal 2015 compared to the prior year period. Our average daily spot charter hire rates increased by \$7,496, or 16.2%, to \$53,734 for fiscal 2015 compared to \$46,239 for the prior year period. The increase in the average daily spot charter hire rates resulted in an increase in spot charter revenues of approximately \$61.9 million during fiscal 2015 compared to the prior year period.

**Time charter revenues.** Contributing to the increase in voyage revenues was an increase in time charter revenues of \$17.8 million, or 163.5%, to \$28.7 million for fiscal 2015 compared to \$10.9 million for the prior year period, primarily as a result of an increase in our average daily time charter hire rate and time charter days for this period as compared to the prior year period. Our average daily time charter hire rates increased by \$13,333, or 69.7%, to \$32,458 for fiscal 2015 compared to \$19,125 for the prior year period due primarily to a higher charter hire rate environment. The increase in average daily time charter hire rates resulted in an increase in time charter revenues of approximately \$7.3 million during fiscal 2015 compared to the prior year period. Our time charter days increased by 311 days, or 56.6%, to 861 days for fiscal 2015 compared to 550 days for the prior year period. The increase in time charter days resulted in an increase in time charter revenues of approximately \$10.1 million during fiscal 2015 compared to the prior year period.

**Voyage expenses.** Voyage expenses decreased by \$144.6 million, or 60.3%, to \$95.3 million for fiscal 2015 compared to \$239.9 million for the prior year period. Substantially all of our voyage expenses relate to spot charter voyages, under which the vessel owner is responsible for voyage expenses such as fuel and port costs. No material voyage expenses were associated with our vessels deployed in the Navig8 pools as Navig8 pool revenues are presented on a net basis after deduction of voyage expenses, as such expenses are the responsibility of the pool.

Included in the decrease in spot charter voyage expenses were decreases in fuel costs and port costs during fiscal 2015 compared to the prior year period. Fuel costs, which represent the largest component of voyage expenses, decreased by \$122.1 million, or 67.0%, to \$60.1 million for fiscal 2015 compared to \$182.2 million for the prior year period. This decrease in fuel costs was primarily attributable to the 43.3% decrease (from 8,251 days to 4,682 days) in our spot market days during fiscal 2015 as compared to the prior year period, as a result of transitioning our vessels from spot charter voyages into the Navig8 pools. Also contributing to the decrease in fuel costs was a decrease in the fuel costs per spot market day of \$9,242, or 41.9%, to \$12,842 for fiscal 2015 compared to \$22,084 for the prior year period. This decrease in the fuel costs per spot market day was primarily due to the decrease in oil prices during fiscal 2015 compared to the prior year period. Port costs, which can vary depending on the geographic regions in which the vessels operate and their trading patterns, decreased by \$3.9 million, or 36.0%, to \$6.9 million for fiscal 2015 compared to

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\$10.8 million for the prior year period. The decrease in port costs was primarily due to the decrease in our spot market days, discussed above, during fiscal 2015 as compared to the prior year period.

**Net voyage revenues.** Net voyage revenues, which are voyage revenues minus voyage expenses, increased by \$182.1 million, or 119.4%, to \$334.6 million for fiscal 2015 compared to \$152.5 million for the prior year period. The increase in net voyage revenues was primarily attributable to higher TCE rates earned during fiscal 2015 compared to the prior year period. Our average daily TCE rate increased by \$19,262, or 111.2%, to \$36,590 for fiscal 2015 compared to \$17,328 for the prior year period, primarily due to a higher TCE rate environment. The increase in average daily TCE resulted in an increase in net voyage revenues of approximately \$169.5 million during fiscal 2015 compared to the prior year period.

Contributing to the increase in net voyage revenues was the increase in our fleet utilization of 1.8% to 95.6% for fiscal 2015 compared to 93.8% for the prior year period as we incurred more offhire days for scheduled drydocks during the prior year period. The increase in fleet utilization resulted in an increase in net voyage revenues of approximately \$12.6 million during fiscal 2015 compared to the prior year period.

Also contributing to the increase in net voyage revenues was the increase in our fleet size (including our owned vessels and chartered-in vessel) by 0.6 vessels, or 2.3%, to 26.2 vessels for fiscal 2015 compared to 25.6 vessels for the prior year period. The increase in our fleet size (after giving effect to the increase in our average daily TCE rate discussed above) resulted in an increase in net voyage revenues of approximately \$14.5 million during fiscal 2015 compared to the prior year period.



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The following is additional data pertaining to net voyage revenues:

|   | Years Ended December 31, |            |
|---|--------------------------|------------|
|   | 2015                     | 2014       |
| <b>Net voyage revenue (dollars in thousands):</b> |                          |            |
| Time charter:                                     |                          |            |
| VLCC  | \$ 23,929                | \$ —       |
| Suezmax   | 4,024                    | 10,528     |
| Total   | 27,953                   | 10,528     |
| Spot charter:                                     |                          |            |
| VLCC  | 38,232                   | 43,227     |
| Suezmax   | 75,579                   | 57,154     |
| Aframax   | 21,265                   | 28,291     |
| Panamax   | 16,209                   | 9,798      |
| Handymax  | 5,747                    | 3,505      |
| Total   | 157,032                  | 141,975    |
| Navig8 pools:                                     |                          |            |
| VLCC  | 75,935                   | —          |
| Suezmax   | 52,361                   | —          |
| Aframax   | 21,346                   | —          |
| Total   | 149,642                  | —          |
| Total Net Voyage Revenue                          | \$ 334,627               | \$ 152,503 |
| <b>Vessel operating days:</b>                     |                          |            |
| Time charter:                                     |                          |            |
| VLCC  | 650                      | —          |
| Suezmax   | 212                      | 550        |
| Total   | 861                      | 550        |
| Spot charter:                                     |                          |            |
| VLCC  | 931                      | 2,505      |
| Suezmax   | 2,006                    | 3,393      |
| Aframax   | 659                      | 1,441      |
| Panamax   | 722                      | 569        |
| Handymax  | 364                      | 343        |
| Total   | 4,682                    | 8,251      |
| Navig8 pools:                                     |                          |            |
| VLCC  | 1,309                    | —          |
| Suezmax   | 1,551                    | —          |
| Aframax   | 742                      | —          |
| Total   | 3,602                    | —          |
| Total Operating Days for Fleet                    | 9,145                    | 8,801      |
| Total Calendar Days for Fleet                     | 9,568                    | 9,379      |
| Fleet Utilization                                 | 95.6 %                   | 93.8       |
| Average Number Of Vessels                         | 25.7                     | 25.7       |
| Average Number Of Owned and Chartered-in Vessels  | 26.2                     | 25.6       |
| <b>Time Charter Equivalent (TCE):</b>             |                          |            |
| Time charter:                                     |                          |            |
| VLCC  | \$ 36,839                | \$ —       |
| Suezmax   | 19,013                   | 19,126     |
| Combined  | 32,458                   | 19,126     |
| Spot charter:                                     |                          |            |
| VLCC  | 41,057                   | 17,255     |
| Suezmax   | 37,677                   | 16,843     |
| Aframax   | 32,279                   | 19,634     |
| Panamax   | 22,464                   | 17,235     |
| Handymax  | 15,783                   | 10,231     |
| Combined  | 33,542                   | 17,208     |
| Navig8 pools:                                     |                          |            |
| VLCC  | 57,990                   | —          |
| Suezmax   | 33,749                   | —          |
| Aframax   | 28,785                   | —          |
| Combined  | 41,538                   | —          |
| Fleet TCE   | \$ 36,590                | \$ 17,328  |

**Direct Vessel Operating Expenses.** Direct vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs for owned vessels increased by \$1.3 million, or 1.6%, to \$85.5 million for fiscal 2015 compared to \$84.2 million for the prior year period. This increase was primarily due to the increase in our average fleet size mentioned above, and associated increases in crew costs, maintenance and repair costs. In this connection, we recorded a \$1.8 million increase in vessel management expenses during fiscal 2015 compared to the prior year period. In the prior year period, we changed the vessel management of 13 vessels from our Portugal office to a third-party ship management company, which resulted in inclusion of a greater amount of third-party management fees in direct vessel operating expenses for fiscal 2015. The increase in direct vessel operating expenses was partially offset by a decrease in crew cost of \$0.8 million, or 2.1%, to \$40.0 million for fiscal 2015 compared to \$40.8 million for the prior year period, primarily due to this change in vessel management.

On a daily basis, direct vessel operating expenses per vessel increased by \$154, or 1.7%, to \$9,133 for fiscal 2015 compared to \$8,978 for the prior year period, primarily as a result of higher third-party management fees, partially offset by lower crew costs during fiscal 2015 as compared to the prior year period, as discussed above.

**Navig8 charterhire expenses.** Navig8 charterhire expenses increased to \$11.3 million for fiscal 2015 compared to \$0 for the prior year period. These charterhire expenses were related to *Nave Quasar*, the vessel chartered-in by Gener8 Maritime Subsidiary Inc. (formerly known as Navig8 Crude Tankers, Inc.), which became our subsidiary as a result of the 2015 merger. The time charter under which this vessel was chartered-in expired in March 2016. There were no such charterhire expenses in the prior year period as Gener8 Maritime Subsidiary Inc. became our subsidiary upon the consummation of the 2015 merger in May 2015.

**General and Administrative Expenses.** General and administrative expenses increased by \$14.0 million, or 62.3%, to \$36.4 million for fiscal 2015 compared to \$22.4 million for the prior year period. This increase was primarily due to an increase in the stock-based compensation expense of \$11.0 million during fiscal 2015 compared to the prior year period due to the vesting of restricted stock units granted in connection with the pricing of our initial public offering. We recognized compensation expense upon the immediate vesting of a portion of these restricted stock units upon the granting of these restricted stock units, and the vesting of an additional portion of these restricted stock units upon the consummation of our initial public offering. In connection with the vesting of these restricted stock units, we estimate that we will recognize \$5.7 million of compensation expense during the year ending December 31, 2016 and \$4.0 million in the years thereafter until 2018.

Also contributing to the increase in general and administrative expenses was an increase in legal expense of \$2.1 million, primarily associated with our refinancing activities as well as other matters during fiscal 2015 compared to the prior year period.

**Depreciation and Amortization.** Depreciation and amortization, which includes depreciation of vessels as well as amortization of drydock and special survey costs, increased by \$1.5 million, or 3.2%, to \$47.6 million for fiscal 2015 compared to \$46.1 million for the prior year period. This increase was primarily due to an increase in amortization of drydocking costs of \$2.3 million primarily due to additional drydocking costs incurred during fiscal 2015 compared to the prior year period, partially offset by a decrease in vessel depreciation of \$0.8 million during fiscal 2015 compared to the prior year period due to the increase in our estimated residual scrap value of the vessels to \$325/LWT from \$265/LWT effective January 1, 2015.

**Loss on impairment of vessels held for sale.** During fiscal 2015, we recorded a loss of \$0.5 million related to the sale of the *Gener8 Consul* to reflect the difference between the fair value (less selling expenses) of the disposed vessel and its recorded value. The transaction closed in the first quarter of 2016.

**Loss on Disposal of Vessels and Vessel Equipment.** Losses on disposal of vessels and vessel equipment decreased during fiscal 2015 by \$7.9 million to \$0.8 million compared to \$8.7 million for the prior year period, primarily due to losses on the sale of a vessel of \$6.8 million in the prior year period.

**Closing of Portugal Office.** We announced the closing of our Portugal office in April 2014, commenced the change of management of the vessels managed by the Portugal office in May 2014, and completed the change in

November 2014. Costs incurred associated with the closing of the Portugal office decreased by \$4.6 million, or by 90.0%, to \$0.5 million for fiscal 2015 compared to \$5.1 million for the prior year period, as most of the severance costs were incurred in the prior year period. We closed the Portugal office during the fourth quarter of 2015.

**Interest Expense, net.** Interest expense, net decreased by \$13.9 million, or 46.5%, to \$16.0 million for fiscal 2015 compared to \$29.8 million for the prior year period. This decrease was primarily attributable to an increase in the capitalization of interest expense associated with vessel construction of \$26.0 million, or by 292.6%, to \$35.0 million for fiscal 2015 compared to \$9.0 million for the prior year period, as a result of our acquisition of the 2015 acquired VLCC newbuildings in connection with the 2015 merger. For fiscal 2015, we capitalized interest for both the 2015 acquired VLCC newbuildings and the 2014 acquired VLCC newbuildings under construction and for the prior year period, we capitalized interest for the 2014 acquired VLCC newbuildings. We intend to cease capitalizing interest expense associated with the funding of the VLCC newbuildings after delivery of the vessels. The decrease in interest expense was partially offset by an increase of \$7.0 million, or 73%, to \$16.5 million for fiscal 2015 compared to \$9.5 million for the prior year period for the accrual of payment-in-kind interest on our senior notes, increase in amortization of deferred financing costs of \$2.5 million to \$3.4 million for fiscal 2015 compared to \$0.9 million for the prior year period, and increase in commitment fees of \$2.7 million for fiscal 2015 compared to \$0 for the prior year period. We incurred these additional deferred financing costs and commitment fees in connection with our entry into the refinancing credit facility, which refinanced our former senior secured credit facilities, and the Amended Sinosure Credit Facility and the Korean Export Credit Facility, which we have used to fund a portion of the remaining installment payments due under the Acquired VLCC Newbuildings contracts.

**Other Financing Costs.** On May 7, 2015, in connection with the consummation of the 2015 merger and pursuant to the 2015 equity purchase agreement entered into in connection with the 2015 merger, we issued an aggregate of 483,970 shares to the commitment parties as a commitment premium as consideration for their purchase commitments under such agreement. The commitment to purchase our common stock by the commitment parties was terminated upon the consummation of our initial public offering, and the related expenses of \$6.0 million, representing the value of the commitment premium as of the issuance date, were reflected as other financing costs in fiscal 2015. There were no such expenses incurred in the prior year period.

#### **Effects of Inflation**

We do not consider inflation to be a significant risk to the cost of doing business in the current or foreseeable future. Inflation has a moderate impact on operating expenses, drydocking expenses and corporate overhead.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Sources and Uses of Funds; Cash Management**

Since 2012, our principal sources of funds have been cash flow from operations, equity financings, issuance of long-term debt, long-term bank borrowings and sales of our older vessels. Our principal uses of funds have been capital expenditures for vessel acquisitions and construction, maintenance of the quality of our vessels, compliance with international shipping standards and environmental laws and regulations, funding working capital requirements and repayments on outstanding indebtedness. Our practice has been to acquire vessels or newbuilding contracts using a combination of available cash, issuances of equity securities, bank debt secured by mortgages on our vessels and long-term debt securities.

We have used the Amended Sinosure Credit Facility and expect to use additional borrowings under the Korean Export Credit Facility, in addition to our operating cash flows and proceeds from past equity offerings to fund the amounts owed on our existing newbuilding commitments. We expect to use borrowing under the Korean Export Credit Facility to fund the amounts owed on the one VLCC newbuilding that has not been delivered.

We have entered into several senior secured credit facilities to fund a significant portion of the amounts owed on our newbuilding commitments. We expect to use borrowings under the Korean Export Credit Facility, in addition to our operating cash flows, to fund the amounts owed on our existing newbuilding commitments. Our ability to borrow

any further amounts under the Korean Export Credit Facility is subject to various conditions and we may be liable for damages if we breach our obligations under our VLCC shipbuilding contracts. Accordingly, there is no assurance that we will be able to borrow sufficient funds under the Korean Export Credit Facility. To the extent that such source of financing is not available on terms acceptable to us, or at all, we may also review other debt and equity financing alternatives to fund such existing commitments.

Since we entered into the Korean Export Credit Facility and the Amended Sinosure Credit Facility, appraised values of our vessels have declined significantly, which has reduced the amounts that we are permitted to borrow pursuant to the borrowing limits and conditions under these senior secured credit facilities. Any reductions in the amounts that we are permitted to borrow under our credit facilities may negatively affect our liquidity.

As of December 31, 2016, we had an aggregate amount of up to approximately \$190.0 million of available borrowings under the Korean Export Credit Facility (subject to borrowing limits and other conditions described below) for the purpose of financing future deliveries of three VLCC newbuilding vessels with remaining installment payments of \$143.2 million. Subsequent to December 31, 2016, we took delivery of two VLCC newbuilding vessels. Following these deliveries, we have an aggregate amount of up to approximately \$63.0 million of available borrowings under the Korean Export Credit Facility for the purpose of financing delivery of one VLCC newbuilding vessel with remaining installment payments of \$48.2 million. Based on the valuation of our vessels from appraisals of February 27, 2017, we estimate that our available borrowings under the Korean Export Credit Facility for this one future delivery will be limited to approximately \$49.2 million. To the extent vessel values decline further, we estimate that our potential borrowings under the Korean Export Credit Facility would be reduced by \$0.60 for each \$1.00 decline in appraised value.

We are subject to various collateral maintenance, financial and other covenants under our senior secured credit facilities as further described below. Under our refinancing facility and Korean Export Credit Facility, we are subject to a minimum cash balance covenant pursuant to which we are not permitted to allow the sum of (A) our cash and cash equivalents plus (B) amounts deposited in segregated debt service reserve accounts relating to the Korean Export Credit Facility and the Amended Sinosure Credit Facility (valued at 50% of par) to be less than the greater of (i) \$50 million or (ii) 5% of our total indebtedness. Under our Amended Sinosure Credit Facility, we are subject to a minimum cash balance covenant pursuant to which we are not permitted to allow the sum of (A) our unrestricted cash and cash equivalents plus (B) amounts deposited in segregated debt service reserve accounts relating to the Korean Export Credit Facility and the Amended Sinosure Credit Facility (valued at 50% of par) to be less than the greatest of (i) \$50 million, (ii) 5% of our total indebtedness and (iii) \$1.5 million per vessel delivered under the Amended Sinosure Credit Facility (which was \$9 million as of December 31, 2016). As of December 31, 2016, the minimum amount required under these credit facilities was \$79.1 million. In addition, under our refinancing facility, Korean Export Credit Facility and Amended Sinosure Credit Facility, our unrestricted cash and cash equivalents must be at least \$25 million. As of December 31, 2016, we are in compliance with our minimum cash balance covenants. As of that date, we had cash and cash equivalents, which included \$26.9 million held in segregated debt service reserve accounts, of \$94.7 million.

We are also subject to a debt service coverage ratio covenant under our Amended Sinosure Credit Facility pursuant to which our ratio of consolidated EBITDA to the aggregate scheduled principal repayments and cash interest expense for consolidated indebtedness, each as defined in the Amended Sinosure Credit Facility, must be no less than 1.10. We refer to this ratio as the "Debt Service Coverage Ratio." As of December 31, 2016, we are in compliance with our debt service coverage ratio covenant. For the 12 month testing period, as defined in the Amended Sinosure Credit Facility, ended December 31, 2016, our Debt Service Coverage Ratio was 1.52.

Under our senior secured credit facilities, we are subject to collateral maintenance covenants pursuant to which the aggregate appraised value of vessels pledged as collateral under each senior secured credit facility may not be less than certain specified amounts. Under the refinancing facility, the appraised value of pledged vessels may not be less than 135% through September 3, 2017 and 140% thereafter of the aggregate principal amount of outstanding loans under the senior secured credit facility. Under the Korean Export Credit Facility, the appraised value of pledged vessels may not be less than 135% through August 30, 2017 and 140% thereafter of the aggregate principal amount of outstanding loans under the credit facility. Under the Amended Sinosure Credit Facility, the appraised value of pledged vessels may not be less than 135% of the aggregate principal amount of outstanding loans under the credit facility. As of February

27, 2017, we are in compliance with our collateral maintenance covenants. We estimate that we would not have been in compliance with the collateral maintenance covenants as of that date if the valuation of our collateral under the refinancing facility, Korean Export Credit Facility and Amended Sinosure Credit Facility from appraisals of February 27, 2017 were to decline by approximately 1.1%, 5.4% and 0.3%, respectively.

In the event of continued weakness in charter rates and vessel values, if the current market environment declines further or does not recover sufficiently and/or because of the potential timing of receipt of payments and required expenditures, there is a possibility that we may not comply with these covenants as early as the first half of 2017 absent waivers or amendments to our senior secured credit facilities or obtaining additional capital. To address these issues, we intend to pursue alternatives which may include potential dispositions of vessels and/or newbuildings, strategic transactions to strengthen our capital structure, waivers or amendments from our lenders and/or other options. Any such transactions may be subject to conditions. If market or other conditions are not favorable, we may be unable to complete any such transactions or obtain waivers or amendments from our lenders on acceptable terms or at all.

Absent such waivers or amendments, if we do not comply with these covenants and fail to cure our non-compliance following applicable notice and expiration of applicable cure periods, we would be in default of one or more of our senior secured credit facilities. If such a default occurs, we may also be in default under our unsecured senior notes. Each of our current debt facilities contain cross default provisions that could be triggered by our failure to comply with these covenants. As a result, some or all of our indebtedness could be declared immediately due and payable. We may not have sufficient assets available to satisfy our obligations. Substantially all of our assets are pledged as collateral to our lenders, and our lenders may seek to foreclose on their collateral if a default occurs. We may have to seek alternative sources of financing on terms that may not be favorable to us or that may not be available at all. Therefore, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, in the event we are in default, we will not be able to borrow additional amounts under our Korean Export Credit Facility. If we are unable to borrow under this senior secured credit facility, our ability to finance our remaining VLCC newbuilding could be materially adversely affected. If for any reason we fail to make an installment payment under our shipbuilding contracts when due, which may result in a default under our shipbuilding contracts, we would be prevented from taking delivery of the final newbuilding vessel and realizing potential revenues from this vessel, we could lose all or a portion of any payments previously paid by us in respect of this vessel and we could be liable for any additional damages resulting from a breach by us of the contracts. We may also lose any equipment provided to the shipyard as buyers' supplies for installation by the shipyard on the vessel.

We believe that our current cash balance as well as operating cash flows and future borrowings under our senior secured credit facilities will be sufficient to meet our liquidity needs for the next year. See *Note 14, LONG-TERM DEBT*, to the consolidated financial statements in Item 8 for more information relating to the shipbuilding contracts for the VLCC newbuildings.

Our business is capital intensive and our future success will depend on our ability to maintain a high-quality fleet through the acquisition of newer vessels and the selective sale of older vessels. These acquisitions will be principally subject to management's expectation of future market conditions as well as our ability to acquire vessels on favorable terms. In the future, we may engage in additional debt or equity financing transactions to fund such acquisitions or raise funds for other corporate purposes. However, there is no assurance that we will be able to obtain any such financing on terms acceptable to us, or at all.

#### **Equity Issuances**

On May 7, 2015, in connection with the consummation of the 2015 merger, all shares of Class A Common Stock and Class B Common Stock were converted to a single class of common stock on a one-to-one basis upon the filing of our Third Amended and Restated Articles of Incorporation. At the closing of the 2015 merger, we deposited into an account maintained by the 2015 merger exchange and paying agent, in trust for the benefit of Navig8 Crude's former shareholders, 31,233,170 shares of our common stock and \$4.5 million in cash. During the period from May 8, 2015 (post-merger) to December 31, 2015, all of these shares, 232,819 additional shares and \$1.2 million in cash were issued to former shareholders of Navig8 Crude as merger consideration and \$3.3 million of cash was returned to us from

the trust account since the former holders of more than 99.0% of Navig8 Crude's shares received our shares as consideration. Additionally, during the year ended December 31, 2016, 1,789 shares were issued to former shareholders of Navig8 Crude. As of December 31, 2016, \$1.2 million in cash and 31,467,778 shares were issued to former shareholders of Navig8 Crude as merger consideration. As of December 31, 2016, \$3.0 thousand of cash remained in the trust account.

In connection with the 2015 merger agreement, until 24 months following the anniversary of the closing of the 2015 merger, we are required, subject to a maximum amount of \$75 million and a deductible of \$5 million, to indemnify and defend General Maritime's or Navig8 Crude's shareholders, in each case immediately prior to the 2015 merger, in respect of certain losses arising from inaccuracies or breaches in the representations and warranties of, or the breach prior to the closing of the 2015 merger by, Navig8 Crude and General Maritime, respectively. Any amounts payable pursuant to such indemnification obligation shall be satisfied by the issuance of shares of our common stock with a fair market value equal to the amount of the indemnified loss and may result in dilution to certain shareholders.

#### **Debt Financings**

**Refinancing Facility.** On September 3, 2015, we entered into a term loan facility, which we refer to as the "refinancing facility," dated as of September 3, 2015, by and among Gener8 Maritime Sub II, as borrower, Gener8 Maritime, Inc., as parent, the lenders party thereto, and Nordea Bank AB (publ), New York Branch as Facility Agent and Collateral Agent in order to refinance (i) the \$508M credit facility and (ii) the \$273M Credit Facility. The refinancing facility provides for term loans up to the aggregate approximate amount of \$581.0 million, which were fully drawn on September 8, 2015. In connection with the sale of four vessels during the year ended December 31, 2016, we repaid \$60.3 million of borrowings under the refinancing facility. As of December 31, 2016, \$408.3 million was outstanding under the refinancing facility. The loans under the refinancing facility will mature on September 3, 2020.

The refinancing facility bears interest at a rate per annum based on LIBOR plus a margin of 3.75% per annum. If there is a failure to pay any amount due on a loan under the refinancing facility, interest shall accrue at a rate 2.00% higher than the interest rate that would otherwise have been applied to such amount. The refinancing facility is secured on a first lien basis by a pledge of our interest in Gener8 Maritime Sub II, a pledge by Gener8 Maritime Sub II of its interests in the 21 vessel-owning subsidiaries it owns, which we refer to as the "Gener8 Maritime Sub II vessel owning subsidiaries," and a pledge by such Gener8 Maritime Sub II vessel owning subsidiaries of substantially all their assets, and is guaranteed by Gener8 Maritime, Inc. and the Gener8 Maritime Sub II vessel owning subsidiaries. In addition, the refinancing facility is secured by a pledge of certain of our and Gener8 Maritime Sub II vessel owning subsidiaries' respective bank accounts. As of December 31, 2016, the Gener8 Maritime Sub II Vessel Owning Subsidiaries owned five VLCCs, ten Suezmax vessels, four Aframax vessels and two Panamax vessels.

Gener8 Maritime Sub II is obligated to repay the refinancing facility in 20 consecutive quarterly installments, which commenced on December 31, 2015, on each January 15, April 15, July 15, and October 15, until it is fully repaid. Gener8 Maritime Sub II is also required to prepay the refinancing facility upon the occurrence of certain events, such as a sale of vessels held as collateral or total loss of a vessel.

We are required to comply with various collateral maintenance and financial covenants under the refinancing facility, including with respect to its maximum leverage ratio, minimum cash balance and an interest expense coverage ratio covenant. The refinancing facility also requires us to comply with a number of customary covenants, including covenants related to the delivery of quarterly and annual financial statements, budgets and annual projections; maintaining required insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the collateral vessels; restrictions on consolidations, mergers or sales of assets; limitations on liens; limitations on issuance of certain equity interests; limitations on restricted payments; limitations on transactions with affiliates; and other customary covenants and related provisions.

The refinancing facility also contains certain restrictions on payments of dividends and prepayments of the indebtedness under the Note and Guarantee Agreement. We are permitted to pay dividends and make prepayments under the Note and Guarantee Agreement so long as we satisfy certain conditions under our refinancing facility's minimum cash balance and collateral maintenance tests subject to a cap of 50% of consolidated net income earned after the closing

date of the refinancing facility. For purposes of calculating consolidated net income, consolidated net income will be adjusted, without duplication, by adding noncash interest expense and amortization of other fees and expenses; amounts attributable to impairment charges on intangible assets, including amortization or write-off of goodwill; non-cash management retention or incentive program payments; non-cash restricted stock compensation; and losses on minority interests or investments less gains on such minority interests or investments. We are also permitted to pay dividends in an amount not to exceed net cash proceeds received from our issuance of equity after the date of the refinancing facility. We may also make prepayments under the Note and Guarantee Agreement from the proceeds received from sale of assets so long as we satisfy certain conditions under our minimum cash balance and collateral maintenance tests. Further, we are allowed to refinance the Note and Guarantee Agreement subject to certain restrictions and pay the outstanding indebtedness under the Note and Guarantee Agreement on the maturity date of the Note and Guarantee Agreement.

The refinancing facility includes customary events of default and remedies for senior secured credit facilities of this nature, including an event of default if a change of control occurs. In addition to other customary events that would constitute a change of control, a change of control under the refinancing facility would occur if a change of control, as defined in any indebtedness in excess of an aggregate principal amount of \$20.0 million, occurs and such indebtedness becomes due and payable prior to its stated maturity date as a result of such change of control. If we do not comply with our financial and other covenants under the refinancing facility, the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the refinancing facility.

On December 15, 2016, we amended the refinancing facility to change the amortization payment dates under the facility.

**Korean Export Credit Facility.** On September 3, 2015, we entered into a term loan facility, which we refer to as the “Korean Export Credit Facility,” dated as of August 31, 2015, by and among our wholly-owned subsidiary, Gener8 Maritime Subsidiary VIII Inc., referred to in this report as “Gener8 Maritime Sub VIII,” as borrower; Gener8 Maritime, Inc., as the parent guarantor; our wholly-owned subsidiary, Gener8 Maritime Sub V, as the borrower’s direct sole shareholder; the borrower’s 15 wholly-owned subsidiary owner guarantors party thereto; Citibank, N.A. and Nordea Bank AB (publ), New York Branch, as global co-ordinators; Citibank, N.A. and Nordea Bank AB (publ), New York Branch, as bookrunners; Citibank, N.A., London Branch as ECA co-ordinator and ECA agent; Nordea Bank Finland Plc, New York Branch as commercial tranche co-ordinator; Nordea Bank AB (publ), New York Branch as facility agent; Nordea Bank AB (publ), New York Branch as security agent; The Export-Import Bank of Korea, or “KEXIM”; the commercial tranche bookrunners party thereto; the mandated lead arrangers party thereto; the lead arrangers party thereto; the banks and financial institutions named therein as original lenders; and the banks and financial institutions named therein as hedge counterparties, to fund a portion of the remaining installment payments due under shipbuilding contracts for 15 VLCC newbuildings owned by us at that time. The Korean Export Credit Facility provides for term loans up to the aggregate approximate amount of \$963.7 million, which is comprised of a tranche of term loans, which we refer to as the “commercial tranche,” to be made available by a syndicate of commercial lenders up to the aggregate approximate amount of \$282.0 million, a tranche of term loans, which we refer to as the “KEXIM guaranteed tranche,” to be fully guaranteed by KEXIM up to the aggregate approximate amount of up to \$139.7 million, a tranche of term loans, which we refer to as the “KEXIM funded tranche,” to be made available by KEXIM up to the aggregate approximate amount of \$197.4 million, and a tranche of term loans, which we refer to as the “K-Sure tranche,” insured by Korea Trade Insurance Corporation, or “K-Sure,” up to the aggregate approximate amount of \$344.6 million. On October 20, 2016, we entered into an amendment to the Korean Export Credit Facility to revise the change of control provision, to reflect the terms described below.

At or around the time of delivery of each VLCC newbuilding specified in the Korean Export Credit Facility, a loan will be available to be drawn under the Korean Export Credit Facility in an amount equal to the lowest of (i) 65% of the final contract price of such VLCC newbuilding, (ii) 65% of the maximum contract price of such VLCC newbuilding and (iii) 60% of the fair market value of such VLCC newbuilding tested at or around the time of delivery of such VLCC newbuilding. We refer to such loan described under the caption “Korean Export Credit Facility” as a “vessel loan.” Each vessel loan will be allocated pro rata to each lender of the commercial tranche, KEXIM guaranteed tranche, KEXIM funded tranche and K-Sure tranche based on their commitment, other than the vessel loans to fund the deliveries of *Gener8 Hector* and *Gener8 Nestor*, which were fully funded by the lenders of the Commercial Tranche. Our ability to utilize these funds is subject to the actual delivery of the vessel. As of December 31, 2016, Gener8 Maritime Sub VIII

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borrowed approximately \$658.6 million to fund the delivery of 12 vessels. Between January 1, 2017 and March 10, 2017, Gener8 Maritime Sub VIII borrowed an additional approximately \$100.1 million to fund the delivery of two vessels.

Each vessel loan will mature, in respect of the commercial tranche, on the date falling 60 months from the date of borrowing of that vessel loan and, in respect of the other tranches, on the date falling 144 months from the date of borrowing of that vessel loan. KEXIM and K-Sure have the option of requiring prepayment of their respective tranches if the commercial tranche is not, upon its termination date, fully refinanced or renewed by the commercial lenders. Upon exercise of such option, all outstanding amounts under the relevant tranche must be repaid upon the termination date of the commercial tranche.

The Korean Export Credit Facility bears interest at a rate per annum based on LIBOR plus a margin of, in relation to the commercial tranche, 2.75% per annum, in relation to the KEXIM guaranteed tranche, 1.50% per annum, in relation to the KEXIM funded tranche, 2.60% per annum and in relation to the K-Sure tranche, 1.70% per annum. If there is a failure to pay any amount due on a vessel loan, interest shall accrue at a rate 2.00% higher than the interest rate that would otherwise have been applied to such amount. The Korean Export Credit Facility is secured on a first lien basis by a pledge of our interest in Gener8 Maritime Sub V, a pledge by Gener8 Maritime Sub V of its interests in Gener8 Maritime Sub VIII, a pledge by Gener8 Maritime Sub VIII of its interests in its 15 wholly-owned subsidiaries owning or intended to own vessels or newbuildings, which we refer to as the Gener8 Maritime Sub VIII vessel owning subsidiaries,” and a pledge by such Gener8 Maritime Sub VIII vessel owning subsidiaries of substantially all their assets, and is guaranteed by us, Gener8 Maritime Sub V and the Gener8 Maritime Sub VIII vessel owning subsidiaries. In addition, the Korean Export Credit Facility is secured by a pledge of certain of our and Gener8 Maritime Sub VIII’s vessel owning subsidiaries’ respective bank accounts. As of December 31, 2016, Gener8 Maritime Sub VIII was party to a ship delivery agreement with Gener8 Maritime Subsidiary Inc. (our wholly-owned subsidiary and the party to shipbuilding contracts for the three newbuildings yet to be delivered as of December 31, 2016)

Gener8 Maritime Sub VIII is obligated to repay the commercial tranche of each vessel loan in 20 equal consecutive quarterly installment (excluding a final balloon payment equal to 2/3 of the applicable vessel loan) of such vessel loan and is obligated to repay the KEXIM guaranteed tranche, the KEXIM funded tranche and the K-Sure tranche of each vessel loan in 48 equal consecutive installments. Gener8 Maritime Sub VIII is also required to prepay vessel loans upon the occurrence of certain events, including a default under a shipbuilding contract, a sale or total loss of a vessel, and upon election by the majority lenders, upon a change of control.

A change of control will occur under the Korean Export Credit Facility if, at any time, none of (i) Peter Georgiopoulos, (ii) Gary Brocklesby or (iii) Nicolas Busch serves as a member of our Board. For example, since Mr. Brocklesby is not currently a member of the Board, a change of control would occur should Mr. Georgiopoulos and Mr. Busch both resign or be removed from the board, decline to stand for reelection or fail to be reelected to the board, die or otherwise cease to remain as our directors for any reason. In the event of a change of control, the majority lenders may elect to declare all amounts outstanding under the vessel loans to be immediately due and payable and, in the event of non-payment, proceed against the collateral securing such loans. The lenders may make this election at any time following the occurrence of a change of control.

We are also subject to various collateral maintenance, financial and other covenants, restrictions on payments of dividends, events of default and remedies that are substantially the same as those contained in the refinancing facility.

**Amended Sinosure Credit Facility.** On December 1, 2015, we entered into a term loan facility, dated as of November 30, 2015, which we amended on June, 29, 2016, and which we refer to as the “Amended Sinosure Credit Facility,” by and among our wholly-owned subsidiary, Gener8 Maritime Subsidiary VII Inc., as borrower, referred to in this report as “Gener8 Maritime Subsidiary VII”; Gener8 Maritime, Inc., as the parent guarantor; the borrower’s four wholly-owned subsidiary owner guarantors party thereto; Citibank, N.A. and Nordea Bank AB (publ), New York Branch, as global co-ordinators; Citibank, N.A., as bookrunner; Citibank, N.A., London Branch as ECA co-ordinator and ECA agent; Nordea Bank AB (publ), New York Branch as facility agent and security agent; The Export-Import Bank of China; the mandated lead arrangers party thereto; the banks and financial institutions named therein as original lenders; and the banks and financial institutions named therein as hedge counterparties, to fund a portion of the



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remaining installment payments due under shipbuilding contracts for five VLCC newbuildings which were built at Chinese shipyards and to refinance the \$60.2 million outstanding under a senior secured credit facility with Citibank, N.A, which is described in more detail below. The amendment on June 29, 2016, among other things, provided for two additional term loan tranches for purposes of financing deliveries of two VLCC newbuilding vessels, the *Gener8 Chiotis* and the *Gener8 Miltiades*. The Amended Sinosure Credit Facility provided for term loans up to the aggregate approximate amount of \$385.2 million. As of December 31, 2016, Gener8 Maritime Subsidiary VII borrowed approximately \$340.4 million to fund the delivery of five vessels and refinanced the previously mentioned credit facility, and no further borrowings were available.

Loans under the Amended Sinosure Credit Facility were drawn down at or around the time of delivery of the applicable VLCC newbuilding, which we refer to as “delivery loans,” as well as at the time we refinanced the Citibank Facility (as defined below), which we refer to as the “refinancing loan”. We refer to each delivery loan and refinancing loan described under the caption “Amended Sinosure Credit Facility” as a “vessel loan.” Each vessel loan was allocated pro rata to each lender based on its commitments. Each vessel loan will mature on the date falling 144 months from the date of borrowing of that vessel loan.

The Amended Sinosure Credit Facility bears interest at a rate per annum based on LIBOR plus a margin of 2.00% per annum. If there is a failure to pay any amount due on a vessel loan, interest shall accrue at a rate 2.00% higher than the interest rate that would otherwise have been applied to such amount.

The Amended Sinosure Credit Facility is secured on a first lien basis by a pledge of our interest in Gener8 Maritime Subsidiary VII, a pledge by Gener8 Maritime Subsidiary VII of its interests in its six wholly-owned subsidiaries owning or intended to own vessels or newbuildings (the “Gener8 Maritime Subsidiary VII Vessel Owning Subsidiaries”) and a pledge by such Gener8 Maritime Subsidiary VII Vessel Owning Subsidiaries of substantially all their assets, and is guaranteed by us and the Gener8 Maritime Subsidiary VII Vessel Owning Subsidiaries. In addition, the Amended Sinosure Credit Facility is secured by a pledge of certain of our and Gener8 Maritime Subsidiary VII Vessel Owning Subsidiaries’ respective bank accounts.

Gener8 Maritime Subsidiary VII is obligated to repay each vessel loan in equal consecutive quarterly installments (excluding a final balloon payment equal to 20% of the applicable vessel loan), each in an amount equal to 1 2/3% of such vessel loan, on each of March 21, June 21, September 21 and December 21 until its maturity date. On the maturity date, Gener8 Maritime Subsidiary VII is obligated to repay the remaining amount that is outstanding under each vessel loan. Gener8 Maritime Subsidiary VII is also required to prepay vessel loans upon the occurrence of certain events, including a default under a shipbuilding contract, a sale or total loss of a vessel and, upon election by The Export-Import Bank of China and one other lender, upon a change of control.

A change of control will occur under the Amended Sinosure Credit Facility if, at any time, none of (i) Peter Georgiopoulos, (ii) Gary Brocklesby or (iii) Nicolas Busch serves as a member of our Board. For example, since Mr. Brocklesby is not currently a member of the Board, a change of control would occur should Mr. Georgiopoulos and Mr. Busch both resign or be removed from the board, decline to stand for reelection or fail to be reelected to the board, die or otherwise cease to remain as our directors for any reason. In the event of a change of control, The Export-Import Bank of China along with one other lender could elect to declare all amounts due under the vessel loans to be immediately due and payable and, in the event of non-payment, proceed against the collateral securing such loans. This election may be made at any time following the occurrence of a change of control.

We are also subject to various collateral maintenance, financial and other covenants, restrictions on payments of dividends, events of default and remedies that are substantially the same as those contained in the refinancing facility.

**Senior Notes.** On March 28, 2014, we and our wholly-owned subsidiary Gener8 Maritime Subsidiary V Inc. (formerly known as VLCC Acquisition I Corporation and referred to in this report as “Gener8 Maritime Sub V”) entered into a Note and Guarantee Agreement with affiliates of BlueMountain Capital Management, LLC which we refer to as the “note purchasers,” which has been amended from time to time. Pursuant to the Note and Guarantee Agreement, we issued senior unsecured notes due 2020 on May 13, 2014 in the aggregate principal amount of \$131.6 million to the note purchasers for proceeds of approximately \$125 million (before fees and expenses), after giving effect to the original

issue discount provided for in the Note and Guarantee Agreement. We refer to these notes as the “senior notes.” Interest on the senior notes accrues at the rate of 11.0% per annum in the form of an automatic increase in the principal amount of each outstanding senior note. A noteholder may, at any time, request that all of the principal amount owing to such noteholder be evidenced by senior notes. If we at any time irrevocably elect to pay interest in cash for the remainder of the life of the senior notes, interest on the senior notes will thereafter accrue at the rate of 10.0% per annum. The senior notes, which are unsecured, are guaranteed by Gener8 Maritime Sub V and its subsidiaries. The Note and Guarantee Agreement provides that all proceeds of the senior notes shall be used to pay transaction costs and expenses and the remaining consideration payable in connection with the shipbuilding contracts for the 2014 acquired VLCC newbuildings or the “2014 acquired VLCC shipbuilding contracts.” See *Note 14, LONG-TERM DEBT*, to the consolidated financial statements in Item 8 for further information regarding our 2014 acquired VLCC newbuildings.

The Note and Guarantee Agreement requires us to comply with a number of customary covenants, including covenants related to the delivery of quarterly and annual financial statements, budgets and annual projections; maintaining properties and required insurances; compliance with laws (including environmental); compliance with ERISA; performance of obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which we are bound; payment of taxes; restrictions on consolidations, mergers or sales of assets; limitations on liens; limitations on issuance of certain equity interests and other restricted payments; limitations on additional indebtedness; limitations on transactions with affiliates; and other customary covenants. The Note and Guarantee Agreement allows for the incurrence of additional indebtedness or refinancing of existing indebtedness upon the reduction of the loan to value ratio set forth therein to or below certain thresholds.

The Note and Guarantee Agreement includes customary events of default and remedies for facilities of this nature. If we do not comply with various covenants under the Note and Guarantee Agreement, the note purchasers may, subject to various customary cure rights, declare the unpaid principal amounts of the senior notes plus any accrued and unpaid interest and any make-whole amounts, as applicable, immediately due and payable.

We have the option to redeem up to 35.0% of the principal amount of the senior notes with the proceeds of an equity offering at a redemption price of 110.5% in principal amount, subject to certain terms and conditions set forth in the Note and Guaranty Agreement. Additionally, we have the option to prepay the senior notes at any time. However, if they are paid prior to May 13, 2016 (other than with the proceeds of an equity offering as described above) we will be obligated to pay a make-whole premium provided for in the Note and Guarantee Agreement. If we redeem the notes during periods from May 13, 2016 to May 12, 2017, from May 13, 2017 to May 12, 2018 and from May 13, 2018 to May 12, 2019 we will be obligated to pay redemption premiums of 9.0%, 6.0% and 3.0% respectively.

On February 17, 2016, we entered into an amendment to the Note and Guarantee Agreement, which permitted us to enter into an agreement to sell, lease or otherwise dispose of any of its vessels without first obtaining consent from the note purchasers so long as immediately after the disposition, Gener8 Maritime Sub V and its subsidiaries continue to own at least five of the 2014 acquired VLCC shipbuilding contracts and/or vessels resulting therefrom. Under this amendment, we must also provide the note purchasers prompt notice after any disposition.

As of December 31, 2016, the unamortized discount on the senior notes was \$4.9 million, which we amortize as additional interest expense until March 28, 2020. Interest expense, including amortization of the discount, amounted to \$49.6 million (including \$0.8 million amortization of the discount), \$15.9 million (including \$0.6 million amortization of the discount) and \$9.6 million (including \$0.3 million amortization of the discount) during the years ended December 31, 2016, 2015 and 2014, respectively.

**Interest Rate Swap Agreements.** During fiscal 2016, we entered into six interest rate swap transactions, which are intended to be cash flow hedges that effectively fix the interest rates for the refinancing facility, the Korean Export Credit Facility and the Amended Sinosure Credit Facility. The interest rate swap transactions were each confirmed under an ISDA Master Agreement, as published by the International Swaps and Derivatives Associations, Inc., including the Schedule thereto and related documentation containing customary representations, warranties and covenants. We may modify or terminate any of the foregoing interest rate swap transactions or enter into additional swap transactions in accordance with their terms in the future from time to time. See *Note 9, FINANCIAL INSTRUMENTS*, to the consolidated financial statements in Item 8 for more details about these interest rate swaps.

**Citibank Facility.** On October 21, 2015, we entered into a term loan facility, which we refer to as the “Citibank Facility,” dated as of October 21, 2015, by and among our wholly-owned subsidiary, Gener8 Maritime Subsidiary VII; Gener8 Maritime, Inc. as parent; the lenders party thereto; and Citibank, N.A., New York Branch as Facility Agent and Collateral Agent in order to fund a portion of the remaining installment payments due under the shipbuilding contract for the *Gener8 Strength*, which was delivered on October 29, 2015. The Citibank Facility provided for term loans up to the aggregate approximate amount of \$60.2 million, which were drawn on October 23, 2015. On December 30, 2015, we fully repaid the \$60.6 million outstanding under the Citibank Facility (including interest). As a result, the Citibank Facility is no longer outstanding and all liens on the *Gener8 Strength* thereunder were released.

#### **Dividend Policy**

We have not declared or paid any dividends since the fourth quarter of 2010. In order to pay dividends, we will be required to satisfy certain financial and other requirements under our debt instruments.

While we currently intend to retain future earnings, if any, for use in the operation and expansion of our business, we will evaluate the option to adopt a policy to pay cash dividends from time to time. However, any future dividend policy is subject to the discretion of the Board and restrictions under our debt instruments and under Marshall Islands law. Any determination to pay or not pay cash dividends will also depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory and contractual restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. Any such determination will also be subject to review, modification or termination at any time and from time to time. In addition, Marshall Islands law generally prohibits 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), when a company is insolvent or if the payment of the dividend would render the company insolvent.

#### **Cash and Working Capital**

Our cash and cash equivalents decreased by \$62.8 million to \$94.7 million as of December 31, 2016 from \$157.5 million as of December 31, 2015. This decrease was primarily due to payments in respect of the VLCC newbuildings of \$981.0 million (including capitalized interest) and the payment of \$26.0 million of deferred financing costs, partially offset by the net borrowing of \$607.1 million, \$86.9 million of proceeds from the sale of the *Gener8 Consul*, *Genmar Victory*, *Genmar Vision* and *Gener8 Spyridon* during the year ended December 31, 2016 and the net cash provided by operating activities during the year ended December 31, 2016 of \$259.4 million.

Working capital is current assets (inclusive of cash and cash equivalents) minus current liabilities.

Our working capital increased by \$9.2 million to \$(1.3) million as of December 31, 2016 from \$(10.5) million as of December 31, 2015. This increase in working capital was due primarily to a decrease in accounts payable and accrued expenses of \$99.2 million to \$34.0 million as of December 31, 2016 compared to \$133.2 million as of December 31, 2015, which was primarily attributable to a decrease in accrued supervision and milestone payments during fiscal 2016 as compared to the prior year period. Also contributing to the increase in working capital was an increase in Due from Navig8 pools, net of \$22.7 million and an increase in assets held for sale of \$13.2 million related to the sale of the *Gener8 Ulysses* as of December 31, 2016. The increase in working capital was partially offset by an increase in the current portion of long-term debt of \$45.6 million to \$181.0 million as of December 31, 2016, compared to \$135.4 million as of December 31, 2015 and the inclusion of \$1.6 million of current liabilities related to the interest rate swap agreements entered in the second quarter of 2016.

**Cash Flows from Operating Activities.** Net cash provided by operating activities was \$258.9 million for fiscal 2016 which resulted from net income of \$67.3 million, plus non-cash charges to operations of \$168.8 million, including goodwill impairment and loss on disposal of vessels, and a change in various assets and liabilities balances (adjusted for non-cash or non-operating activities) of \$22.8 million, including a decrease in due from charterers and a decrease in accounts payable and other current liabilities.

Net cash provided by operating activities was \$155.9 million for the year ended December 31, 2015 which resulted from a net income of \$129.6 million, plus non-cash charges to operations of \$82.0 million, and offset by a change in various assets and liabilities balances (adjusted for non-cash or non-operating activities) of \$55.7 million, including a decrease in due from charterers and a decrease in accounts payable and other current liabilities.

Net cash used in operating activities was \$11.8 million for the year ended December 31, 2014 which resulted from a net loss of \$47.1 million and a change in various assets and liabilities balances (adjusted for non-cash or non-operating activities) of \$34.2 million, offset by non-cash charges to operations of \$69.5 million during the year. The change in various assets and liabilities balances consisted primarily of the decrease in accounts payable and accrued expenses of \$26.7 million discussed above.

**Cash Flows from Investing Activities.** Net cash used in investing activities was \$903.0 million for fiscal 2016, which primarily consisted of capital spending on the VLCC newbuildings (including payments of capitalized interest) of \$980.6 million, partially offset by \$87.0 million proceeds from the sale of the *Gener8 Consul*, *Genmar Victory*, *Genmar Vision* and *Gener8 Spyridon* during the year ended December 31, 2016.

Net cash used in investing activities was \$398.9 million for the year ended December 31, 2015, which primarily consisted of capital spending on the VLCC newbuildings (including payments of capitalized interest) of \$410.0 million, payment of professional fees for the 2015 merger of \$10.3 million and the 2015 merger cash consideration of \$1.2 million, partially offset by the cash balance acquired upon the consummation of the 2015 merger in May 2015 of \$28.9 million.

Net cash used in investing activities was \$238.0 million for the year ended December 31, 2014, which consisted primarily of \$255.2 million of capital spending on the 2014 acquired VLCC newbuildings and \$5.5 million of capital spending on vessel improvements and other fixed assets, partially offset by net proceeds from the sales of an Aframax vessel and a Suezmax vessel of \$22.7 million.

**Cash Flows from Financing Activities.** Net cash provided by financing activities was \$581.2 million for fiscal 2016, which primarily consisted of net proceeds from borrowings of \$607.1 million, partially offset by the payment of deferred financing costs of \$26.0 million related to the Refinancing Facility and the Korean Export Credit Facility.

Net cash provided by financing activities was \$252.9 million for the year ended December 31, 2015, which primarily consisted of proceeds, net of underwriters' commission and other issuance costs, from the IPO of \$214.4 million and net borrowing of \$83.1 million, partially offset by deferred financing costs of \$44.7 million related to the Refinancing Facility and the Korean Export Credit Facility.

Net cash provided by financing activities was \$299.4 million for the year ended December 31, 2014, which primarily consisted of net proceeds from issuance of Class B common stock of \$196.1 million and borrowings under senior notes of \$125.0 million, partially offset by the repayment of \$21.4 million of outstanding borrowings under our \$508M credit facility using the proceeds from the sales of an Aframax vessel and a Suezmax vessel.

#### **Capital Expenditures and Drydocking**

**Drydocking.** We incur expenditures to fund our drydock program of regularly scheduled in-water surveys or drydocking necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. Vessels which are younger than 15 years are required to undergo in-water surveys approximately 2.5 years after a drydock and vessels are to be drydocked approximately every five years. Vessels 15 years or older are to be drydocked approximately every 2.5 years in which case the additional drydocks take the place of these in-water surveys.

During the years ended December 31, 2016 and 2015, we incurred \$10.1 million and \$9.3 million, respectively, of drydock related costs. We estimate that the expenditures to complete drydocks of vessels during 2017 will aggregate

approximately \$37.4 million, and that such vessels will be off-hire for approximately 574 days in 2017 to effect these drydocks.

For the year ending December 31, 2017, we anticipate that we will incur costs associated with in-water intermediate surveys on two vessels, and these vessels will be off-hire for approximately 30 days in 2017 to effect these intermediate surveys. The expenditures to complete intermediate surveys will be recorded as direct vessel operating expenses as incurred.

**Capital Improvements.** During the years ended December 31, 2016 and 2015, we capitalized \$9.3 million and \$5.5 million, respectively, relating to capital projects including environmental compliance equipment upgrades, satisfying requirements of oil majors and vessel upgrades. For the year ending December 31, 2017, we have budgeted approximately \$12.7 million for such projects.

The United States ratified Annex VI to the International Maritime Organization's MARPOL Convention effective in October 2008, which entered into force for the United States on January 8, 2009. This Annex relates to emission standards for Marine Engines in the areas of particulate matter, NOx and SOx, and establishes Emission Control Areas. The emission program is intended to reduce air pollution from ships by establishing a new tier of performance-based standards for diesel engines on all vessels and stringent emission requirements for ships that operate in coastal areas with air-quality problems. Annex VI includes a global cap on the sulfur content of fuel oil, and provides for stringent controls of sulfur emissions in Emission Control Areas. On October 27, 2016, the International Maritime Organization's Marine Environment Protection Committee announced the results from a vote concerning the implementation of regulations mandating a reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. By 2020 ships will now have to either remove sulfur from emissions through the use of emission scrubbers or buy fuel with low sulfur content. All of our vessels currently comply with Marpol Annex VI emission standards by burning 0.1% low sulfur fuel in the main engine, auxiliary engines, and boilers, which has resulted in increased fuel cost when operating in the Emission Control Areas mentioned above. We currently receive additional compensation from charterers when using 0.1% low sulfur fuel. We may incur additional costs in the future depending on pricing and availability of low sulfur fuel, regulatory rule changes, or a change in the treatment of these costs by charterers, which may require modifications to the vessel or installation of scrubbers to continue to meet the required emission standards.

Certain vessels in our fleet will require the installation of a Ballast Water Management System to meet regulatory requirements, which must be satisfied by the first scheduled dry-docking after January 1, 2016. Our capital improvements budget for the year ending December 31, 2017 mentioned above includes \$6.1 million for purchase of Ballast Water Management Systems equipment.

We are currently evaluating the possible installation of energy saving devices when dry-docking certain vessels. The installation of this equipment will be dependent on vessel age and performance, fuel pricing, and projected tanker market conditions. Our capital improvements budget for the year ending December 31, 2017 (excluding installation of a Ballast Water Management System) mentioned above includes approximately \$6.6 million for such upgrades.

**Vessel Acquisitions and Disposals.** As a result of the 2015 merger, we acquired 14 "eco" VLCC newbuildings in May 2015. In March 2014 we acquired seven VLCC newbuildings from Scorpio Tankers, Inc. During the year ended December 31, 2016, we took delivery of 15 VLCC newbuildings and we sold two VLCC's, one Handymax and one Suezmax vessel in fiscal 2016. During the year ended December 31, 2015, we took delivery of one VLCC newbuilding. We sold one Aframax and one Suezmax vessel in fiscal 2014.

**Other Commitments.** In 2004, we entered into a 15-year lease for office space in New York, New York. In July 2015, we entered into an amendment to such lease, which, among other things, extended the term of the lease for an additional 5-year period (i.e., October 1, 2020 through September 30, 2025). The monthly rental is as follows: \$0.1 million per month from October 1, 2015 to September 30, 2020; and \$0.2 million per month from October 1, 2020 to September 30, 2025. The monthly straight-line rental expense is approximately \$0.2 million, including amortization of the lease asset recorded on May 17, 2012 associated with fresh-start accounting, for the period from May 18, 2012 to

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September 30, 2025. During the years ended December 31, 2016 and 2015, we recorded approximately \$1.9 million and \$2.0 million, respectively of expense associated with this lease.

The following is a tabular summary of our future contractual obligations as of December 31, 2016 for the categories set forth below:

**TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS**

| (dollars in thousands)   | Total               | 2017              | 2018-<br>2019     | 2020-<br>2021     | Thereafter        |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|
| Refinancing facility   | \$ 408,337          | \$ 102,084        | \$ 127,606        | \$ 178,647        | \$ —              |
| Korean Export Credit Facility                                      | 658,568             | 55,360            | 110,720           | 191,555           | 300,933           |
| Sinosure Credit Facility   | 340,443             | 23,579            | 47,158            | 47,158            | 222,548           |
| Interest expenses, except for senior notes (1)                     | 281,240             | 52,553            | 89,876            | 63,607            | 75,204            |
| Senior notes   | 131,600             | —                 | —                 | 131,600           | —                 |
| Interest expense of senior notes (1)                               | 115,450             | —                 | —                 | 115,450           | —                 |
| Shipbuilding contracts for the 2015 acquired VLCC newbuildings     | 143,226             | 143,226           | —                 | —                 | —                 |
| Supervision Agreements for the 2015 acquired VLCC newbuildings (2) | 1,250               | 1,250             | —                 | —                 | —                 |
| Senior officer compensation agreements (3)                         | 12,399              | 3,299             | 4,550             | 4,550             | —                 |
| Office Leases (4)  | 16,665              | 1,536             | 3,072             | 3,878             | 8,179             |
| Corporate Administration Agreement (5)                             | 445                 | 445               | —                 | —                 | —                 |
| Total commitments  | <u>\$ 2,109,623</u> | <u>\$ 383,332</u> | <u>\$ 382,982</u> | <u>\$ 736,445</u> | <u>\$ 606,864</u> |

- (1) Future interest payments on our refinancing facility are based on our outstanding balance using a borrowing LIBOR rate of 0.92% as of December 31, 2016, plus the applicable margin of 3.75%. Future interest payments on our Korean Export Credit Facility are based on our outstanding balance using a borrowing LIBOR rate of 1.23% as of December 31, 2016, plus the applicable blended margin of 2.09%. Future interest payments on our Amended Sinosure Credit Facility are based on our outstanding balance using a borrowing LIBOR rate of 1.22% as of December 31, 2016, plus the applicable margin of 2.00%. Interest on the senior notes accrues at the rate of 11.0% per annum in the form of additional senior notes and the balloon repayment is due 2020, except that if we at any time irrevocably elect to pay interest in cash for the remainder of the life of the senior notes, interest on the senior notes will thereafter accrue at the rate of 10.0% per annum. The amount of senior notes listed above represents its face value upon issuance. The interest expense of senior notes listed above assumes the balloon repayment in 2020 and accordingly includes the payment-in-kind interest of \$43.0 million which has accrued as of December 31, 2016. Interest expense for the refinancing facility, Korean Export Credit Facility, and Amended Sinosure Credit Facility include estimated effects related to our interest rate swaps.
- (2) Refers to supervision agreements of each of the acquired 2015 VLCC newbuilding owning subsidiaries with Navig8 Shipmanagement Pte Ltd., which are described below under “*Related Party Transactions—Related Party Transactions of Navig8 Crude Tankers, Inc.—Navig8 Supervision Agreements.*”
- (3) Senior officer employment agreements are evergreen and renew for subsequent terms of one year. This table excludes future renewal periods. Amount in 2017 includes approximately \$1.0 million of compensation expense related to granted awards of stock options pursuant to the Company’s amended 2012 Equity Incentive Plan.
- (4) Reflects the July 2015 amendment to the lease for our office space in New York, New York. See “*Other Commitments*” above for further information regarding this amendment.
- (5) Assumes termination of the Corporate Administration Agreement upon delivery of the last 2015 acquired VLCC newbuilding in the remainder of 2017. Amounts are estimates and may vary based on actual delivery.

**Off-Balance-Sheet Arrangements**

As of December 31, 2016, other than as described above, we did not have any material off-balance-sheet arrangements as defined in Item 303(a)(4) of SEC Regulation S-K.

### Critical Accounting Policies

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 of America, or “GAAP.” The preparation of those financial statements requires us to make estimates and judgments that affect the reported amount 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 or conditions.

Critical accounting policies are those that reflect significant judgments or 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.

**REVENUE AND EXPENSE RECOGNITION**—Our revenue and expense recognition policies for spot market voyage charters, time charters and pool revenues are as follows:

**SPOT MARKET VOYAGE CHARTERS.** Spot market voyage revenues are recognized on a pro rata basis based on the relative transit time in each period. The period over which voyage revenues are recognized commences at the time the vessel departs from its last discharge port and ends at the time the discharge of cargo at the next discharge port is completed. We do not begin recognizing revenue until a charter has been agreed to by the customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage. We do not recognize revenue when a vessel is off hire. Estimated losses on voyages are provided for in full at the time such losses become evident. Voyage expenses primarily include only those specific costs which are borne by the Company in connection with voyage charters which would otherwise have been borne by the charterer under time charter agreements. These expenses principally consist of fuel, canal and port charges which are generally recognized as incurred. Demurrage income represents payments by the charterer to the vessel owner when loading and discharging time exceed the stipulated time in the spot market voyage charter. Demurrage income is measured in accordance with the provisions of the respective charter agreements and the circumstances under which demurrage claims arise and is recognized on a pro rata basis over the length of the voyage to which it pertains. Direct vessel operating expenses are recognized when incurred. At December 31, 2016 and December 31, 2015, we have a reserve of approximately \$1.9 million and \$5.8 million, respectively, against its due from charterers balance associated with voyage revenues, including freight and demurrage revenues.

**TIME CHARTERS.** Revenue from time charters is recognized on a straight-line basis over the term of the respective time charter agreement. Direct vessel operating expenses are recognized when incurred. Time charter agreements require, among others, that the vessels meet specified speed and bunker consumption standards. We believe that there may be unasserted claims relating to its time charters of \$0.4 million and \$0.5 million as of December 31, 2016 and December 31, 2015, respectively, for which we have reduced our amounts due from charterers to the extent that there are amounts due from charterers with asserted or unasserted claims or as an accrued expense to the extent the claims exceed amounts due from such charterers.

**POOL REVENUES.** Pool revenue is determined in accordance with the terms specified within each pool agreement. In particular, the pool manager aggregates the revenues and expenses of all of the pool participants and distributes the net earnings to participants based on the following allocation key:

- The pool points (vessel attributes such as cargo carrying capacity, fuel consumption and construction characteristics are taken into consideration); and
- The number of days the vessel participated in the pool in the period.

Vessels are chartered into the pool and receive net time charter revenue in accordance with the pool agreement. The time charter revenue is variable depending upon the net result of the pool and the pool points and trading days for each vessel. The pool has the right to enter into voyage and time charters with external parties for which it receives freight and related revenue. It also incurs voyage costs such as bunkers, port costs

and commissions. At the end of each period, the pool aggregates the revenue and expenses for all the vessels in the pool and distributes net revenue to the participants based on the results of the pool and the allocation key. We recognize net pool revenue on a monthly basis, when the vessel has participated in a pool during the period and the amount of pool revenue for the month can be estimated reliably.

**VESSELS UNDER CONSTRUCTION**—Vessels under construction represents the cost of acquiring contracts to build vessels, installments paid to shipyards, certain other payments made to third parties and interest costs incurred during the construction of vessels (until the vessel is substantially complete and ready for its intended use). During the years ended December 31, 2016, 2015 and 2014, we capitalized interest expense associated with vessels under construction of \$27.6 million, \$35.2 million and \$9.0 million, respectively.

**GOODWILL**—We follow the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 350-20-35, *Intangibles—Goodwill and Other*. This statement requires that goodwill and intangible assets with indefinite lives be tested for impairment at least annually or when there is a triggering event and written down with a charge to operations when the carrying amount of the reporting unit that includes goodwill exceeds the estimated fair value of the reporting unit. If the carrying value of the goodwill exceeds the reporting unit’s implied goodwill, such excess must be written off. Goodwill as of December 31, 2016 and 2015 was \$0 and \$26.3 million, respectively. Change in vessel values during the interim period between December 31, 2015 and September 30, 2016, indicated circumstances changed that would more likely than not reduce the fair value of each reporting unit below its carrying amount. During the third quarter of 2016 and in accordance with ASC 350-20-35, we considered the continued decline in the fair value of our fleet independent valuations to be an indicator for goodwill impairment testing at the interim period. Accordingly, at September 30, 2016, goodwill was tested for potential impairment. As a result of the goodwill impairment test performed during the third quarter of 2016, it was determined that the carrying value for each reporting unit was higher than its fair value and therefore goodwill was fully impaired, which resulted in a goodwill impairment of \$23.3 million. Additionally, during the year ended December 31, 2016, we recorded a \$3.0 million goodwill write-off associated with the sale of the *Genmar Victory* and *Genmar Vision*, which were sold in August 2016.

During the year ended December 31, 2015, it was determined that there was no goodwill impairment. As of December 31, 2015, we had transferred \$0.8 million of goodwill related to the *Gener8 Consul* to assets held for sale for the anticipated sale, which was finalized in February 2016.

**IMPAIRMENT OF LONG-LIVED ASSETS**—We follow FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the asset’s carrying amount. In the evaluation of the future benefits of long-lived assets, we perform an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. We estimate fair value primarily through the use of third party valuations performed on an individual vessel basis. Various factors, including the use of trailing 10-year industry average for each vessel class to forecast future charter rates and vessel operating costs, are included in this analysis.

As of December 31, 2016, and in accordance with ASC 360-10, we obtained third-party independent valuations to compare to our carrying value for our long-lived assets and determine if indicators of impairment for any vessel exist for the year ended December 31, 2016. Based on the analysis performed, it was determined that the carrying value of our fleet was higher than the independent third-party valuations of our fleet. Therefore, it was determined that indicators exist for potential long-lived assets impairment for the year ended December 31, 2016. In accordance with ASC 360-10 and based on the indicator analysis mentioned above, we prepared an analysis which estimated the future undiscounted cash flows for each vessel at December 31, 2016. Based on this analysis, which included consideration of our long-term intentions relative to our vessels, including our assessment of whether we would drydock and continue to operate our older vessels, it was determined that there was no impairment loss in 2016.

It was determined that there were no impairment indicators for the year ended December 31, 2015 and 2014. During 2015 and 2014, we did not perform such analysis to estimate the future undiscounted cash flows for each vessel



due to the upward trend in vessel values and shipping rates and lack of indicators for vessel impairment during the period.

*DEFERRED DRYDOCK COSTS, NET*—Approximately every thirty to sixty months, our vessels are required to be dry-docked for major repairs and maintenance, which cannot be performed while the vessels are operating. We defer costs associated with the drydocks as they occur and amortize these costs on a straight-line basis over the estimated period between drydocks. Amortization of drydock costs is included in depreciation and amortization in the consolidated statements of operations. For the years ended December 31, 2016, 2015 and 2014, amortization was \$7.2 million, \$5.1 million and \$2.8 million, respectively. Accumulated amortization as of December 31, 2016 and 2015 was \$13.9 million (net of \$1.0 million write-off to assets held for sale related to the *Gener8 Ulysses*) and \$8.8 million (net of \$0.4 million write-off to assets held for sale related to the *Gener8 Consul*), respectively.

We only include in deferred drydock costs those direct costs that are incurred as part of the drydock to meet regulatory requirements, or that are expenditures that add economic life to the vessel, increase the vessel's earnings capacity or improve the vessel's efficiency. Direct costs include shipyard costs as well as the costs of placing the vessel in the shipyard. Expenditures for normal maintenance and repairs, whether incurred as part of the drydock or not, are expensed as incurred.

*INTEREST RATE RISK MANAGEMENT*—We are exposed to interest rate risk through our variable rate credit facilities. We use interest rate swaps, under which we pay a fixed rate in exchange for receiving a variable rate, to achieve a fixed rate of interest on the hedged portion of our debt in order to increase our ability to forecast interest expense. The objective of these swaps is to help to protect us against changes in borrowing rates on our current credit facilities and any replacement floating rate LIBOR credit facility. Upon execution of the swaps, we designated the hedges as cash flow hedges of benchmark interest rate risk under FASB ASC 815, *Derivatives and Hedging*, and we have established effectiveness testing and measurement processes. Changes in the fair value of the interest rate swaps are recorded as assets or liabilities, and effective gains/losses are captured in a component of accumulated other comprehensive income ("OCI") until reclassified to interest expense when the hedged variable rate interest expenses are incurred. The ineffective portion of, if any, of the change in fair value of our interest rate swap agreement is required to be recognized in earnings. We elected to classify settlement payments as operating activities within the statement of cash flow.

*VESSELS' CARRYING VALUE*—The carrying value of each of our vessels does not represent the fair market value of such vessel or the amount we could obtain if we were to sell any of our vessels, which could be more or less. Under U.S. GAAP, we would not record a loss if the fair market value of a vessel (excluding its charter) is below our carrying value unless and until we determine to sell that vessel or the vessel is impaired.

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Pursuant our senior secured credit facilities, we regularly submit to the lenders valuations of our vessels on an individual charter free basis in order to calculate our compliance with the collateral maintenance covenants. Such a valuation is 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. In the chart below, we list each of our vessels, the year it was built, the year we acquired it, and its carrying value at December 31, 2016. All of our vessels had valuations for covenant compliance purposes under such facilities as of the most recent compliance testing date lower than their carrying values at December 31, 2016. The most recent compliance testing date was March 13, 2017 under such facilities for the three months ended December 31, 2016. The amount by which the carrying value at December 31, 2016 of these vessels exceeded the valuation of such vessels ranged, on an individual vessel basis, from \$1.3 million to \$29.3 million per vessel, with an average of \$14.2 million.

| Vessels                                       | Year Built | Year     |  | Carrying Value<br>(in thousands) |
|---|------------|----------|--|----------------------------------|
|   |            | Acquired |  |                                  |
| Gener8 Orion (f/k/a Genmar Orion)             | 2002       | 2003     |  | \$ 23,036                        |
| Gener8 Argus (f/k/a Genmar Argus)             | 2000       | 2003     |  | 18,709                           |
| Gener8 Harriet G (f/k/a Genmar Harriet G)     | 2006       | 2006     |  | 34,756                           |
| Gener8 Horn (f/k/a Genmar Horn)               | 1999       | 2003     |  | 15,440                           |
| Gener8 Kara G (f/k/a Genmar Kara G)           | 2007       | 2007     |  | 36,019                           |
| Gener8 Phoenix (f/k/a Genmar Phoenix)         | 1999       | 2003     |  | 15,568                           |
| Gener8 St. Nikolas (f/k/a Genmar St. Nikolas) | 2008       | 2008     |  | 39,039                           |
| Gener8 George T (f/k/a Genmar George T)       | 2007       | 2007     |  | 36,288                           |
| Gener8 Hercules (f/k/a Genmar Hercules)       | 2007       | 2010     |  | 52,896                           |
| Gener8 Atlas (f/k/a Genmar Atlas)             | 2007       | 2010     |  | 52,957                           |
| Gener8 Pericles (f/k/a Genmar Strength)       | 2003       | 2004     |  | 17,373                           |
| Gener8 Defiance (f/k/a Genmar Defiance)       | 2002       | 2004     |  | 15,430                           |
| Gener8 Poseidon (f/k/a Genmar Poseidon)       | 2002       | 2010     |  | 31,624                           |
| Gener8 Zeus                                   | 2010       | 2010     |  | 68,018                           |
| Gener8 Maniate (f/k/a Genmar Maniate)         | 2010       | 2010     |  | 46,152                           |
| Gener8 Compatriot (f/k/a Genmar Compatriot)   | 2004       | 2008     |  | 15,094                           |
| Gener8 Companion (f/k/a Genmar Companion)     | 2004       | 2008     |  | 15,168                           |
| Gener8 Elektra (f/k/a Genmar Elektra)         | 2002       | 2008     |  | 15,305                           |
| Gener8 Daphne (f/k/a Genmar Daphne)           | 2002       | 2008     |  | 15,372                           |
| Gener8 Spartiate (f/k/a Genmar Spartiate)     | 2011       | 2011     |  | 50,232                           |
| Gener8 Neptune                                | 2015       | 2015     |  | 104,997                          |
| Gener8 Athena                                 | 2015       | 2015     |  | 105,874                          |
| Gener8 Strength                               | 2015       | 2015     |  | 103,655                          |
| Gener8 Apollo                                 | 2016       | 2016     |  | 106,853                          |
| Gener8 Ares                                   | 2016       | 2016     |  | 107,056                          |
| Gener8 Hera                                   | 2016       | 2016     |  | 107,637                          |
| Gener8 Supreme                                | 2016       | 2016     |  | 104,576                          |
| Gener8 Success                                | 2016       | 2016     |  | 99,608                           |
| Gener8 Constantine                            | 2016       | 2016     |  | 111,875                          |
| Gener8 Nautilus                               | 2016       | 2016     |  | 102,828                          |
| Gener8 Andriotis                              | 2016       | 2016     |  | 100,358                          |
| Gener8 Chiotis                                | 2016       | 2016     |  | 101,861                          |
| Gener8 Macedon                                | 2016       | 2016     |  | 105,183                          |
| Gener8 Perseus                                | 2016       | 2016     |  | 111,376                          |
| Gener8 Oceanus                                | 2016       | 2016     |  | 113,331                          |
| Gener8 Noble                                  | 2016       | 2016     |  | 106,409                          |
| Gener8 Miltiades                              | 2016       | 2016     |  | 102,825                          |
| Gener8 Theseus                                | 2016       | 2016     |  | 112,932                          |

### ***Recent Accounting Pronouncements***

In August 2016, the FASB issued Accounting Standards Update (“ASU”) ASU 2016-15-Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable. We are currently evaluating the effect that adopting this standard will have on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13-Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this ASU require the measurement of all expected credit losses for financial assets, which include trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance in this ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted for interim and annual periods beginning after December 15, 2018. We are currently evaluating this ASU and any potential impacts the adoption of this ASU will have on our consolidated financial statements revised guidance for the accounting and reporting of financial instruments.

In April 2016, the FASB issued ASU No. 2016-10—Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. ASU No. 2016-10 suggests guidance for stakeholders on identifying performance obligations and licenses in customer contracts. In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. We are evaluating the potential impact of this standard update on its consolidated financial statements and related disclosure.

In March 2016, the FASB issued ASU 2016-09—Compensation-Stock Compensation (Topic 718). This update affects all entities that issue share-based payment awards to their employees, and involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liability and classification on the statement of cash flows. An entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. We are currently evaluating the effect of adoption on its consolidated financial statements and related disclosure.

In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 is intended to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In order to meet that objective, the new standard requires recognition of the assets and liabilities that arise from leases. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. We are currently evaluating the effect that adopting this standard will have on our financial statements and related disclosures.

### ***JOBS Act***

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the “JOBS Act,” was enacted. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of

certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period, and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

### **Related Party Transactions**

Below is a description of related party transactions during the years ended December 31, 2016, 2015 and 2014. See *Note 18, RELATED PARTY TRANSACTIONS*, to the consolidated financial statements in Item 8 for more information regarding these transactions.

In this section, “Oaktree” refers to Oaktree Capital Management L.P. and/or one or more of its investment entities and the funds managed by it, “BlueMountain” refers to BlueMountain Capital Management, LLC and/or one or more of its investment entities, “BlackRock” refers to BlackRock, Inc. and/or one or more of its investment entities, “Aurora” refers to Aurora Resurgence Capital Partners II LLC, Aurora Resurgence Advisors II LLC and/or one or more of their investment entities or affiliates, “Avenue” refers to Avenue Capital Group and/or one or more of its funds or managed accounts, “Monarch” refers to Monarch Alternative Capital LP and/or one or more of its affiliates, and “Twin Haven” refers to Twin Haven Special Opportunities Fund IV, L.P. and/or one or more other investment entities of Twin Haven Capital Partners, LLC.

**March 2014 Class B Financing.** On March 21, 2014, we issued 9,000,001 shares of Class B Common Stock in a private placement for \$18.50 per share, which we refer to as the “March 2014 Class B financing,” resulting in aggregate gross proceeds of approximately \$166.5 million, pursuant to subscription agreements, which we refer to as the “March 2014 subscription agreements,” entered individually with certain of our existing shareholders, including (i) Oaktree, in the amount of approximately \$10.0 million, (ii) Aurora, in the amount of approximately \$15.0 million, (iii) BlackRock, in the aggregate amount of approximately \$67.5 million, (iv) BlueMountain, in the aggregate amount of approximately \$50.0 million, (v) Twin Haven in the amount of approximately \$15.0 million and (vi) certain other accredited investors.

Adam Pierce, a current member of our Board, is an employee of or associated with Oaktree. Steven D. Smith, a current member of our Board, is associated with or an employee of Aurora. Ethan Auerbach, a current member of our Board, is associated with or an employee of BlueMountain. In addition, based on information filed publicly with the SEC, Oaktree, Aurora, BlueMountain and BlackRock each own greater than 5% of our outstanding common stock as of March 10, 2017. Prior to the consummation of the 2015 merger, which is described below, three members of the Board were associated with or employees of Oaktree, one member of the Board was associated with or an employee of Aurora, one member of the Board was associated with or an employee of BlackRock, one member of the Board was associated with or an employee of BlueMountain and one member of the Board was associated with or an employee of Twin Haven. In addition, Oaktree, Aurora, BlueMountain, BlackRock, and Twin Haven each owned greater than 5% of our outstanding common stock prior to the consummation of the 2015 merger.

Pursuant to the terms of the March 2014 subscription agreements, we agreed to use all or substantially all of the net proceeds of the March 2014 Class B financing for purposes of satisfying our obligations in connection with the purchase of the 2014 acquired VLCC newbuildings and the installment payments under the shipbuilding contracts for the 2014 acquired VLCC newbuildings. To the extent such net proceeds exceed the aggregate amount of such obligations, we are permitted to use the remaining net proceeds for general corporate purposes. On March 25, 2014, we used approximately \$162.7 million of the proceeds of the March 2014 private placement to fund the purchase price of the entities party to the 2014 acquired VLCC newbuildings.

**BlueMountain Note and Guarantee Agreement.** On March 28, 2014, we and our wholly-owned subsidiary Gener8 Maritime Subsidiary V Inc. (formerly known as VLCC Acquisition I Corporation and referred to in this report as “Gener8 Maritime Sub V”) entered into a Note and Guarantee Agreement, which we refer to as the “Note and Guarantee Agreement,” with BlueMountain, whom we refer to as the “senior note purchasers”. Pursuant to the Note and Guarantee Agreement, we issued senior unsecured notes due 2020 on May 13, 2014 in the aggregate principal amount of \$131.6 million to the senior note purchasers for proceeds of \$125.0 million (before fees and expenses), after giving effect to the original issue discount provided for in the Note and Guarantee Agreement. We refer to these notes as the

“senior notes.” See “—*Liquidity and Capital Resources—Debt Financings—Senior Notes*” for more information about the senior notes. One member of the Board is associated with or an employee of BlueMountain. In addition, based on information filed publicly with the SEC, BlueMountain owns greater than 5% of our outstanding common stock as of March 10, 2017.

As of December 31, 2016, the outstanding principal balance of the senior notes was \$131.6 million, and the unamortized discount on the senior notes was \$4.9 million, which we amortize as additional interest expense until March 28, 2020.

**June 2014 Class B Financing.** On June 25, 2014, we issued 1,670,000 shares of Class B Common Stock in a private placement, which we refer to as the “June 2014 Class B financing” for \$18.50 per share, resulting in aggregate gross proceeds to us of approximately \$30.9 million, pursuant to subscription agreements entered individually with certain accredited investor investment entities of Aurora. One member of the Board is associated with or an employee of affiliates of Aurora. In addition, based on information publicly filed with the SEC, Aurora owns greater than 5% of our outstanding common stock as of March 10, 2017.

#### **2015 Merger Related Transactions**

**2015 Merger Agreement.** On February 24, 2015, General Maritime Corporation (our former name), Gener8 Maritime Acquisition, Inc. (one of our wholly-owned subsidiaries), Navig8 Crude Tankers, Inc. and each of the equityholders’ representatives named therein entered into an Agreement and Plan of Merger. We refer to Gener8 Maritime Acquisition, Inc. as “Gener8 Acquisition,” to Navig8 Crude Tankers, Inc. as “Navig8 Crude” and to the Agreement and Plan of Merger as the “2015 merger agreement.” Pursuant to the 2015 merger agreement, Gener8 Acquisition merged with and into Navig8 Crude, with Navig8 Crude continuing as the surviving corporation and our wholly-owned subsidiary and being renamed Gener8 Maritime Subsidiary Inc. or “Gener8 Subsidiary.” We refer to the transactions contemplated under the 2015 merger agreement as the “2015 merger.” The 2015 merger closed on May 7, 2015. Navig8 Crude’s shareholders that were permitted to receive shares of our common stock pursuant to the Securities Act under the 2015 merger agreement received 0.8947 shares of our common stock for each common share of Navig8 Crude they owned immediately prior to the 2015 merger. Navig8 Crude’s shareholders that were not permitted to receive shares of our common stock pursuant to the Securities Act received cash in an amount equal to the number of shares of our common stock such shareholder would have received multiplied by \$14.348. Concurrently with the 2015 merger, we filed with the Registrar of Corporations of the Republic of the Marshall Islands our Third Amended and Restated Articles of Incorporation to, among other things, increase our authorized capital, reclassify our common stock into a single class of common stock and change our legal name to “Gener8 Maritime, Inc.”

At the closing of the 2015 merger, we deposited into an account maintained by the 2015 merger exchange and paying agent, in trust for the benefit of Navig8 Crude’s former shareholders, 31,233,170 shares of our common stock and \$4.5 million in cash. The number of shares and amount of cash deposited into such account was calculated based on an assumption that the former holders of 1% of Navig8 Crude’s shares would not be permitted under the 2015 merger agreement to receive our shares as consideration and would receive cash instead. During the period from May 8, 2015 (post-merger) to December 31, 2015, all of these shares, 232,819 additional shares and \$1.2 million in cash were issued to former shareholders of Navig8 Crude as merger consideration and \$3.3 million of cash was returned to us from the trust account since the former holders of more than 99.0% of Navig8 Crude’s shares received our shares as consideration. Additionally, during the year ended December 31, 2016, 1,789 shares were issued to former shareholders of Navig8 Crude. As of December 31, 2016, \$3.0 thousand of cash remained in the trust account, and we could be required to deposit into the 2015 merger exchange and paying agent account additional shares pursuant to the 2015 merger agreement having a value of this amount based on a share price of \$14.348 per share.

Immediately following the consummation of the 2015 merger, our shareholders prior to the 2015 merger owned approximately 34.9 million, or 52.55%, and Navig8 Crude’s shareholders prior to the 2015 merger owned approximately 31.5 million, or 47.45% of the shares of our common stock, with Oaktree, BlueMountain, Avenue, Aurora, Monarch, BlackRock and Navig8 Limited and/or their respective affiliates each owning greater than 5% of our outstanding common stock, respectively, of our outstanding stock. The 2015 merger closed on May 7, 2015.

Prior to the consummation of the 2015 merger, three members of our Board were associated with or employees of Oaktree, one member of our Board was associated with or an employee of Aurora, one member of our Board was associated with or an employee of BlackRock and one member of our Board was associated with or an employee of BlueMountain. In addition, prior to the 2015 merger, one member of each board of General Maritime and Navig8 Crude was associated with or an employee of BlueMountain.

Adam Pierce, a current member of our Board, is an employee of or associated with Oaktree. Steven D. Smith, a current member of our Board, is associated with or an employee of Aurora. Ethan Auerbach, a current member of our Board, is associated with or an employee of BlueMountain. Dan Ilany, a current member of our Board, is associated with or an employee of Avenue. Roger Schmitz, a current member of our Board was formerly associated with or was an employee of Monarch.

Nicolas Busch, who is a member of our Board, is a director and minority beneficial owner of Navig8 Limited. Based on information publicly filed with the SEC, Navig8 Limited owns greater than 4% of our outstanding common stock as of March 10, 2017.

Until twenty four months following the anniversary of the closing of the 2015 merger, we are required, subject to a maximum amount of \$75.0 million and a deductible of \$5.0 million, to indemnify and defend General Maritime's or Navig8 Crude's shareholders immediately prior to the 2015 merger, in respect of certain losses arising from inaccuracies or breaches in the representations and warranties of, or the breach prior to the closing of the 2015 merger by, Navig8 Crude and General Maritime, respectively. Any amounts payable pursuant to such indemnification obligation shall be satisfied by the issuance of shares of our common stock with a fair market value equal to the amount of the indemnified loss and may result in dilution to certain shareholders.

**2015 Warrant Agreement.** In connection with the 2015 merger we entered into an amended and restated warrant agreement with Navig8 Limited. We refer to this agreement as the "2015 warrant agreement" and to Navig8 Limited or the subsequent transferee as the "2015 warrant holder." Under the 2015 warrant agreement, 1,600,000 warrants that had, prior to the 2015 merger, provided the 2015 warrant holder the right to purchase 1,600,000 shares of Navig8 Crude's common stock at \$10 per share were converted into warrants entitling the 2015 warrant holder to purchase 0.8947 shares of our common stock for each warrant held for a purchase price of \$10.00 per warrant, or \$11.18 per share. We refer to these warrants as the "2015 warrants." The 2015 warrants expired on March 31, 2016.

**2015 Option.** Pursuant to the 2015 merger agreement, we agreed to convert any outstanding option to acquire Navig8 Crude common stock into an option to acquire the number of shares of our common stock equal to the product obtained by multiplying (i) the number of shares of Navig8 Crude common stock subject to such stock option immediately prior to the consummation of the 2015 merger by (ii) 0.8947, at an exercise price per share equal to the quotient obtained by dividing (A) the per share exercise price specified in such stock option immediately prior to the 2015 merger by (B) 0.8947. Immediately prior to the consummation of the 2015 merger, there was one option to purchase 15,000 shares at \$13.50 per share issued to L. Spencer Wells. Mr. Wells served as BlueMountain's designee to the Navig8 Crude board of directors until the consummation of the 2015 merger. This option, which we referred to as the "2015 option" was converted into an option to purchase 13,420 of our common shares at an exercise price of \$15.088 per share. We also agreed to treat the 2015 option as exercisable through July 8, 2017. See above for more information regarding the relationship between BlueMountain and us.

**2015 Equity Purchase Agreement.** On February 24, 2015, we entered into an equity purchase agreement with Navig8 Crude, Avenue, BlackRock, BlueMountain, Monarch, Oaktree, Twin Haven and/or their respective affiliates. We refer to this agreement as the "2015 equity purchase agreement." In April 2015, certain other accredited investors, including Navig8 Limited, became parties to the 2015 equity purchase agreement through the execution of joinders thereto. We refer to both the original and subsequent signatories to the 2015 equity purchase agreement as the "2015 commitment parties." Under the 2015 equity purchase agreement, we had the option to sell an aggregate of up to \$125.0 million of shares of our common stock in up to three tranches to the 2015 commitment parties at a price of \$12.9 per share. We refer to the right we had to exercise our option and require that the parties purchase these shares as the "2015 purchase commitment." The 2015 purchase commitment terminated upon the consummation of our initial public

offering. See above for more information regarding the relationship between Avenue, BlueMountain, Monarch Oaktree, BlackRock, Twin Haven and us.

Pursuant to the terms of the 2015 equity purchase agreement, we issued 483,970 shares of our common stock to the 2015 commitment parties as a commitment premium upon the closing of the 2015 merger as consideration for their purchase commitments including 63,884, 79,491, 61,847, 49,775, 66,096, 27,737, and 21,164 shares to Oaktree, BlueMountain, Avenue, Monarch, BlackRock, Twin Haven and Navig8 Limited, respectively. We refer to the issuance of these shares as the “2015 commitment premium.”

In connection with the 2015 equity purchase agreement, we have agreed to indemnify, subject to certain exceptions, each 2015 commitment party and its affiliates from losses incurred by such 2015 commitment party or its affiliate or to which such 2015 commitment party or its affiliate may become subject that arise out of or in connection with the 2015 equity purchase agreement and the transactions contemplated therein.

**2015 Shareholders Agreement.** In connection with the consummation of the merger agreement we entered into a shareholders agreement with certain of our shareholders, including the 2015 commitment parties who hold at least 5% of our outstanding shares, including Aurora, Avenue, BlackRock, BlueMountain, Monarch and Oaktree. We refer to this agreement as the “2015 shareholders agreement.”

As of the date of this report, all of the members of our Board of Directors were originally elected pursuant to the terms of the 2015 shareholders agreement. See above for more information regarding the relationship between Avenue, BlueMountain, Monarch, Oaktree, BlackRock, Twin Haven and us.

**2015 Registration Rights Agreement.** In connection with the consummation of the 2015 merger, we entered into the Second Amended and Restated Registration Agreement, with certain of our shareholders, including Aurora, Avenue, BlackRock, BlueMountain, Monarch, Oaktree and Twin Haven. Navig8 Limited subsequently signed a joinder to this agreement. We refer to this agreement, as amended, as the “2015 registration rights agreement,” and to Aurora, Avenue, BlackRock, BlueMountain, Monarch, Navig8 Limited, Oaktree, and Twin Haven as the “2015 principal shareholders.” See above for more information regarding the relationship between Aurora, Avenue, BlackRock, BlueMountain, Monarch, Oaktree and Twin Haven and us.

The 2015 registration rights agreement provides that, any time following the consummation of an initial public offering by us and from time to time, the 2015 principal shareholders will be entitled to demand a certain number of long-form registrations and short-form registrations of all or part of their registrable securities. Demand registrations may be requested by the 2015 principal shareholders holding five million shares (as adjusted for any stock dividends, stock splits, combinations and reorganizations and similar events) of registrable securities. No registration statement is required to be filed within 180 days of the final prospectus used in an initial public offering.

We are not required to effectuate demands for any long-form or short-form registration unless the expected gross proceeds from the registration are \$60.0 million or more. We are not required to effectuate more than eight demand registrations in total and no more than two in any calendar year, and are not required to effectuate any demand registrations following the fifth anniversary of the 2015 registration rights agreement, although the 2015 principal shareholders may request an unlimited number of non-underwritten shelf takedowns. The 2015 registration rights agreement requires us to provide certain piggyback registration rights to certain holders of registrable securities. Under the 2015 registration rights agreement, each holder of registrable securities is required to agree to certain customary “lock-up” agreements in connection with underwritten public offerings.

**Support and Voting Agreements and Consents.** Concurrently with the execution of the 2015 merger agreement, and in order to facilitate the 2015 merger, the Company and Navig8 Crude entered into voting agreements with certain of Navig8 Crude’s shareholders, including Avenue, BlueMountain and Monarch, or certain of their respective affiliates, as well as certain of the Company’s shareholders, including Aurora, BlackRock, BlueMountain, Oaktree and Twin Haven, or certain of their respective affiliates, pursuant to which each shareholder agreed, among other things, to vote in favor of the 2015 merger at any applicable shareholder meeting. These voting agreements terminated upon the consummation of the 2015 merger.

In addition, in connection with the 2015 merger, certain of our shareholders, including Aurora, BlackRock, BlueMountain, Oaktree and Twin Haven provided various consents and waivers under the pre-merger shareholders agreement, the pre-merger registration rights agreement and various past subscription agreements for our common shares, to facilitate entry into, and consummation of the transactions contemplated by, the 2015 merger agreement. See above for more information regarding the relationship between Aurora, Avenue, BlackRock, BlueMountain, Monarch, Oaktree and Twin Haven and us.

***Related Party Transactions of Navig8 Crude Tankers, Inc.***

Navig8 Group consists of Navig8 Limited and all of its subsidiaries including, without limitation, Navig8 Shipmanagement Pte Ltd., Navig8 Asia Pte Ltd, VL8 Management Inc., Navig8 Inc., VL8 Pool Inc., V8 Pool Inc. and Integr8 Fuels, Inc. Nicolas Busch, a member of our Board, is a director and minority beneficial owner of Navig8 Limited. Based on information publicly filed with the SEC, Navig8 Limited owns greater than 4% of our outstanding common stock as of March 10, 2017. In connection with the 2015 merger, we acquired Navig8 Crude, which at the time of the merger was an affiliate of Navig8 Limited and was a party to 14 VLCC shipbuilding contracts.

During the year ended December 31, 2015, we transitioned the majority of our vessels to the Navig8 commercial crude tanker pools. As of December 31, 2016, we employed all of our VLCC, Suezmax and Aframax vessels in Navig8 Group commercial crude tanker pools, including the VL8 Pool, the Suez8 Pool and the V8 Pool. Our newbuilding and VLCC, Suezmax and Aframax owning subsidiaries have entered into pool agreements regarding the deployment of our vessels into the VL8 Pool, the Suez8 Pool and V8 Pool, respectively. VL8 Pool Inc. acts as the time charterer of the pool vessels in the VL8 Pool, and V8 Pool Inc. acts as the time charterer of the pool vessels in the Suez8 Pool and the V8 Pool, and in each case will enter the pool vessels into employment contracts such as voyage charters. VL8 Pool Inc. and V8 Pool Inc. allocate the revenue of VL8 Pool, Suez8 Pool and V8 Pool vessels, as applicable, between all the pool participants based on pool results and a pre-determined allocation method, as more fully described below. We refer to the VL8 Pool, the Suez8 Pool and the V8 Pool as the “Navig8 pools.”

***VL8 Pool Agreements.*** Pursuant to pool agreements our VLCC vessel and newbuilding owning subsidiaries have entered into with VL8 Pool Inc., a subsidiary of Navig8 Limited and the pool operator of the VL8 Pool, VL8 Pool Inc. divides the revenue of vessels operating in the VL8 Pool between all the pool participants. These pool agreements were originally entered into by the 14 newbuilding-owning subsidiaries we acquired in the 2015 merger. Since then, each of our VLCC newbuilding or vessel owning subsidiaries, including subsidiaries into which vessels are expected to be delivered, have entered into a pool agreement with VL8 Pool Inc. Revenues are shared according to a distribution key based on vessel characteristics allocated to each pool vessel with the aim of reflecting the relative earning potential of each pool vessel compared with other pool vessels. The VL8 Pool’s legal entity is VL8 Pool Inc. Commercial management for the VL8 Pool is carried out by VL8 Management Inc. In its role as the VL8 Pool pool operator, VL8 Pool Inc. acts as the time charterer of the vessels in the VL8 Pool and enters these vessels into employment contracts such as voyage charters. VL8 Pool Inc., as time charterer, is responsible for the commercial employment and operation of pool vessels for charters of up to seven months’ duration. These pool agreements contain various provisions which allow VL8 Pool Inc. to terminate the pool agreements upon the occurrence of certain events of default. The agreements also have a risk of mutualisation of liabilities amongst the pool participants under the pool arrangements.

Pursuant to these pool agreements, VL8 Pool Inc. enters into time charters with each of the pool participants and such time charters form part of the pool agreements. The hire payable under and term of each of the time charters is linked to the pool distribution amounts payable under and the participation period of a pool vessel under the pool agreements. Further, the time charters by and between VL8 Pool Inc. and our VLCC vessel and newbuilding owning subsidiaries contain provisions that may adversely affect or restrict our business, including the following: (a) we are subject to continuing seaworthiness and maintenance obligations; (b) VL8 Pool Inc. may put a pool vessel off hire or cancel a charter if the relevant vessel owning subsidiary fails to produce certain documentation within 30 days of demand; (c) VL8 Pool Inc. may put a pool vessel off hire for any delays caused by the vessel’s flag or the nationality of her crew; (d) VL8 Pool Inc. has extensive rights to place the vessel off hire and to terminate and redeliver the vessel without penalty in connection with any shortfall in oil majors’ approvals or SIRE discharge reports; (e) VL8 Pool Inc.



has the right to call for remedy of any breach of representation or warranty within 30 days failing which the vessel may be put off hire; and (f) after 10 days off hire the charter may then be terminated by the charterers. The pool agreements, together with the time charters, provide that each pool vessel shall remain in the VL8 Pool for a minimum period of one year from delivery of the vessel into the pool. Each of VL8 Pool Inc. and the vessel owning subsidiary is entitled to terminate the pool agreement and the time charter by giving ninety (90) days' notice in writing to the other (plus or minus 30 days at the option of VL8 Pool Inc.) at any time after the expiration of the initial nine month period such pool vessel is in the pool (which may be reduced at the discretion of VL8 Pool Inc. if there is a firm sale to a third party) but a pool vessel may not be withdrawn until it has fulfilled its contractual obligations to third parties. VL8 Pool Inc. incurs a commercial management fee equal to 1.25% of all hire revenues which is deducted from distribution to pool participants. Pursuant to the pool agreements, we are required to pay an administrative fee of \$325 per day per vessel.

These pool agreements contain provisions that may adversely affect or restrict our business, including the following: (a) if VL8 Pool Inc. suffers a loss in connection with the pool agreements, it may set off the amount of such loss against the distributions that were to be made to the relevant vessel-owning subsidiary or any working capital repayable pursuant to the agreement; (b) we are currently required to provide working capital of \$1.0 million to VL8 Pool Inc. upon delivery of the vessel into the pool, which is repayable on the vessel leaving the pool, as well as fund cash calls to be paid within 10 days of recommendation by the Pool Committee (consisting of representatives from VL8 Pool Inc. and each pool participant); (c) each pool vessel is obligated to remain on hire for 90 days after seizure by pirates but will thereafter be off hire until again available to VL8 Pool Inc.; and (d) VL8 Pool Inc. has the right to terminate the vessel's participation in the pool under a wide range of circumstances, including but not limited to (i) the pool vessel is off hire for more than 30 days in a six month period, (ii) the pool vessel is, in the reasonable opinion of VL8 Pool Inc., untradeable to a significant proportion of oil majors for any reason, (iii) insolvency of the relevant vessel-owning subsidiary, (iv) the relevant vessel-owning subsidiary is in breach of the agreement and VL8 Pool Inc., in its reasonable opinion, considers the breach to warrant a cancellation of the agreement or (v) if any relevant vessel-owning subsidiary or an affiliate becomes a sanctioned person.

See *Note 16, VESSEL POOL ARRANGEMENTS*, to the consolidated financial statements in Item 8 for more information regarding net pool distributions and other payments in respect of the VL8 pool.

**Suez8 Pool Agreements.** Pursuant to pool agreements entered into by and between V8 Pool Inc., a subsidiary of Navig8 Limited, and the ship-owning subsidiaries of our Suezmax vessels, V8 Pool Inc. divides the revenue of vessels operating in the Suez8 Pool between all the pool participants. Revenues are shared according to a distribution key based on vessel characteristics allocated to each pool vessel with the aim of reflecting the relative earning potential of each pool vessel compared with other pool vessels. The Suez8 Pool's legal entity is V8 Pool Inc., and the commercial management is carried out by Navig8 Asia Pte. Ltd. In its role as the Suez8 Pool pool operator, V8 Pool Inc. acts as the time charterer of the vessels in the Suez8 Pool and enters these vessels into employment contracts such as voyage charters. V8 Pool Inc., as time charterer, is responsible for the commercial employment and operation of pool vessels for charters of up to seven months' duration. These pool agreements contain various provisions which allow V8 Pool Inc. to terminate the pool agreements upon the occurrence of certain events of default. The agreements also have a risk of mutualisation of liabilities amongst the pool participants under the pool arrangements.

Pursuant to these pool agreements, V8 Pool Inc. enters into time charters with each of the pool participants and such time charters form part of the pool agreements. The hire payable under and term of each of the time charters is linked to the pool distribution amounts payable under and the participation period of a pool vessel under the pool agreements. Further, the time charters by and between V8 Pool Inc. and our Suezmax vessel-owning subsidiaries contain provisions that may adversely affect or restrict our business, including the following: (a) we are subject to continuing seaworthiness and maintenance obligations; (b) V8 Pool Inc. may put a pool vessel off hire or cancel a charter if the relevant vessel owning subsidiary fails to produce certain documentation within 30 days of demand; (c) V8 Pool Inc. may put a pool vessel off hire for any delays caused by the vessel's flag or the nationality of her crew; (d) V8 Pool Inc. has extensive rights to place the vessel off hire and to terminate and redeliver the vessel without penalty in connection with any shortfall in oil majors' approvals or SIRE discharge reports; and (e) V8 Pool Inc. has the right to call for remedy of any breach of representation or warranty within 30 days failing which the vessel may be put off hire and after 10 days off hire, the charter may then be terminated by the charterers. The pool agreements, together with the time charters, provide that each pool vessel shall remain in the Suez8 Pool for a minimum period of one year from delivery of

the vessel into the pool. Each of V8 Pool Inc. and the vessel owning subsidiary is entitled to terminate the pool agreement and the time charter by giving 90 days' notice in writing to the other (plus or minus 30 days at the option of V8 Pool Inc.) at any time after the expiration of the initial nine month period such pool vessel is in the pool (which may be reduced at the discretion of V8 Pool Inc. if there is a firm sale to a third party or if otherwise agreed to with V8 Pool Inc.) but a pool vessel may not be withdrawn until it has fulfilled its contractual obligations to third parties. V8 Pool Inc. incurs a commercial management fee equal to 1.25% of all hire revenues which is deducted from distribution to pool participants. Pursuant to the pool agreements, we are required to pay an administrative fee of \$325 per day per vessel.

These pool agreements contain provisions that may adversely affect or restrict our business, including the following: (a) if V8 Pool Inc. suffers a loss in connection with the pool agreements, it may set off the amount of such loss against the distributions that were to be made to the relevant vessel-owning subsidiary or any working capital repayable pursuant to the agreement; (b) we would be required to provide working capital of \$0.9 million to V8 Pool Inc. upon delivery of the vessel into the pool, which is repayable on the vessel leaving the pool, as well as fund cash calls to be paid within 10 days of recommendation by the Pool Committee (consisting of representatives from V8 Pool Inc. and each pool participant); (c) each pool vessel is obligated to remain on hire for 90 days after seizure by pirates but will thereafter be off hire until again available to V8 Pool Inc.; and (d) V8 Pool Inc. has the right to terminate the vessel's participation in the pool under a wide range of circumstances, including but not limited to (i) the pool vessel is off hire for more than 30 days in a six month period, (ii) the pool vessel is, in the reasonable opinion of V8 Pool Inc., untradeable to a significant proportion of oil majors for any reason, (iii) insolvency of the relevant vessel-owning subsidiary, (iv) the relevant vessel-owning subsidiary is in breach of the agreement and V8 Pool Inc., in its reasonable opinion, considers the breach to warrant a cancellation of the agreement or (v) if any relevant vessel-owning subsidiary or an affiliate becomes a sanctioned person.

See *Note 16, VESSEL POOL ARRANGEMENTS*, to the consolidated financial statements in Item 8 for more information regarding net pool distributions and other payments in respect of the Suez8 pool.

**V8 Pool Agreements.** Pursuant to pool agreements entered into by and between V8 Pool Inc. and the ship-owning subsidiaries of our Aframax vessels, V8 Pool Inc. divides the revenue of vessels operating in the V8 Pool between all the pool participants. Revenues are intended to be shared according to a distribution key based on vessel characteristics allocated to each pool vessel with the aim of reflecting the relative earning potential of each pool vessel compared with other pool vessels. The V8 Pool's legal entity is V8 Pool Inc., and the commercial management is carried out by Navig8 Asia Pte. Ltd. V8 Pool Inc. acts as the time charterer of the pool vessels and enters the pool vessels into employment contracts such as voyage charters. In its role as the VL8 Pool pool operator, V8 Pool Inc. acts as the time charterer of the vessels in the V8 Pool and enters these vessels into employment contracts such as voyage charters. V8 Pool Inc., as time charterer, is responsible for the commercial employment and operation of pool vessels for charters of up to seven months' duration. These pool agreements contain various provisions which allow V8 Pool Inc. to terminate the pool agreements upon the occurrence of certain events of default. The agreements also have a risk of mutualisation of liabilities amongst the pool participants under the pool arrangements.

Pursuant to these pool agreements, V8 Pool Inc. enters into time charters with each of the pool participants and such time charters form part of the pool agreements. The hire payable under and term of each of the time charters is linked to the pool distribution amounts payable under and the participation period of a pool vessel under the pool agreements. Further, the time charters by and between V8 Pool Inc. and our Aframax vessel-owning subsidiaries contain provisions that may adversely affect or restrict our business, including the following: (a) the relevant vessel-owning subsidiary is subject to continuing seaworthiness and maintenance obligations; (b) V8 Pool Inc. may put a pool vessel off hire or cancel a charter if the relevant vessel owning subsidiary fails to produce certain documentation within 30 days of demand; (c) V8 Pool Inc. may put a pool vessel off hire for any delays caused by the vessel's flag or the nationality of her crew; (d) V8 Pool Inc. has extensive rights to place the vessel off hire and to terminate and redeliver the vessel without penalty in connection with any shortfall in oil majors' approvals or SIRE discharge reports; and (e) V8 Pool Inc. has the right to call for remedy of any breach of representation or warranty within 30 days failing which the vessel may be put off hire and after 10 days off hire, the charter may then be terminated by the charterers. The pool agreements, together with the time charters, provide that each pool vessel shall remain in the V8 Pool for a minimum period of one year from delivery of the vessel into the pool. Each of V8 Pool Inc. and the vessel owning subsidiary is entitled to terminate the pool agreement and the time charter by giving 90 days' notice in writing to the other (plus or minus 30 days at the option of V8 Pool Inc.) at any time after the expiration of an initial nine month period such pool vessel is

in the pool (which may be reduced at the discretion of V8 Pool Inc. if there is a firm sale to a third party) but a pool vessel may not be withdrawn until it has fulfilled its contractual obligations to third parties. V8 Pool Inc. incurs a commercial management fee equal to 2.0% of all hire revenues which is deducted from distribution to pool participants. Pursuant to the pool agreements, we are required to pay an administrative fee of \$250 per day per vessel.

These pool agreements contain provisions that may adversely affect or restrict our business, including the following: (a) if V8 Pool Inc. suffers a loss in connection with the pool agreements, it may set off the amount of such loss against the distributions that were to be made to the relevant vessel-owning subsidiary or any working capital repayable pursuant to the agreement; (b) we would be required to provide working capital of \$0.7 million to V8 Pool Inc. upon delivery of the vessel into the pool, which is repayable on the vessel leaving the pool, as well as fund cash calls to be paid within 10 days of recommendation by the Pool Committee (consisting of representatives from V8 Pool Inc. and each pool participant); (c) each pool vessel is obligated to remain on hire for 90 days after seizure by pirates but will thereafter be off hire until again available to V8 Pool Inc.; and (d) V8 Pool Inc. has the right to terminate the vessel's participation in the pool under a wide range of circumstances, including but not limited to (i) the pool vessel is off hire for more than 30 days in a six month period, (ii) the pool vessel is, in the reasonable opinion of V8 Pool Inc., untradeable to a significant proportion of oil majors for any reason, (iii) insolvency of the relevant vessel-owning subsidiary, (iv) the relevant vessel-owning subsidiary is in breach of the agreement and V8 Pool Inc., in its reasonable opinion, considers the breach to warrant a cancellation of the agreement or (v) if any relevant vessel-owning subsidiary or an affiliate becomes a sanctioned person.

See *Note 16, VESSEL POOL ARRANGEMENTS*, to the consolidated financial statements in Item 8 for more information regarding net pool distributions and other payments in respect of the V8 pool.

**Navig8 Supervision Agreements.** Gener8 Subsidiary has entered into supervision agreements with Navig8 Shipmanagement Pte Ltd., or "Navig8 Shipmanagement," a subsidiary of Navig8 Limited, with regards to the 2015 acquired VLCC newbuildings whereby Navig8 Shipmanagement agreed to provide advice and supervision services for the construction of the newbuilding vessels. These services also include project management, plan approval, supervising construction, fabrication and commissioning and vessel delivery services. In accordance with the supervision agreements, Gener8 Subsidiary has agreed to pay Navig8 Shipmanagement a total fee of \$0.5 million per vessel for each 2015 acquired VLCC newbuilding. The agreements do not contain the ability to terminate early and, as such, the agreements would be effective until full performance or a termination by default. Under the supervision agreements, the liability of Navig8 Shipmanagement is limited to acts of negligence, gross negligence or willful misconduct and is subject to a cap of \$0.3 million per vessel, which is less than the fee payable per vessel. The supervision agreements also contain an indemnity in favor of Navig8 Shipmanagement and its employees and agents.

**Corporate Administration Agreement.** Gener8 Subsidiary is party to a corporate administration agreement with Navig8 Asia, whereby Navig8 Asia agreed to provide certain administrative services for Gener8 Subsidiary. In accordance with the corporate administration agreement, Gener8 Subsidiary agreed to pay Navig8 Asia a fee of \$250 per vessel or newbuilding owned by Gener8 Subsidiary per day. The corporate administration agreement terminates when all 14 vessels relating to the 2015 acquired VLCC newbuildings have been disposed of by Gener8 Subsidiary.

**Technical Management Agreements.** Pursuant to technical management agreements by and between Navig8 Shipmanagement and Gener8 Subsidiary's 14 newbuilding-owning subsidiaries, Navig8 Shipmanagement has agreed to provide technical management services for these vessels, once delivered, including but not limited to arranging for and managing crews, vessel maintenance, provision of supplies, spares, victuals and lubricating oils, dry-docking, repairs, insurance, maintaining regulatory and classification society compliance, and providing technical support. In accordance with the technical management agreements, Gener8 Subsidiary's vessel-owning subsidiaries will pay Navig8 Shipmanagement an annual fee of \$0.2 million (payable at a daily rate of \$500.00 per day), per vessel. The technical management agreements are generally consistent with industry standard and include a liability cap for Navig8 Shipmanagement of ten times the annual management fee. However, for the 2015 acquired VLCC newbuildings that has been delivered to us, we have entered into agreements with third-party technical managers, and we currently do not intend to utilize the technical management agreements with Navig8 Shipmanagement upon delivery of the remaining 2015 acquired VLCC newbuildings. The agreements with Navig8 Shipmanagement may be terminated upon two months' written notice.

**Project Structuring Agreement.** Gener8 Subsidiary is party to a project structuring agreement with Navig8 Limited, whereby Navig8 Limited has agreed to provide certain project structuring services to Gener8 Subsidiary in connection with the purchase of vessels. In accordance with the project structuring agreement, Gener8 Subsidiary is required to pay Navig8 Limited a fee of 1% of the agreed yard base price of any vessel which Gener8 Subsidiary or its subsidiaries contract to build and purchase, such fee to be paid by the issuance of ordinary shares in Gener8 Subsidiary.

**Nave Quasar Time Charter.** On January 15, 2014, Navig8 Crude, (renamed Gener8 Subsidiary) entered into a time charter party with Navig8 Inc., or “N8I,” a subsidiary of Navig8 Limited, relating to the *Nave Quasar* for a charter period of twelve or twenty-four months. In March 2016, this time charter expired and we re-delivered the *Nave Quasar* to the owner.

#### **Other Related Party Transactions**

During the years ended December 31, 2016, 2015 and 2014, we incurred office expenses totaling approximately \$7 thousand, \$7 thousand and \$11 thousand, respectively, on behalf of Peter C. Georgiopoulos, the Chairman of our Board and Chief Executive Officer. As of December 31, 2016 and 2015, a balance due from Mr. Georgiopoulos of approximately \$4 thousand and \$7 thousand, respectively, remains outstanding.

We incurred fees for legal services aggregating \$0.1 million during the year ended December 2014, due to the father of Mr. Georgiopoulos. As of December 31, 2016 and 2015, there was no balance due to the father of Mr. Georgiopoulos.

We incurred certain business, travel, and entertainment costs totaling \$0.1 million, during each of the years ended December 31, 2016, 2015 and 2014, on behalf of Genco Shipping & Trading Limited (“Genco”), an owner and operator of dry bulk vessels. During such periods, Mr. Georgiopoulos was chairman of Genco’s board of directors. As of December 31, 2016 and 2015, a balance due from Genco of \$0 and \$8 thousand, respectively, remains outstanding. On October 13, 2016, Mr. Georgiopoulos resigned as chairman of the board of directors and a director of Genco.

During the year ended December 31, 2014, Genco made available certain of its employees who performed internal audit services for us for which we were invoiced \$84 thousand based on actual time spent by the employees. No such services were provided during the years ended December 31, 2016 and 2015. As of December 31, 2016 and 2015, no balance remains outstanding.

Aegean Marine Petroleum Network, Inc. (“Aegean”) supplied bunkers and lubricating oils to our vessels aggregating \$5.2 million, \$8.2 million and \$17.1 million, during the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016 and 2015, a balance of \$1.0 million and \$0.8 million, respectively, remains outstanding. Mr. Georgiopoulos is the chairman of Aegean’s board of directors, and John Tavlarios, our Chief Operating Officer is on the board of directors of Aegean. As of December 31, 2016 and 2015, no balance was outstanding. In addition, we provided office space to Aegean and Aegean incurred rent and other expenses in its New York office during each of the years ended December 31, 2016, 2015 and 2014, for \$0.2 million. As of December 31, 2016 and 2015, a balance of \$0 and \$4 thousand, respectively, was outstanding.

We provided office space to Chemical Transportation Group, Inc. (“Chemical”), an owner and operator of chemical vessels for \$72 thousand, \$60 thousand and \$45 thousand, respectively, during the years ended December 31, 2016, 2015 and 2014, respectively. Mr. Georgiopoulos is chairman of Chemical’s board of directors. As of December 31, 2016 and 2015, \$0.1 thousand and \$0 remained outstanding, respectively.

During 2013, we assigned certain payments associated with bunker supply contracts with third-party vendors amounting to \$20,364 to Oaktree Principal Bunker Holdings Ltd., which is managed by Oaktree Capital Management, L.P. One of the members of our Board is employed by Oaktree Capital Management, L.P. Prior to the consummation of the 2015 merger on May 7, 2015, three members of the Board were associated with or employed by Oaktree Capital Management, L.P. The fees incurred to Oaktree Principal Bunker Holdings Ltd. for this assignment amounted to \$0, \$1.0 million and \$3.4 million, for the years ended December 31, 2016, 2015 and 2014, respectively, and this amount is included in Voyage expenses on the consolidated statement of operations. As of December 31, 2016 and 2015, there was no balance due to Oaktree Principal Bunker Holdings Ltd.

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We purchased bunkers from Integr8 Fuels Inc., a subsidiary of Navig8 Limited, amounting to \$0, \$6.5 million and \$8.6 million, for the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016 and December 31, 2015, there was no balance due to Integr8 Fuels Inc.

Amounts due from the related parties described above as of December 31, 2016 and 2015 are included in Prepaid expenses and other current assets on the consolidated balance sheets (except as otherwise indicated above); amounts due to the related parties described above as of December 31, 2016 and 2015 are included in Accounts payable and accrued expenses on the consolidated balance sheets (except as otherwise indicated above).

### ***Board Designees***

In connection with our emergence from bankruptcy in May 2012 Oaktree designated five persons to our board of directors. In February 2013, in connection with BlueMountain's investment in us in December 2012, BlueMountain designated an additional director. In January 2014, Aurora, and Twin Haven each designated an additional director and in March 2014, BlackRock designated a ninth director, in each case, in connection with such entities' respective investments in us in December 2013. These directors were each designated pursuant to Board designation rights provided in agreements in effect prior to the consummation of the 2015 merger. Upon the consummation of the 2015 merger on May 7, 2015, the pre-merger shareholders agreement was terminated and replaced by the 2015 shareholders agreement described above under "*—2015 Merger Related Transactions—2015 Shareholders Agreement*" pursuant to which a seven member board was elected. Under the 2015 shareholders agreement, each of Aurora, Avenue, BlueMountain, Monarch and Oaktree were given the right to designate a director to the Board. Messrs. Georgiopoulos and Busch were also appointed to the Board pursuant to the 2015 shareholders agreement. The shareholders party to the 2015 shareholders agreement were obligated to vote their shares to support the election of these designees. The 2015 shareholders agreement terminated upon consummation of our initial public offering.

### ***Effects of Inflation***

We do not consider inflation to be a significant risk to the cost of doing business in the current or foreseeable future. Inflation has a moderate impact on operating expenses, drydocking expenses and corporate overhead.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **INTEREST RATE RISK**

We are exposed to various market risks, including changes in interest rates. The exposure to interest rate risk relates primarily to our debt. At December 31, 2016 and 2015, we had \$1.6 billion and \$1.0 billion, respectively, of floating rate debt with a margin over LIBOR from 1.5% to 3.75%. As of December 31, 2015, we were not party to any interest rate swaps.

During the year ended December 31, 2016, we entered into six interest rate swap transactions that effectively fix the interest rates on an initial aggregate amount of approximately \$1.4 billion as of December 31, 2016, and a maximum aggregate amount of approximately \$1.5 billion (based on future draws under the Korean Export Credit Facility), of our outstanding variable rate debt to fixed rates ranging from 2.797% to 4.758%. These interest rate swap transactions have effective dates ranging from May 31, 2016 to June 30, 2016. A 100 basis point (one percent) increase in LIBOR would have increased interest expense on \$345.9 million of our outstanding floating rate indebtedness as of December 31, 2016 that is not hedged by approximately \$3.5 million during the year ended December 31, 2016.

Our anticipated draws under the Korean Export Credit Facility are expected to increase our exposure to variable rate debt. This increase in exposure is expected to be partially offset by the interest rate swap transactions we entered into in 2016.

We may from time to time enter into additional interest rate swaps, caps or similar agreements for all or a significant portion of our remaining floating rate debt, including the refinancing facility, the Korean Export Credit Facility and the Amended Sinosure Credit Facility. Increased interest rates may increase the risk that the counterparties

to our existing and future swap agreements will default on their obligations, which could further increase our exposure to interest rate fluctuations. Conversely, if interest rates are lower than our swapped fixed rates, we will be required to pay more for our debt than we would had we not entered into the swap agreements.

#### **COMMODITY RISK**

Fuel costs represent the largest component of our voyage expenses. An increase in the price of fuel may adversely affect our profitability if these increases cannot be passed onto customers. The price and supply of fuel is unpredictable and fluctuates as a result of events outside our control, including geo-political developments, supply and demand for oil and gas, actions by members of OPEC and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. We do not currently hedge our fuel costs; thus an increase in the price of fuel may adversely affect our profitability and cash flows.

During the year ended December 31, 2016, fuel costs amounted to approximately 52.1% of our voyage expenses. The potential additional expenses from a 10% increase in fuel price would have been approximately \$0.6 million for the year ended December 31, 2016.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**GENER8 MARITIME, INC.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidated Financial Statements for the Years Ended December 31, 2016, 2015 and 2014**

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| <a href="#">Consolidated Balance Sheets</a>                             | F-3 |
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of

Gener8 Maritime, Inc.

New York, New York

We have audited the accompanying consolidated balance sheets of Gener8 Maritime, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Gener8 Maritime, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

New York, New York  
March 13, 2017



**Item 8. FINANCIAL STATEMENTS**

**GENER8 MARITIME, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS AS OF  
DECEMBER 31, 2016 AND DECEMBER 31, 2015  
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)**

|   | December 31,<br>2016       | December 31,<br>2015       |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>   |                            |                            |
| <b>CURRENT ASSETS:</b>  |                            |                            |
| Cash and cash equivalents   | \$ 94,681                  | \$ 157,535                 |
| Due from charterers, net  | 2,048                      | 13,611                     |
| Due from Navig8 pools, net  | 60,750                     | 38,086                     |
| Assets held for sale  | 30,195                     | 16,999                     |
| Prepaid expenses and other current assets   | 27,611                     | 31,897                     |
| Total current assets  | <u>215,285</u>             | <u>258,128</u>             |
| <b>NONCURRENT ASSETS:</b>   |                            |                            |
| Vessels, net of accumulated depreciation of \$197,521 and \$147,129, respectively   | 2,523,710                  | 1,086,877                  |
| Vessels under construction  | 177,133                    | 911,017                    |
| Other fixed assets, net   | 4,430                      | 4,664                      |
| Deferred drydock costs, net   | 12,714                     | 17,875                     |
| Working capital at Navig8 pools   | 33,100                     | 26,000                     |
| Restricted cash   | 1,457                      | 1,425                      |
| Goodwill  | —                          | 26,291                     |
| Derivative financial instruments  | 19,585                     | —                          |
| Other noncurrent assets   | 5,255                      | 57,469                     |
| Total noncurrent assets   | <u>2,777,384</u>           | <u>2,131,618</u>           |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 2,992,669</u></b> | <b><u>\$ 2,389,746</u></b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                            |                            |
| <b>CURRENT LIABILITIES:</b>   |                            |                            |
| Accounts payable and accrued expenses   | \$ 33,991                  | \$ 133,248                 |
| Long-term debt, current portion   | 181,023                    | 135,367                    |
| Derivative financial instruments  | 1,552                      | —                          |
| Total current liabilities   | <u>216,566</u>             | <u>268,615</u>             |
| <b>NONCURRENT LIABILITIES:</b>  |                            |                            |
| Long-term debt  | 1,400,928                  | 821,687                    |
| Less unamortized discount and debt financing costs  | <u>(63,146)</u>            | <u>(48,964)</u>            |
| Long-term debt less unamortized discount and debt financing costs   | 1,337,782                  | 772,723                    |
| Other noncurrent liabilities  | 910                        | 647                        |
| Total noncurrent liabilities  | <u>1,338,692</u>           | <u>773,370</u>             |
| <b>TOTAL LIABILITIES</b>  | <b><u>1,555,258</u></b>    | <b><u>1,041,985</u></b>    |
| <b>COMMITMENTS AND CONTINGENCIES</b>  |                            |                            |
| <b>SHAREHOLDERS' EQUITY:</b>  |                            |                            |
| Common stock, \$0.01 par value per share; authorized 225,000,000 shares; issued and outstanding 82,960,194 shares at December 31, 2016 and 82,679,922 shares at December 31, 2015 | 830                        | 827                        |
| Preferred stock, \$0.01 par value per share; authorized 5,000,000 shares; issued and outstanding 0 shares at December 31, 2016 and 2015   | —                          | —                          |
| Paid-in capital   | 1,515,362                  | 1,509,688                  |
| Accumulated deficit   | (96,115)                   | (163,421)                  |
| Accumulated other comprehensive income / (loss)   | 17,334                     | 667                        |
| Total shareholders' equity  | <u>1,437,411</u>           | <u>1,347,761</u>           |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b><u>\$ 2,992,669</u></b> | <b><u>\$ 2,389,746</u></b> |

See notes to consolidated financial statements.

**GENER8 MARITIME, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)**

|   | For the Years<br>Ended December 31, |                   |                    |
|---|-------------------------------------|-------------------|--------------------|
|   | 2016                                | 2015              | 2014               |
| <b>VOYAGE REVENUES:</b>                     |                                     |                   |                    |
| Navig8 pool revenues                        | \$ 368,889                          | \$ 149,642        | \$ —               |
| Time charter revenues                       | 9,278                               | 28,707            | 10,894             |
| Spot charter revenues                       | 26,455                              | 251,584           | 381,515            |
| Total voyage revenues                       | <u>404,622</u>                      | <u>429,933</u>    | <u>392,409</u>     |
| <b>OPERATING EXPENSES:</b>                  |                                     |                   |                    |
| Voyage expenses                             | 12,490                              | 95,306            | 239,906            |
| Direct vessel operating expenses            | 107,308                             | 85,521            | 84,209             |
| Navig8 charterhire expenses                 | 3,059                               | 11,324            | —                  |
| General and administrative                  | 27,844                              | 36,379            | 22,418             |
| Depreciation and amortization               | 87,191                              | 47,572            | 46,118             |
| Goodwill impairment                         | 23,297                              | —                 | 2,099              |
| Loss on impairment of vessels held for sale | —                                   | 520               | —                  |
| Goodwill write-off for sales of vessels     | 2,994                               | —                 | 1,249              |
| Loss on disposal of vessels, net            | 24,169                              | 805               | 8,729              |
| Closing of Portugal office                  | —                                   | 507               | 5,123              |
| Total operating expenses                    | <u>288,352</u>                      | <u>277,934</u>    | <u>409,851</u>     |
| <b>OPERATING INCOME / (LOSS)</b>            | 116,270                             | 151,999           | (17,442)           |
| <b>OTHER EXPENSES:</b>                      |                                     |                   |                    |
| Interest expense, net                       | (49,627)                            | (15,982)          | (29,849)           |
| Other financing costs                       | (7)                                 | (6,044)           | —                  |
| Other income (expense), net                 | 670                                 | (404)             | 207                |
| Total other expenses                        | <u>(48,964)</u>                     | <u>(22,430)</u>   | <u>(29,642)</u>    |
| <b>NET INCOME / (LOSS)</b>                  | <u>\$ 67,306</u>                    | <u>\$ 129,569</u> | <u>\$ (47,084)</u> |
| <b>INCOME / (LOSS) PER COMMON SHARE:</b>    |                                     |                   |                    |
| Basic                                       | <u>\$ 0.81</u>                      | <u>\$ 2.06</u>    | <u>\$ (1.54)</u>   |
| Diluted                                     | <u>\$ 0.81</u>                      | <u>\$ 2.05</u>    | <u>\$ (1.54)</u>   |

See notes to consolidated financial statements.

**GENER8 MARITIME, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(DOLLARS IN THOUSANDS)**

|  | For the Years<br>Ended December 31, |                   |                    |
|--|-------------------------------------|-------------------|--------------------|
|  | 2016                                | 2015              | 2014               |
| Net income / (loss)  | \$ 67,306                           | \$ 129,569        | \$ (47,084)        |
| Other comprehensive (loss) / income:                               |                                     |                   |                    |
| Amount recognized in other comprehensive loss on derivative        | 14,642                              | —                 | —                  |
| Amount recognized in net income / (loss) on derivative             | 2,692                               | —                 | —                  |
| Gain on liquidation of foreign subsidiaries included in net income | (730)                               | —                 | —                  |
| Foreign currency translation adjustments                           | 63                                  | 338               | 190                |
| Comprehensive income / (loss)                                      | <u>\$ 83,973</u>                    | <u>\$ 129,907</u> | <u>\$ (46,894)</u> |

See notes to consolidated financial statements.

**GENER8 MARITIME, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(DOLLARS IN THOUSANDS)**

|  | Common<br>Stock | Paid-In<br>Capital  | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income / (Loss) | Total<br>Shareholders'<br>Equity |
|--|-----------------|---------------------|------------------------|--|----------------------------------|
| Balance as of January 1, 2014  | \$ 226          | \$ 611,231          | \$ (245,906)           | \$ 139   | \$ 365,690                       |
| Net loss   | —               | —                   | (47,084)               | —  | (47,084)                         |
| Foreign currency translation adjustments   | —               | —                   | —                      | 190  | 190                              |
| Issuance of 10,688,828 shares of Class B common stock                                    | 107             | 197,031             | —                      | —  | 197,138                          |
| Amortization of stock based compensation   | —               | 1,215               | —                      | —  | 1,215                            |
| Balance as of December 31, 2014  | <u>\$ 333</u>   | <u>\$ 809,477</u>   | <u>\$ (292,990)</u>    | <u>\$ 329</u>  | <u>\$ 517,149</u>                |
| Net income   | —               | —                   | 129,569                | —  | 129,569                          |
| Foreign currency translation adjustments   | —               | —                   | —                      | 338  | 338                              |
| Issuance of 31,465,989 shares of common stock to acquire 2015 Acquired VLCC Newbuildings | 314             | 464,282             | —                      | —  | 464,596                          |
| Issuance of 483,970 shares of common stock for share purchase commitment                 | 5               | 6,035               | —                      | —  | 6,040                            |
| Issuance of 15,000,000 shares of common stock for initial public offering, net of fees   | 150             | 189,657             | —                      | —  | 189,807                          |
| Issuance of 574,546 shares of common stock for vested 2015 restricted stock units        | 6               | (6)                 | —                      | —  | —                                |
| Issuance of 1,882,223 shares of common stock for exercise of over-allotment option       | 19              | 24,619              | —                      | —  | 24,638                           |
| Stock based compensation   | —               | 12,243              | —                      | —  | 12,243                           |
| Issuance of 2015 warrants  | —               | 3,381               | —                      | —  | 3,381                            |
| Balance as of December 31, 2015  | <u>\$ 827</u>   | <u>\$ 1,509,688</u> | <u>\$ (163,421)</u>    | <u>\$ 667</u>  | <u>\$ 1,347,761</u>              |
| Net income   | —               | —                   | 67,306                 | —  | 67,306                           |
| Issuance of common stock   | —               | 26                  | —                      | —  | 26                               |
| Issuance of 278,483 shares of common stock for vested 2016 restricted stock units        | 3               | (3)                 | —                      | —  | —                                |
| Amount recognized in other comprehensive income / (loss) on derivative                   | —               | —                   | —                      | 14,642   | 14,642                           |
| Amount recognized in net income / (loss) on derivative                                   | —               | —                   | —                      | 2,692  | 2,692                            |
| Gain on liquidation of foreign subsidiaries included in net income                       | —               | —                   | —                      | (730)  | (730)                            |
| Foreign currency translation adjustments   | —               | —                   | —                      | 63   | 63                               |
| Stock-based compensation   | —               | 5,651               | —                      | —  | 5,651                            |
| Balance as of December 31, 2016  | <u>\$ 830</u>   | <u>\$ 1,515,362</u> | <u>\$ (96,115)</u>     | <u>\$ 17,334</u>   | <u>\$ 1,437,411</u>              |

See notes to consolidated financial statements.

**GENER8 MARITIME, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014**  
**(DOLLARS IN THOUSANDS)**

|   | For the Years<br>Ended December 31, |                   |                   |
|---|-------------------------------------|-------------------|-------------------|
|   | 2016                                | 2015              | 2014              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                                     |                   |                   |
| Net income / (loss)   | \$ 67,306                           | \$ 129,569        | \$ (47,084)       |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                     |                   |                   |
| Loss on disposal of vessels, net  | 24,169                              | 805               | 8,729             |
| Goodwill impairment   | 23,297                              | —                 | 2,099             |
| Goodwill write-off for sales of vessels   | 2,994                               | —                 | 1,249             |
| Loss on impairment of vessels held for sale   | —                                   | 520               | —                 |
| Payment-in-kind interest expense  | 17,776                              | 5,220             | 7,354             |
| Depreciation and amortization   | 87,191                              | 47,572            | 46,118            |
| Amortization of fair value of related-party chartered-in vessel                             | 427                                 | 2,610             | —                 |
| Amortization of deferred financing costs and senior notes                                   | 11,792                              | 3,294             | 737               |
| Write-off of commitment premium shares  | —                                   | 6,040             | —                 |
| Net unrealized gain on derivative financial instrument                                      | (699)                               | —                 | —                 |
| Stock-based compensation expense  | 5,651                               | 12,243            | 1,215             |
| Provision for bad debts   | (3,814)                             | 3,764             | 1,990             |
| Changes in assets and liabilities:  |                                     |                   |                   |
| Decrease (increase) in due from charterers  | 15,377                              | 32,633            | (6,388)           |
| Increase in due from Navig8 pools   | (22,664)                            | (36,209)          | —                 |
| Decrease in prepaid expenses and other current and noncurrent assets                        | 53,094                              | 18,880            | 10,960            |
| Increase in working capital at Navig8 pools   | (7,100)                             | (26,000)          | —                 |
| Decrease in accounts payable and other current and noncurrent liabilities                   | (5,779)                             | (35,731)          | (25,989)          |
| Deferred drydock costs incurred   | (10,086)                            | (9,321)           | (12,787)          |
| Net cash provided by (used in) operating activities   | <u>258,932</u>                      | <u>155,889</u>    | <u>(11,797)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                     |                   |                   |
| Payments for vessels under construction   | (963,675)                           | (389,958)         | (248,623)         |
| Payment of professional fees for 2015 merger  | —                                   | (10,295)          | —                 |
| Payment of capitalized interest   | (16,881)                            | (20,016)          | (6,629)           |
| Proceeds from sale of vessels   | 86,897                              | —                 | 22,703            |
| Cash at Navig8 Crude upon merger  | —                                   | 28,876            | —                 |
| Deposit of cash merger consideration  | —                                   | (1,187)           | —                 |
| Restricted cash   | —                                   | (765)             | —                 |
| Purchase of vessel improvements and other fixed assets                                      | (9,300)                             | (5,513)           | (5,470)           |
| Net cash used in investing activities   | <u>(902,959)</u>                    | <u>(398,858)</u>  | <u>(238,019)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                                     |                   |                   |
| Borrowings under credit facilities and senior notes   | 794,175                             | 829,892           | 125,020           |
| Repayments of credit facilities   | (187,054)                           | (746,747)         | (21,371)          |
| Proceeds from issuance of common stock  | 26                                  | 236,351           | 197,743           |
| Payment of underwriters' commission   | —                                   | (15,363)          | —                 |
| Payment of common stock issuance costs  | —                                   | (6,543)           | (1,621)           |
| Deferred financing costs paid   | (25,974)                            | (44,727)          | (354)             |
| Net cash provided by financing activities   | <u>581,173</u>                      | <u>252,863</u>    | <u>299,417</u>    |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS                                | —                                   | 338               | (5)               |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS  | (62,854)                            | 10,232            | 49,596            |
| CASH AND CASH EQUIVALENTS, beginning of period  | 157,535                             | 147,303           | 97,707            |
| CASH AND CASH EQUIVALENTS, end of period  | <u>\$ 94,681</u>                    | <u>\$ 157,535</u> | <u>\$ 147,303</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION -</b>                                   |                                     |                   |                   |
| Cash paid during the period for interest, net of capitalized interest                       | <u>\$ 30,418</u>                    | <u>\$ 9,240</u>   | <u>\$ 22,157</u>  |

See notes to consolidated financial statements.

**GENER8 MARITIME, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(DOLLARS IN THOUSANDS, UNLESS OTHERWISE INDICATED, EXCEPT PER SHARE, PER DAY AND PER TON DATA)**

**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*NATURE OF BUSINESS*—Incorporated on August 1, 2008, under the Laws of Republic of the Marshall Islands, Gener8 Maritime, Inc. (formerly named General Maritime Corporation) and its wholly-owned subsidiaries (collectively, the “Company,” “We” or “Our”) provides international transportation services of seaborne crude oil and petroleum products. The Company’s owned fleet at December 31, 2016 consisted of 42 tankers, 23 Very Large Crude Carriers (“VLCCs”), 10 Suezmax tankers, 4 Aframax tankers and 2 Panamax tankers and 3 newbuilding VLCCs under construction. The Company operates its business in one reportable segment, which is the transportation of international seaborne crude oil and petroleum products.

On June 30, 2015, the Company completed its Initial Public Offering (“IPO”) of 15,000,000 shares at \$14.00 per share, which resulted in gross proceeds of \$210.0 million. After underwriting commissions, the Company received net proceeds of \$196.4 million. On July 17, 2015, following the exercise by the underwriters of the IPO of their over-allotment option to purchase 1,882,223 shares of common stock at the public offering price of \$14.00 per share, the Company closed the issuance and sale of such shares, resulting in additional gross proceeds of \$26.4 million and net proceeds of \$24.6 million after underwriting commissions and other registration expenses. Additionally, the Company incurred \$6.5 million of issuance costs.

On May 7, 2015, the Company consummated a merger (“2015 merger”) pursuant to an agreement between Gener8 Maritime Acquisition, Inc., a wholly owned subsidiary of the Company, Navig8 Crude Tankers, Inc. and the equity holders’ representatives named therein. As a result of the merger, Gener8 Maritime Subsidiary Inc. (formerly known as Navig8 Crude Tankers, Inc.) became a wholly owned subsidiary of the Company, and the Company’s name was changed from General Maritime Corporation to Gener8 Maritime, Inc. The Company followed the guidance of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, Business Combinations. Pursuant to this, the Company accounted for the 2015 merger as an asset acquisition.

The Company’s vessels are primarily available for employment in commercial pools, or for charter on a spot voyage or time charter basis.

The Company is party to certain commercial pooling arrangements. Commercial pools are designed to provide for effective chartering and commercial management of similar vessels that are combined into a single fleet to improve customer service, increase vessel utilization and capture cost efficiencies.

The Company employs all of its VLCC, Suezmax and Aframax vessels in Navig8 Group commercial crude tanker pools including the VL8 Pool, the Suez8 Pool and the V8 Pool, respectively. In 2015, the Company’s VLCC, Suezmax, Aframax and newbuilding owning subsidiaries entered into pool agreements with the pool managers VL8 Pool Inc. and V8 Pool Inc., subsidiaries of Navig8 Limited.

*BASIS OF PRESENTATION*—The financial statements of the Company have been prepared on the accrual basis of accounting and presented in United States Dollars (“USD” or “\$”) which is the functional currency of the Company. A summary of the significant accounting policies followed in the preparation of the accompanying financial statements, which conform to Generally Accepted Accounting Principles (“GAAP”) in the United States of America, is presented below.

*PRINCIPLES OF CONSOLIDATION*—The accompanying consolidated financial statements include the accounts of Gener8 Maritime Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

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*CASH AND CASH EQUIVALENTS*—The Company considers highly liquid investments such as money market funds and certificates of deposit with an original maturity of three months or less to be cash equivalents.

*ALLOWANCE FOR DOUBTFUL ACCOUNTS*—The Company provides a reserve for freight and demurrage revenues based upon historical collection trends. The Company provides a general reserve based on aging of receivables, in addition to specific reserves on certain long-aged or doubtful receivables.

*REVENUE AND EXPENSE RECOGNITION*—Revenue and expense recognition policies for spot market voyage charters, time charters and pool revenues are as follows:

**SPOT MARKET VOYAGE CHARTERS.** Spot market voyage revenues are recognized on a pro rata basis based on the relative transit time in each period. The period over which voyage revenues are recognized commences at the time the vessel departs from its last discharge port and ends at the time the discharge of cargo at the next discharge port is completed. The Company does not begin recognizing revenue until a charter has been agreed to by the customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage. The Company does not recognize revenue when a vessel is off hire. Estimated losses on voyages are provided for in full at the time such losses become evident. Voyage expenses primarily include only those specific costs which are borne by the Company in connection with voyage charters which would otherwise have been borne by the charterer under time charter agreements. These expenses principally consist of fuel, canal and port charges which are generally recognized as incurred. Demurrage income represents payments by the charterer to the vessel owner when loading and discharging time exceed the stipulated time in the spot market voyage charter. Demurrage income is measured in accordance with the provisions of the respective charter agreements and the circumstances under which demurrage claims arise and is recognized on a pro rata basis over the length of the voyage to which it pertains. Direct vessel operating expenses are recognized when incurred. At December 31, 2016 and December 31, 2015, the Company has a reserve of approximately \$1.9 million and \$5.8 million, respectively, against its due from charterers balance associated with voyage revenues, including freight and demurrage revenues.

**TIME CHARTERS.** Revenue from time charters is recognized on a straight-line basis over the term of the respective time charter agreement. Direct vessel operating expenses are recognized when incurred. Time charter agreements require, among others, that the vessels meet specified speed and bunker consumption standards. The Company believes that there may be unasserted claims relating to its time charters of \$0.4 million and \$0.5 million as of December 31, 2016 and December 31, 2015, respectively, for which the Company has reduced its amounts due from charterers to the extent that there are amounts due from charterers with asserted or unasserted claims or as an accrued expense to the extent the claims exceed amounts due from such charterers.

**POOL REVENUES.** Pool revenue is determined in accordance with the terms specified within each pool agreement. In particular, the pool manager aggregates the revenues and expenses of all of the pool participants and distributes the net earnings to participants based on the following allocation key:

- The pool points (vessel attributes such as cargo carrying capacity, fuel consumption and construction characteristics are taken into consideration); and
- The number of days the vessel participated in the pool in the period.

Vessels are chartered into the pool and receive net time charter revenue in accordance with the pool agreement. The time charter revenue is variable depending upon the net result of the pool and the pool points and trading days for each vessel. The pool has the right to enter into voyage and time charters with external parties for which it receives freight and related revenue. It also incurs voyage costs such as bunkers, port costs and commissions. At the end of each period, the pool aggregates the revenue and expenses for all the vessels in the pool and distributes net revenue to the participants based on the results of the pool and the allocation key. The Company recognizes net pool revenue on a monthly basis, when the vessel has participated in a pool during the period and the amount of pool revenue for the month can be estimated reliably.

**CHARTERHIRE EXPENSE**—Charterhire expense is the amount the Company pays the vessel owner for time chartered-in vessel. The amount is usually for a fixed period of time at charter rates that are generally fixed, but may contain a variable component based on inflation, interest rates, profit sharing, or current market rates. The vessel’s owner is responsible for crewing and other vessel operating costs. Charterhire expense is recognized ratably over the charterhire period.

**VESSELS, NET**—Vessels, net is stated at cost, which was adjusted to fair value pursuant to fresh-start reporting when applicable, less accumulated depreciation. Vessels are depreciated on a straight-line basis over their estimated useful lives, determined to be 25 years from date of initial delivery from the shipyard. If regulations place limitations over the ability of a vessel to trade on a worldwide basis, its remaining useful life would be adjusted, if necessary, at the date such regulations are adopted. Depreciation is based on cost, which was adjusted to fair value pursuant to fresh-start reporting when applicable, less the estimated residual scrap value. The Company estimates residual value of its vessels to be \$325/LWT (light weight ton). Depreciation expense of vessel assets for the years ended December 31, 2016, 2015 and 2014 totaled \$79.1 million, \$41.6 million and \$42.4 million, respectively. Undepreciated cost of any asset component being replaced is written off as a component of Loss on disposal of vessels and vessel equipment. Expenditures for routine maintenance and repairs are expensed as incurred. Vessel equipment is depreciated over the shorter of 5 years or the remaining life of the vessel.

Effective January 1, 2015, the Company increased the estimated residual scrap value of the vessels from \$265/LWT (light weight ton) to \$325/LWT prospectively based on the 15-year average scrap value of steel. The change in the estimated residual scrap value will result in a decrease in depreciation expense over the remaining lives of the vessel assets. During the year ended December 31, 2015, the effect of the increase in the estimated residual scrap value was to decrease depreciation expense and to increase net income by approximately \$2.8 million, and to increase net income per basic and diluted common share by \$0.05.

**VESSELS UNDER CONSTRUCTION**— Vessels under construction represents the cost of acquiring contracts to build vessels, installments paid to shipyards, certain other payments made to third parties and interest costs incurred during the construction of vessels (until the vessel is substantially complete and ready for its intended use). During the years ended December 31, 2016, 2015 and 2014, the Company capitalized interest expense associated with vessels under construction of \$27.6 million, \$35.2 million and \$9.0 million, respectively.

**OTHER FIXED ASSETS, NET**— Other fixed assets, net is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

| DESCRIPTION                   | USEFUL LIVES |
|-------------------------------|--------------|
| Furniture and fixtures        | 10 years     |
| Vessel and computer equipment | 5 years      |

**REPLACEMENTS, RENEWALS AND BETTERMENTS**— The Company capitalizes and depreciates the costs of significant replacements, renewals and betterments to its vessels over the shorter of the vessel’s remaining useful life or the life of the renewal or betterment. The amount capitalized is based on management’s judgment as to expenditures that extend a vessel’s useful life or increase the operational efficiency of a vessel. Costs that are not capitalized are written off as a component of direct vessel operating expense during the period incurred. Expenditures for routine maintenance and repairs are expensed as incurred.

**GOODWILL**—The Company follows the provisions of FASB ASC 350-20-35, Intangibles—Goodwill and Other. This statement requires that goodwill and intangible assets with indefinite lives be tested for impairment at least annually or when there is a triggering event and written down with a charge to operations when the carrying amount of the reporting unit that includes goodwill exceeds the estimated fair value of the reporting unit. If the carrying value of the goodwill exceeds the reporting unit’s implied goodwill, such excess must be written off. Goodwill as of December 31, 2016 and 2015 was \$0 and \$26.3 million, respectively. Change in vessel values during the interim period between December 31, 2015 and September 30, 2016, indicated circumstances changed that would more likely than not reduce the fair value of each reporting unit below its carrying amount. During the third quarter of 2016 and in accordance with



ASC 350-20-35, the Company considered the continued decline in the fair value of the Company's fleet independent valuations to be an indicator for goodwill impairment testing at the interim period. Accordingly, at September 30, 2016, goodwill was tested for potential impairment. As a result of the goodwill impairment test performed during the third quarter of 2016, it was determined that the carrying value for each reporting unit was higher than its fair value and therefore goodwill was fully impaired, which resulted in a goodwill impairment of \$23.3 million. Additionally, during the year ended December 31, 2016, the Company recorded a \$3.0 million goodwill write-off associated with the sale of the *Genmar Victory* and *Genmar Vision*, which were sold in August 2016.

During the year ended December 31, 2015, it was determined that there was no goodwill impairment. As of December 31, 2015, the Company transferred \$0.8 million of goodwill, related to *Gener8 Consul*, to assets held for sale for the anticipated sale, which was finalized in February 2016.

**IMPAIRMENT OF LONG-LIVED ASSETS**—The Company follows FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the asset's carrying amount. In the evaluation of the future benefits of long-lived assets, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the undiscounted cash flows, the carrying value is reduced to its fair value. The Company estimates fair value primarily through the use of third party valuations performed on an individual vessel basis. Various factors, including the use of trailing 10-year industry average for each vessel class to forecast future charter rates and vessel operating costs, are included in this analysis.

As of December 31, 2016, and in accordance with ASC 360-10, the Company obtained third-party independent valuations to compare to the Company's carrying value for its long-lived assets and determine if indicators of impairment for any vessel exist for the year ended December 31, 2016. Based on the analysis performed, it was determined that the carrying value of the Company's fleet was higher than the independent third-party valuations of the Company's fleet. Therefore, it was determined that indicators exist for potential long-lived assets impairment for the year ended December 31, 2016. In accordance with ASC 360-10 and based on the indicator analysis mentioned above, the Company prepared an analysis which estimated the future undiscounted cash flows for each vessel at December 31, 2016. Based on this analysis, which included consideration of the Company's long-term intentions relative to its vessels, including its assessment of whether the Company would drydock and continue to operate its older vessels, it was determined that there was no impairment loss in 2016.

It was determined that there were no impairment indicators for the year ended December 31, 2015 and 2014. During 2015 and 2014, the Company did not perform such analysis to estimate the future undiscounted cash flows for each vessel due to the upward trend in vessel values and shipping rates and lack of indicators for vessel impairment during the period.

**DEFERRED DRYDOCK COSTS, NET**—Approximately every thirty to sixty months, the Company's vessels are required to be dry-docked for major repairs and maintenance, which cannot be performed while the vessels are operating. The Company defers costs associated with the drydocks as they occur and amortizes these costs on a straight-line basis over the estimated period between drydocks. Amortization of drydock costs is included in depreciation and amortization in the consolidated statements of operations. For the years ended December 31, 2016, 2015 and 2014, amortization was \$7.2 million, \$5.1 million and \$2.8 million, respectively. Accumulated amortization as of December 31, 2016 and 2015 was \$13.9 million (net of \$1.0 million write-off to assets held for sale related to the *Gener8 Ulysses*) and \$8.8 million (net of \$0.4 million write-off to assets held for sale related to the *Gener8 Consul*), respectively.

The Company only includes in deferred drydock costs those direct costs that are incurred as part of the drydock to meet regulatory requirements, or that are expenditures that add economic life to the vessel, increase the vessel's earnings capacity or improve the vessel's efficiency. Direct costs include shipyard costs as well as the costs of placing the vessel in the shipyard. Expenditures for normal maintenance and repairs, whether incurred as part of the drydock or not, are expensed as incurred.

**DEFERRED FINANCING COSTS, NET**—Deferred financing costs include bank fees and legal expenses associated with securing new loan facilities. These costs are amortized based upon the effective interest rate method over the life of the related debt, which is included in interest expense. Amortization for the years ended December 31, 2016, 2015, and 2014 was \$11.3 million, \$3.3 million and \$0.7 million, respectively. During the year ended December 31, 2015, the Company adopted Accounting Standards Update (“ASU”) 2015-03, which resulted in the reclassification of debt issuance costs from deferred financing costs in other assets to a reduction in the carrying amount of the related debt liability within the Company’s consolidated balance sheets.

**ACCOUNTING ESTIMATES**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

**WARRANTS**—The Company calculates the fair value of warrants utilizing a valuation model to which Monte Carlo simulations and the Black-Scholes option pricing model are applied. The model projects future share prices based on a risk-neutral framework. The parameters used include inception date, share price, subscription price, lifetime, expected volatility (estimated based on historical share prices of similar listed companies) and expected dividends. The amount of share-based compensation recognized during a period is based on the fair value of the award at the time of issuance.

**SHARE-BASED COMPENSATION – STOCK OPTIONS**—The Company calculates the fair value of stock options utilizing the Black-Scholes option pricing model. The parameters used include grant date, share price, exercise price, risk-free interest rate, expected option life, expected volatility (estimated based on historical share prices of similar listed companies) and expected dividends. The amount of share-based compensation recognized during a period is based on the fair value of the award at the time of issuance over the vesting period of the option.

**INTEREST EXPENSE, NET**—The Company follows the provisions of FASB ASC 835-20-30, *Capitalization of Interest*, to capitalize interest cost as part of the historical cost of acquiring certain assets.

The amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets’ acquisition periods that theoretically could have been avoided (for example, by avoiding additional borrowings or by using the funds expended for the assets to repay existing borrowings) if expenditures for the assets had not been made. The notion of interest on borrowings as an avoidable cost does not require that the practicability of repaying individual borrowings be considered.

The amount capitalized in an accounting period is determined by applying the capitalization rate to the average amount of accumulated expenditures for the asset during the period. The capitalization rates used in an accounting period are based on the rates applicable to borrowings outstanding during the period. If an entity’s financing plans associate a specific new borrowing with a qualifying asset, the entity may use the rate on that borrowing as the capitalization rate to be applied to that portion of the average accumulated expenditures for the asset that does not exceed the amount of that borrowing. If average accumulated expenditures for the asset exceed the amounts of specific new borrowings associated with the asset, the capitalization rate to be applied to such excess is a weighted average of the rates applicable to other borrowings of the entity.

**INTEREST RATE RISK MANAGEMENT**—The Company is exposed to interest rate risk through its variable rate credit facilities. The Company uses interest rate swaps, under which the Company pays a fixed rate in exchange for receiving a variable rate, to achieve a fixed rate of interest on the hedged portion of its debt in order to increase the ability of the Company to forecast interest expense. The objective of these swaps is to help to protect the Company against changes in borrowing rates on the current credit facilities and any replacement floating rate LIBOR credit facility. Upon execution of the swaps, the Company designated the hedges as cash flow hedges of benchmark interest rate risk under FASB ASC 815, *Derivatives and Hedging*, and the Company has established effectiveness testing and measurement processes. Changes in the fair value of the interest rate swaps are recorded as assets or liabilities, and effective gains/losses are captured in a component of accumulated other comprehensive income (“OCI”) until reclassified to interest expense when the hedged variable rate interest expenses are incurred. The ineffective portion, if

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any, of the change in fair value of the Company's interest rate swap agreement is required to be recognized in earnings. The Company elected to classify settlement payments as operating activities within the statement of cash flow. See *Note 9, FINANCIAL INSTRUMENTS*, additional disclosures on the Company's interest rate swaps.

*NET INCOME (LOSS) PER SHARE*—Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised using the treasury stock method.

*FAIR VALUE OF FINANCIAL INSTRUMENTS*—With the exception of the Company's Senior Notes, the estimated fair values of the Company's financial instruments approximate their individual carrying amounts as of December 31, 2016 and 2015 due to the short-term or variable-rate nature of the respective borrowings.

*CONCENTRATION OF CREDIT RISK*—Financial instruments that potentially subject the Company to concentrations of credit risk are amounts due from charterers. During the year ended December 31, 2016, the Company placed the majority of its vessels in the Navig8 Group commercial vessel pools (for further details, see *Note 18, RELATED PARTY TRANSACTIONS*). As a result, a significant portion of the Company's shipping revenue were derived from these pools during this period. With respect to accounts receivable from spot voyage charters, the Company limits its credit risk by performing ongoing credit evaluations and, when deemed necessary, requires letters of credit, guarantees or collateral. During the year ended December 31, 2016 and 2015, the Company earned approximately 91.2% and 34.8%, respectively from Navig8 Group pools. During the years ended December 31, 2014, the Company earned 15.2%, of its revenues from one customer.

The Company maintains substantially all of its cash and cash equivalents with one financial institution. None of the Company's cash balances are covered by insurance in the event of default by our financial institution.

*FOREIGN CURRENCY TRANSACTIONS*—Gains and losses on transactions denominated in foreign currencies are recorded within the consolidated statements of operations as components of other expense, net in the consolidated statements of operations.

*TAXES*—The Company is incorporated in the Republic of the Marshall Islands. Pursuant to the income tax laws of the Marshall Islands, the Company is not subject to Marshall Islands income tax. Additionally, pursuant to the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the Company is exempt from U.S. income tax on its income attributable to voyages that do not begin or end in the U.S. The Company is generally not subject to state and local income taxation. Pursuant to various tax treaties, the Company's shipping operations are not subject to foreign income taxes. As a result of change in ownership of the Company, effective May 17, 2012, the Company no longer qualified for an exemption pursuant to Section 883 of the Code, making the Company subject to U.S. federal tax on its shipping income that is derived from voyages that begin or end in the U.S., retroactive to the beginning of 2012. As a result of the Company's IPO, the Company in 2015 was again exempt from U.S. federal tax on all of its shipping income (including income attributable to voyages that begin or end in the U.S.). During 2014, the Company recorded gross transportation tax of \$1.2 million, as a component of voyage expenses.

## 2. COMMON STOCK

At the closing of the 2015 merger, the Company deposited into an account maintained by the 2015 merger exchange and paying agent, in trust for the benefit of Navig8 Crude's former shareholders, 31,233,170 shares of the Company's common stock and \$4.5 million in cash. The number of shares and amount of cash deposited into such account was calculated based on an assumption that the former holders of 1% or less of Navig8 Crude's shares would not be permitted under the 2015 merger agreement to receive shares of the Company as consideration and would receive cash instead. During the period from May 8, 2015 (post-merger) to December 31, 2015, all of these shares and 232,819 additional shares were issued to former shareholders of Navig8 Crude as merger consideration and \$3.3 million of cash was returned to the Company from the trust account since the former holders of more than 99.0% of Navig8 Crude's

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shares received shares of the Company as consideration. Additionally, during the year ended December 31, 2016, 1,789 shares were issued to former shareholders of Navig8 Crude. As of December 31, 2016, \$1.2 million in cash and 31,467,778 shares were issued to former shareholders of Navig8 Crude as merger consideration. As of December 31, 2016, \$3.0 thousand of cash remained in the trust account.

On June 30, 2015, the Company completed its IPO of 15,000,000 shares at \$14.00 per share, which resulted in gross proceeds of \$210.0 million. After underwriting commissions, the Company received net proceeds of \$196.4 million. On July 17, 2015, following the exercise by the underwriters of the IPO of their over-allotment option to purchase 1,882,223 shares of common stock at the public offering price of \$14.00 per share, the Company closed the issuance and sale of such shares, resulting in additional gross proceeds of \$26.4 million and net proceeds of \$24.6 million after underwriting commissions and other registration expenses. Additionally, the Company incurred \$6.5 million of issuance costs during the year ended December 31, 2015.

### 3. GOODWILL

| <u>Amounts in thousands</u>          | <u>Goodwill</u>   | <u>Accumulated<br/>impairment<br/>losses</u> | <u>Net</u>  |
|--------------------------------------|-------------------|--|-------------|
| Balance as of December 31, 2014      | \$ 118,256        | \$ (91,125)                                  | \$ 27,131   |
| Transfer to assets held for sale     | (840)             | —  | (840)       |
| Balance as of December 31, 2015      | \$ 117,416        | \$ (91,125)                                  | \$ 26,291   |
| Write-off related to sale of vessels | (2,994)           | —  | (2,994)     |
| Impairment loss                      | —                 | (23,297)                                     | (23,297)    |
| Balance as of December 31, 2016      | <u>\$ 114,422</u> | <u>\$ (114,422)</u>                          | <u>\$ —</u> |

FASB ASC 350-20-35, *Intangibles—Goodwill and Other*, bases the accounting for goodwill on the units of the combined entity into which an acquired entity is integrated (those units are referred to as reporting units). A reporting unit is an operating segment as defined in FASB ASC 280, *Disclosures about Segments of an Enterprise and Related Information*, or one level below an operating segment. The Company's current operations are principally managed on a vessel class basis. Each of the Company's vessel classes 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. The Company has identified the reporting unit to be at the vessel class level.

The reporting structure is aligned to the internal management reporting presented to the chief operating decision maker.

FASB ASC 350-20-35 provides guidance for impairment testing of goodwill, which is not amortized. Other than goodwill, the Company does not have any other intangible assets that are not amortized. Goodwill is tested for impairment using a two-step process that begins with an estimation of the fair value of the Company's reporting units. The first step is a screen for potential impairment and the second step measures the amount of impairment, if any. The first step involves a comparison of the estimated fair value of a reporting unit with its carrying amount. If the estimated fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is considered unimpaired.

Conversely, if the carrying amount of the reporting unit exceeds its estimated fair value, the second step is performed to measure the amount of impairment, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by allocating the estimated fair value of the reporting unit to the estimated fair value of its existing assets and liabilities in a manner similar to a purchase price allocation. The unallocated portion of the estimated fair value of the reporting unit is the implied fair value of goodwill. If the implied fair value of goodwill is less than the carrying amount, an impairment loss, equivalent to the difference, is recorded as a reduction of goodwill and a charge to operating expense.

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During the year ended December 31, 2016, change in vessel values during the interim period between December 31, 2015 and September 30, 2016, indicated circumstances changed that would more likely than not reduce the fair value of each reporting unit below its carrying amount. At September 30, 2016 and in accordance with ASC 350-20-35, the Company considered the continued decline in the fair value of the Company's fleet independent valuations to be an indicators for goodwill impairment testing. Accordingly, at September 30, 2016, goodwill was tested for potential impairment. As a result of the goodwill impairment test performed, it was determined that the carrying value for each reporting unit was higher than its fair value and therefore goodwill was fully impaired, which resulted in a write-off at September 30, 2016 of \$23.3 million. Additionally, during the year ended December 31, 2016, the Company recorded a \$3.0 million goodwill write-off associated with the sales of *Genmar Victory* and *Genmar Vision*, which were sold in August 2016.

During the year ended December 31, 2015, it was determined that the fair value for each reporting unit was higher than the carrying value and therefore no goodwill impairment was recorded during the year ended December 31, 2015. Additionally, during the year ended December 31, 2015, the Company transferred \$0.8 million of goodwill, related to the *Gener8 Consul*, to Assets held for sale in the consolidated balance sheet. See *Note 5, ASSETS HELD FOR SALE*.

During the year ended December 31, 2014, the Company recorded a goodwill impairment charge of \$2.1 million to goodwill. Additionally, goodwill associated with one Suezmax vessel, which was sold in July 2014, of \$1.2 million was written-off during the year ended December 31, 2014.

#### 4. INCOME (LOSS) PER COMMON SHARE

The computation of basic income (loss) per share is based on the weighted-average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the exercise of all dilutive stock options using the treasury stock method and the lapsing of restrictions on unvested restricted stock awards, for which the assumed proceeds upon lapsing the restrictions are deemed to be the amount of compensation cost attributable to future services and not yet recognized using the treasury stock method, to the extent dilutive.

The reconciliation of basic to diluted income (loss) per common share was as follows (in thousands, except per share amounts):

|  | For the Years Ended December 31, |            |             |             |
|--|----------------------------------|------------|-------------|-------------|
|  | 2016                             | 2015       | 2014        |             |
|  |                                  |            | Class A     | Class B     |
| Basic net income / (loss) per share:   |                                  |            |             |             |
| Numerator:   |                                  |            |             |             |
| Net Income / (Loss)  | \$ 67,306                        | \$ 129,569 | \$ (17,402) | \$ (29,682) |
| Denominator:   |                                  |            |             |             |
| Weighted-average shares outstanding, basic   | 82,705                           | 62,779     | 11,270      | 19,223      |
| Basic net income / (loss) per share  | \$ 0.81                          | \$ 2.06    | \$ (1.54)   | \$ (1.54)   |
| Diluted net income / (loss) per share:   |                                  |            |             |             |
| Numerator:   |                                  |            |             |             |
| Net Income / (Loss)  | \$ 67,306                        | \$ 129,569 | \$ (17,402) | \$ (29,682) |
| Reallocation of net loss as a result of assumed conversion of Class B to Class A shares, diluted | —                                | —          | (29,682)    | —           |
| Net Income / (Loss), diluted   | 67,306                           | 129,569    | (47,084)    | (29,682)    |
| Denominator:   |                                  |            |             |             |
| Weighted-average shares outstanding, basic   | 82,705                           | 62,779     | 11,270      | 19,223      |
| Add:   |                                  |            |             |             |
| Restricted stock units   | —                                | 334        | —           | —           |
| Assumed conversion of Class B to Class A shares  | —                                | —          | 19,223      | —           |
| Weighted-average shares outstanding, diluted   | 82,705                           | 63,113     | 30,493      | 19,223      |
| Diluted net income / (loss) per share  | \$ 0.81                          | \$ 2.05    | \$ (1.54)   | \$ (1.54)   |

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On May 7, 2015, all shares of Class A Common Stock and Class B Common Stock were converted on a one-to-one basis to a single class of common stock. Options to purchase 343,662 shares of Class A Common Stock were excluded from the above calculation for the years ended December 31, 2016, 2015 and 2014, because the impact is anti-dilutive. Options to purchase 309,296 shares of common stock were excluded from the above calculation for the years ended December 31, 2016, 2015 and 2014, because the impact is anti-dilutive. Warrants to purchase 1,431,520 shares (1,600,000 warrants converted at 0.8947 shares) of new common stock and options to purchase 13,420 shares of new common stock were excluded from the above calculation for the years ended December 31, 2016 and 2015, because certain market conditions have not been met. As a result of the conversion in 2015, and that both Class A Common Stock and Class B Common Stock had equal rights to earnings and losses, the 2015 presentation of net income per share combines Class A Common Stock, Class B Common Stock and new common stock.

Additionally, on June 24, 2015, in connection with the pricing of the Company's IPO, the Company granted members of management restricted stock units ("RSUs") of the Company's common stock pursuant to the Company's amended 2012 Equity Incentive Plan. The remaining RSUs will generally vest in tranches on December 1, 2017 and December 1, 2018, subject for each increment to employment with the Company through the applicable vesting date for such increment. On December 7, 2016, the Company issued 278,483 shares in settlement of RSUs that had vested on December 1, 2016. Since June 24, 2015 and as of December 31, 2015, 44,919 RSUs were forfeited and 953,279 shares are remaining to be issued in future years, following the vesting date for each increment. As of December 31, 2016, 44,919 RSUs were forfeited and 635,518 shares are remaining to be issued in future years, following the vesting date for each increment.

On September 9, 2016, in accordance with the Company's amended 2012 Equity Incentive Plan, the Company granted certain non-employee directors 28,752 RSUs. The RSUs, which were valued at \$6.26 per share, will generally vest on the earlier of (a) the date of the Company's next annual meeting of shareholders and (b) the first anniversary of the RSU's grant date, subject to continued service with the Company through the applicable vesting date.

The RSUs granted in June 2015 and September 2016 were excluded in determining the diluted net income / (loss) per share for the year ended December 31, 2016, because the impact is anti-dilutive.

### **5. ASSETS HELD FOR SALE**

As of December 31, 2016, the Company classified the *Gener8 Ulysses* as Current assets - held for sale, in the consolidated balance sheet, as all the criteria of ASC subtopic 360-10, Property, Plant, and Equipment ("ASC 360-10") have been met and the transaction was qualified as assets held for sale. This vessel was written down to its fair value, less cost to sell, to \$30.2 million in the consolidated balance sheet. As a result of the expected sale in 2017, the Company recorded a loss of \$6.9 million as Loss on disposal of vessels, net, in the 2016 consolidated statement of operations. The *Gener8 Ulysses* vessel was subsequently sold during the first quarter of 2017. See *Note 22, SUBSEQUENT EVENTS*.

On December 30 2015, the Company entered into an agreement to sell the 2004-built MR tanker the *Gener8 Consul* for \$17.5 million, gross proceeds. The transaction closed in the first quarter of 2016, resulting in proceeds (net of selling expenses) of \$17.0 million. As a result of the expected sale in 2016, the Company recorded a loss of \$0.5 million as Loss on impairment of vessels held for sale, in the 2015 consolidated statement of operations.

### **6. 2015 MERGER**

On February 24, 2015, the Company entered into an Agreement and Plan of Merger ("2015 merger agreement") with Gener8 Maritime Acquisition, Inc. (one of its wholly-owned subsidiaries, referred to as "Gener8 Acquisition"), Navig8 Crude Tankers, Inc. ("Navig8 Crude") and each of the equityholders' representatives named therein. Pursuant to the 2015 merger agreement, Gener8 Acquisition merged with and into Navig8 Crude, with Navig8 Crude continuing as the surviving corporation and our wholly-owned subsidiary and being renamed Gener8 Maritime Subsidiary Inc. or "Gener8 Subsidiary." Navig8 Crude's former shareholders that are determined by the Company, based on certifications received by the Company from such shareholders following the closing of the 2015 merger, to be permitted to receive shares of the Company's common stock pursuant to the Securities Act under the 2015 merger agreement are entitled to receive 0.8947 shares of our common stock for each common share of Navig8 Crude they owned immediately prior to

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the consummation of the transactions contemplated under the 2015 merger agreement. Navig8 Crude's former shareholders that are not determined to be permitted to receive shares of the Company's common stock pursuant to the Securities Act under the 2015 merger agreement (such as shareholders that are not "accredited investors") are entitled to receive cash in an amount equal to the number of shares of the Company's common stock such shareholder would have received multiplied by \$14.348. Concurrently with the 2015 merger, the Company filed with the Registrar of Corporations of the Republic of the Marshall Islands its Third Amended and Restated Articles of Incorporation to, among other things, increase the Company's authorized capital, reclassify the Company's common stock into a single class of common stock and change the Company's legal name to "Gener8 Maritime, Inc."

The Company follows the guidance of FASB, ASC, Topic 805, Business Combinations. Pursuant to this, the Company accounted for the 2015 merger as an asset acquisition after considering the following factors:

- i) Navig8 Crude's assets at the date of the merger consisted almost exclusively of contracts for 14 VLCC newbuildings under construction and cash. The primary purpose for the merger was to acquire these newbuildings for the Company's fleet. Delivery of these newbuildings is scheduled to occur over a period which began in the third quarter of 2015 and ending in the first quarter of 2017, and thus these newbuildings have had no operating history. The sole operating activities of Navig8 Crude since its inception were the chartering in of two vessels from a related party and the chartering out of such vessels to Navig8 Crude's former sponsor's VL8 pool. Navig8 Crude does not own the vessels, the vessels are not being acquired as part of the merger, and Navig8 Crude did not perform any of the processes relative to these vessels, as they were commercially managed by the VL8 pool and technical management was the responsibility of the vessels' owner. One of these charters was a six month charter that terminated on July 9, 2014, well before the merger, and the other expired in March 2016 with no option to renew. The Company does not consider the prior activity to be significant.
- ii) No employees, processes or operating vessels: Navig8 Crude has no employees, and the Company intends to outsource the commercial management of the newbuildings to one or more vessel pools once the completed vessels are delivered and will need to provide technical management to the vessels. Navig8 Crude does not have any processes of its own and no employees or operating vessels were transferred as part of the merger. Additionally, substantially all acquired assets are newbuildings that were under construction, without substantial additional capital to be provided by the Company, such assets are not capable of producing outputs.

The assets acquired through the 2015 merger primarily included 14 newbuilding VLCC vessels under construction, one time chartered-in VLCC vessel which expired in March 2016, and cash and cash equivalents. These assets were recorded on May 7, 2015 at cost, which approximates fair value, and the common stock issued on such date for the benefit of Navig8 Crude's former shareholders was recorded based on costs of net assets acquired.

The assets acquired and the liabilities assumed from Navig8 Crude were recorded at cost, which approximates fair value, and included the following:

|   |           |
|---|-----------|
| Cash and cash equivalents                 | \$ 28,874 |
| Due from Navig8 pools, net                | 1,877     |
| Prepaid expenses and other current assets | 2,435     |
| Vessels under construction                | 435,417   |
| Other assets (noncurrent)                 | 3,037     |
| Accounts payable and accrued expenses     | (5,859)   |

Pursuant to the 2015 merger agreement, the Company deposited at the closing of the 2015 merger \$4.5 million and 31,233,170 shares of its common stock into a trust account with Computershare Trust Company, N.A. for the benefit of Navig8 Crude's shareholders.

Immediately following the consummation of the 2015 merger on May 7, 2015, the Company's shareholders prior to the 2015 merger owned approximately 34.9 million, or 52.55%, of the shares of its common stock and Navig8 Crude's shareholders prior to the 2015 merger owned approximately 31.5 million, or 47.45% of the shares of the Company's common stock.

Until twenty-four months following the anniversary of the closing of the 2015 merger, the Company is required, subject to a maximum amount of \$75.0 million and a deductible of \$5.0 million, to indemnify and defend the pre-merger shareholders of General Maritime or the former shareholders of Navig8 Crude immediately prior to the 2015 merger, in respect of certain losses arising from inaccuracies or breaches in the representations and warranties of, or the breach prior to the closing of the 2015 merger by, Navig8 Crude and General Maritime, respectively. Any amounts payable pursuant to such indemnification obligation shall be satisfied by the issuance of shares of our common stock with a fair market value equal to the amount of the indemnified loss.

## 7. CASH FLOW INFORMATION

The Company excluded from cash flows from investing and financing activities in the consolidated statements of cash flows items included in accounts payable and accrued expenses for accrued but unpaid milestone and supervision payments of \$4.9 million and \$106.0 million as of December 31, 2016 and 2015, respectively. Capitalized interest amounted to \$27.6 million for the year ended December 31, 2016, out of which, \$10.7 million has not been paid out as of December 31, 2016 (\$0.5 million is included in Accounts payable and accrued expenses and \$10.2 million, primarily representing paid-in-kind ("PIK") interest, is included in Long-term debt in the consolidated balance sheet). Capitalized interest amounted to \$35.2 million for the year ended December 31, 2015, out of which, \$15.0 million has not been paid out as of December 31, 2015 (\$1.0 million is included in Accounts payable and accrued expenses and \$14.0 million, primarily representing PIK interest, is included in Long-term debt in the consolidated balance sheet). As of December 31, 2015, the Company also excluded from financing activities \$60.9 million of recorded debt, related to the delivery of the *Gener8 Apollo*. Such debt was funded by the Company's bank into an escrow account prior to December 31, 2015. As such, \$9.0 million, which was transferred to the Company in January 2016, is recorded as a component of prepaid expenses and other current assets, and \$51.9 million, which was funded to the shipyard in January 2016, is recorded as escrow deposits as a component of other assets. The *Gener8 Apollo* was delivered on January 6, 2016.

Also excluded from investing and financing activities are the issuances of 31,465,989 shares of common stock related to the 2015 merger and 483,970 shares of common stock issued as a commitment premium paid to the commitment parties under the equity purchase agreement entered into in connection with the 2015 merger valued at \$6.0 million. Such amount was expensed as Other financing costs in 2015 when the equity purchase commitment expired.



## 8. DELIVERY AND DISPOSAL OF VESSELS

### Delivery of Vessels

During the year ended December 31, 2016, the Company took delivery of the following 2016-built VLCC newbuildings. Upon delivery, all of these vessels entered into the VL8 Pool. The Company has made all shipyard installment payments, and there is no outstanding payable balance in respect of each vessel.

| Vessel Name               | Date of Delivery   | Borrowings to Fund Vessel's Delivery (1)<br>(Dollars in thousands) | Credit Facility                  |
|---------------------------|--------------------|--|----------------------------------|
| <i>Gener8 Apollo</i>      | January 5, 2016    | \$ 60,819  | Korean Export Credit Facility    |
| <i>Gener8 Supreme</i>     | January 6, 2016    | 62,563   | Amended Sinosure Credit Facility |
| <i>Gener8 Ares</i>        | January 22, 2016   | 61,128   | Korean Export Credit Facility    |
| <i>Gener8 Hera</i>        | February 24, 2016  | 60,511   | Korean Export Credit Facility    |
| <i>Gener8 Success</i>     | March 22, 2016     | 59,881   | Amended Sinosure Credit Facility |
| <i>Gener8 Nautilus</i>    | April 20, 2016     | 59,739   | Korean Export Credit Facility    |
| <i>Gener8 Andriotis</i>   | May 12, 2016       | 60,450   | Amended Sinosure Credit Facility |
| <i>Gener8 Constantine</i> | June 27, 2016      | 57,423   | Korean Export Credit Facility    |
| <i>Gener8 Chiotis</i>     | August 18, 2016    | 54,600   | Amended Sinosure Credit Facility |
| <i>Gener8 Macedon</i>     | August 30, 2016    | 53,101   | Korean Export Credit Facility    |
| <i>Gener8 Perseus</i>     | September 9, 2016  | 53,410   | Korean Export Credit Facility    |
| <i>Gener8 Oceanus</i>     | September 12, 2016 | 53,410   | Korean Export Credit Facility    |
| <i>Gener8 Miltiades</i>   | October 25, 2016   | 53,300   | Amended Sinosure Credit Facility |
| <i>Gener8 Noble</i>       | November 7, 2016   | 52,484   | Korean Export Credit Facility    |
| <i>Gener8 Theseus</i>     | November 28, 2016  | 52,175   | Korean Export Credit Facility    |

(1) Amounts reflect the borrowings incurred under the Korean Export Credit Facility or the Amended Sinosure Credit Facility to fund the delivery of the indicated newbuilding. For more information see *Note 14, LONG-TERM DEBT*.

### Disposal of Vessels

On December 5, 2016, the Company entered into an agreement for the sale of the 2000-built Suezmax tanker *Gener8 Spyridon* for \$13.9 million in gross proceeds. On December 19, 2016 the sale was finalized and the Company recorded a net loss of \$7.1 million, which is included in Loss on vessel disposal, net on the consolidated statement of operations. The Company used the net proceeds to repay \$11.7 million of the related portion of the senior secured debt outstanding under the Refinancing Facility associated with the vessel.

On August 8, 2016, the Company entered into an agreement for the sale of the 2001-built VLCC tanker *Genmar Victory* for \$29.0 million in gross proceeds. On August 25, 2016 the sale was finalized and the Company recorded a net loss of \$7.3 million, which is included in Loss on vessel disposal, net on the consolidated statement of operations. The Company used the net proceeds to repay \$19.4 million of the related portion of the senior secured debt outstanding under the Refinancing Facility associated with the vessel.

On July 22, 2016, the Company entered into an agreement for the sale of the 2001-built VLCC tanker *Genmar Vision* for \$28.0 million in gross proceeds. On August 5, 2016 the sale was finalized and the Company recorded a net loss of approximately \$3.2 million, which is included in Loss on vessel disposal, net on the consolidated statement of operations. The Company used the net proceeds to repay approximately \$19.4 million of the related portion of the senior secured debt outstanding under the Refinancing Facility associated with the vessel.

On December 30, 2015, the Company entered into an agreement to sell the 2004-built Handymax tanker *Gener8 Consul* for \$17.5 million, gross proceeds. As of December 31, 2015, the *Gener8 Consul* was classified as held for sale. On February 17, 2016, the sale was completed. The Company recorded a loss of \$0.5 million as loss on impairment of vessels held for sale in the consolidated statement of operations during the year ended December 31, 2015.

On June 24, 2014, the Company entered into an agreement to sell the 1999-built Suezmax tanker *Genmar Hope* for \$15.0 million in gross proceeds. During the year ended December 31, 2014, the sale was finalized and the Company recorded a net loss of \$6.3 million, which is included in Loss on vessel disposal, net on the consolidated statement of operations.

## 9. FINANCIAL INSTRUMENTS

### *Interest Rate Risk Management*

On May 2, 2016, certain of the Company's wholly-owned subsidiaries entered into six pay-fixed, receive-variable interest rate swap agreements having amortizing notional amounts to hedge a portion of the London Interbank Offered Rate ("LIBOR") floating rate interest expense on the Company's credit facilities as discussed in *Note 14, LONG TERM DEBT*. As described below, In December 2016, the Company amended one of these two interest rate swap agreements and simultaneously terminated and re-entered into the other such swap agreement. Under each interest rate swap transaction, a subsidiary of the Company makes a fixed payment each period in an amount equal to the fixed interest rate for such transaction multiplied by the relevant notional amount for that monthly period in exchange for a payment from the respective swap counterparty in an amount equal to a variable interest rate based on the applicable LIBOR rate for that period multiplied by the same notional amount. The applicable period, LIBOR rate and notional amounts are identified in the table below.

Two of the swaps effectively fix the interest rate on approximately 50% of the aggregate variable interest rate borrowings expected to be outstanding under the Refinancing Facility through September 3, 2020, and three of the swaps, which have a mandatory termination date of September 30, 2020, effectively fix the interest rate on approximately 80% of the aggregate variable interest rate borrowings expected to be outstanding under the Korean Export Credit Facility through September 30, 2020, and thereafter on approximately 5% of those variable interest rate borrowings through February 20, 2029. The remaining swap, which has a mandatory termination date of March 21, 2022, effectively fixes the interest rate on approximately 100% of the aggregate variable interest rate borrowings expected to be outstanding under the Amended Sinasure Credit Facility through March 21, 2022, and thereafter on approximately 5% of those variable interest rate borrowings through May 6, 2028 (excluding the incremental increase in available borrowings pursuant to the June 2016 amendment to the Sinasure Credit Facility). When a swap automatically terminates, the Company may elect to replace the swap to hedge the remaining borrowings outstanding under the applicable credit facility as of the swap termination date. Under certain limited circumstances, the relevant subsidiary of the Company has the right to transfer the related interest rate swap(s) to a qualifying third party, which would have the effect of terminating the subsidiary's obligations under those interest rate swaps and/or to cause the novation of the related interest rate swap(s) to a third party derivatives dealer.

The Company's objective is to limit the variability of cash flows associated with changes in LIBOR interest rate payments due on its credit facilities by using the interest rate swaps to offset the future variable rate interest payments made by the Company. The Company elected to apply hedge accounting and designated the swaps as cash flow hedges. The Company uses regression analysis to test if the swaps are expected to be highly effective (defined as the swaps' offsetting at least 80% and not more than 125% of the hedged interest payments) on both a prospective and retrospective basis. The effective portion of the changes in fair value of the swap agreements, including adjustments for non-performance risk, which are designated and qualify as cash flow hedges, are classified in accumulated other comprehensive income/loss. These amounts are reclassified to interest expense when the hedged interest payments are incurred.

In December 2016, the principal and interest repayment dates under the Refinancing Facility were modified and the payment dates on the two related swap agreements were similarly modified. The revised swaps were dedesignated and were simultaneously redesignated with no interruption in hedge accounting. The effective gain on the swaps was

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recorded in accumulated other comprehensive income/loss and is reclassified to interest expense as the hedged interest expense is incurred. The ineffective portion of the gain was recorded in earnings. All future effective changes in fair value will continue to be recognized in other accumulated other comprehensive income/loss and all ineffective changes will continue to be recognized in earnings.

Amounts in accumulated other comprehensive loss expected to be reclassified into earnings in the next 12 months are \$2.1 million. The ineffective portion, if any, of the change in fair value of the Company's interest rate swap agreements is required to be recognized in earnings. As of December 31, 2016, the Company's interest rate swap agreements were highly effective; during the year ended December 2016, hedge ineffectiveness of \$0.7 million was recognized in earnings (included in Other income (expense), net in the consolidated statement of operation).

At December 31, 2016, the Company was a party to the following interest rate swaps, which are intended to be cash flow hedges that effectively fix the interest rates for a portion of the Refinancing Facility, the Korean Export Credit Facility and the Amended Sinasure Credit Facility (dollars in thousands):

|                                   | December 31, 2016 |            |           |            |                     |               |
|-----------------------------------|-------------------|------------|-----------|------------|---------------------|---------------|
|                                   | Notional          | Effective  | Maturity  | Fair Value | Fixed Interest Rate | Floating      |
| Hedged Credit Facility            | Amount            | Date       | Date (2)  | Hierarchy  | Rate                | Interest Rate |
| Refinancing Facility              | \$182,610         | 12/22/2016 | 9/3/2020  | Level 2    | 1.0051%             | 1 mo. LIBOR   |
| Refinancing Facility              | 45,653            | 12/30/2016 | 9/3/2020  | Level 2    | 1.0016%             | 1 mo. LIBOR   |
| Korean Export Credit Facility (1) | 479,773           | 6/30/2016  | 9/30/2020 | Level 2    | 1.2970%             | 3 mo. LIBOR   |
| Korean Export Credit Facility (1) | 89,957            | 6/30/2016  | 9/30/2020 | Level 2    | 1.3370%             | 3 mo. LIBOR   |
| Korean Export Credit Facility (1) | 29,986            | 6/30/2016  | 9/30/2020 | Level 2    | 1.3075%             | 3 mo. LIBOR   |
| Sinasure Credit Facility          | 233,452           | 6/21/2016  | 3/21/2022 | Level 2    | 1.4100%             | 3 mo. LIBOR   |

- (1) The initial aggregate notional amount of \$333.9 million under the three interest rate swaps is scheduled to increase up to a maximum aggregate notional amount of \$680.8 million in order to effectively fix the interest rate on the target percentage of expected borrowings, since the loans under the Korean Export Credit Facility were not fully drawn as of the effective date of the interest rate swap transaction.
- (2) As described above, after this date, these swaps effectively fix the interest rate on approximately 5% of the aggregate variable interest rate borrowings of the applicable credit facility through February 20, 2029 in the case of the Korean Export Credit Facility and May 6, 2028 in the case of the Sinasure Credit Facility.

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The tables below provide quantitative information about the impact of derivatives on the Company's balance sheet and statement of operations (dollars in thousands):

|  | Balance Sheet Location | December 31, 2016               |                                     | December 31, 2015               |                                     |
|--|------------------------|---------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
|  |                        | Fair Value of Derivatives Asset | Fair Value of Derivatives Liability | Fair Value of Derivatives Asset | Fair Value of Derivatives Liability |
| <b>Derivatives designated as hedging instruments</b>       |                        |                                 |                                     |                                 |                                     |
| Interest rate swap contracts - non-current                 | Non-current assets     | \$19,585                        | \$ —                                | \$ —                            | \$ —                                |
| Interest rate swap contracts - current                     | Current liabilities    | (1,552)                         | —                                   | —                               | —                                   |
| <b>Total derivatives designated as hedging instruments</b> |                        | <b>\$18,033</b>                 | <b>\$ —</b>                         | <b>\$ —</b>                     | <b>\$ —</b>                         |

| Offsetting of Derivative Assets |                                    |   |  |   |                         |                  |
|---------------------------------|------------------------------------|---|--|---|-------------------------|------------------|
| December 31, 2016               |                                    |   |  |   |                         |                  |
|                                 | Gross Amounts of Recognized Assets | Gross Amounts Offset in the Balance Sheet | Net Amounts of Assets presented in the Balance Sheet | Gross Amounts Not Offset in the Balance Sheet |                         |                  |
|                                 |                                    |   |  | Financial Instruments                         | Cash Collateral Pledged | Net Amount       |
| Counterparty 1                  | \$ 15,577                          | \$ 1,314                                  | \$ 16,891  | \$ (1,314)                                    | \$ —                    | \$ 15,577        |
| Counterparty 2                  | 975                                | 80  | 1,055  | (80)  | —                       | 975              |
| Counterparty 3                  | 1,481                              | 158                                       | 1,639  | (158)   | —                       | 1,481            |
| <b>Total</b>                    | <b>\$ 18,033</b>                   | <b>\$ 1,552</b>                           | <b>\$ 19,585</b>                                     | <b>\$ (1,552)</b>                             | <b>\$ —</b>             | <b>\$ 18,033</b> |

| Offsetting of Derivative Liabilities |   |   |   |   |                         |             |
|--------------------------------------|---|---|---|---|-------------------------|-------------|
| December 31, 2016                    |   |   |   |   |                         |             |
|                                      | Gross Amounts of Recognized Liabilities | Gross Amounts Offset in the Balance Sheet | Net Amounts of Liabilities presented in the Balance Sheet | Gross Amounts Not Offset in the Balance Sheet |                         |             |
|                                      |   |   |   | Financial Instruments                         | Cash Collateral Pledged | Net Amount  |
| Counterparty 1                       | \$ —                                    | \$ (1,314)                                | \$ (1,314)  | \$ 1,314                                      | \$ —                    | \$ —        |
| Counterparty 2                       | —                                       | (80)                                      | (80)  | 80  | —                       | —           |
| Counterparty 3                       | —                                       | (158)                                     | (158)   | 158   | —                       | —           |
| <b>Total</b>                         | <b>\$ —</b>                             | <b>\$ (1,552)</b>                         | <b>\$ (1,552)</b>   | <b>\$ 1,552</b>                               | <b>\$ —</b>             | <b>\$ —</b> |

The following table provides the effect of derivatives on the statements of operations for the year ended December 31, 2016 (dollars in thousands):

| Derivatives in Cash Flow Hedging Relationships                            | Location of Gain or (Loss) Reclassified from AOCI to Income | Location of Gain (Loss) Recognized on Derivatives |           |      |
|---|---|---|-----------|------|
|   |   |   | 2016      | 2015 |
| <b>Interest rate swap contracts (Effective Portion)</b>                   |   |   |           |      |
| Amount of gain / (loss) recognized in OCI on derivatives                  | Interest Expense, net                                       |   | \$ 14,642 | \$ — |
| Amount of gain / (loss) reclassified from AOCI into income on derivatives | Interest Expense, net                                       |   | (2,692)   | —    |
| <b>Interest rate swap contracts (Ineffective Portion)</b>                 |   |   |           |      |
| Amount of gain / (loss) recognized in income on derivatives               |   | Other expense, net                                | \$ 696    | —    |

**10. VESSELS UNDER CONSTRUCTION**

Vessels under construction represents the cost of acquiring contracts to build vessels, installments paid to shipyards, certain other payments made to third parties and interest costs incurred during the construction of vessels (until the vessel is substantially complete and ready for its intended use).

Vessels under construction consist of the following (dollars in thousands):

|  | <u>December 31,</u><br><u>2016</u> | <u>December 31,</u><br><u>2015</u> |
|--|------------------------------------|------------------------------------|
| <i>2014 Acquired VLCC Newbuildings:</i>      |                                    |                                    |
| Vessels / SPV Stock Purchase                 | \$ 162,683                         | \$ 162,683                         |
| Installment and supervision payments         | 579,818                            | 287,259                            |
| Accrued milestones and supervision payments  | —                                  | 18,895                             |
| Others                                       | 5,214                              | 2,687                              |
| <i>2015 Acquired VLCC Newbuildings:</i>      |                                    |                                    |
| Vessels                                      | 435,417                            | 435,417                            |
| Acquisition-related costs                    | 10,295                             | 10,295                             |
| Installment and supervision payments         | 840,833                            | 183,738                            |
| Accrued milestones and supervision payments  | 5,368                              | 87,150                             |
| Others                                       | 14,138                             | 3,110                              |
| Fair value of 2015 Warrant Agreement assumed | 3,381                              | 3,381                              |
| Fair value of 2015 Stock Options assumed     | 39                                 | 39                                 |
| Capitalized interest                         | 71,731                             | 44,130                             |
| Vessel deliveries                            | <u>(1,951,784)</u>                 | <u>(327,767)</u>                   |
| Total  | <u>\$ 177,133</u>                  | <u>\$ 911,017</u>                  |

**2014 Acquired VLCC Newbuildings**

In March 2014, the Company acquired seven newbuilding contracts for VLCC tankers from Scorpio Tankers Inc. (the “2014 Acquired VLCC Newbuildings”) in a stock purchase transaction for the purchase of the outstanding common stock of the Scorpio Shipbuilding for an aggregate price of approximately \$162.7 million.

During the year ended December 31, 2015 and 2016, and in accordance with the respective newbuilding contract, the Company took delivery of two and five of the 2014 Acquired VLCC Newbuildings, respectively. As of December 31, 2016, all of the 2014 Acquired VLCC Newbuildings were delivered to the Company. See *Note 8, DELIVERY AND DISPOSAL OF VESSELS*, for deliveries during the year.

**2015 Acquired VLCC Newbuildings**

The Company acquired 14 newbuilding contracts for VLCC tankers from Navig8 Crude in connection with the 2015 merger (the “2015 Acquired VLCC Newbuildings”) with deliveries commenced in the fourth quarter of 2015. See *Note 6, 2015 MERGER*, for more details.

During the year ended December 31, 2015 and 2016, and in accordance with their newbuilding contracts, one and ten of the 2015 Acquired VLCC Newbuildings were delivered to the Company, respectively. See *Note 8, DELIVERY AND DISPOSAL OF VESSELS*, for deliveries during the year ended December 31, 2016. As of December 31, 2016, the three remaining 2015 Acquired VLCC Newbuildings are scheduled to be delivered during 2017 with estimated commitments of \$143.2 million and available borrowing of approximately \$190.0 million. See *Note 22, SUBSEQUENT EVENTS*, for deliveries after December 31, 2016 and *Note 14, LONG TERM DEBT*.

## 11. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following (dollars in thousands):

|  | December<br>31,<br>2016 | December<br>31,<br>2015 |
|--|-------------------------|-------------------------|
| Bunkers and lubricants                               | \$ 7,522                | \$ 5,746                |
| Escrow deposit - final installment for Gener8 Apollo | —                       | 9,011                   |
| Insurance claims receivable                          | 5,047                   | 5,185                   |
| Prepaid insurance                                    | 3,185                   | 2,965                   |
| Other  | 11,857                  | 8,990                   |
| Total  | <u>\$ 27,611</u>        | <u>\$ 31,897</u>        |

The escrow deposit amount represents the loan proceeds due to the Company upon delivery of the *Gener8 Apollo*, which were received upon delivery of the vessel in January 2016. Insurance claims receivable consist substantially of payments made by the Company for repairs of vessels that the Company expects, pursuant to the terms of the insurance agreements, to recover from the carrier within one year, net of deductibles which have been expensed. As of December 31, 2016 and December 31, 2015, the portion of insurance claims receivable not expected to be collected within one year of \$0.6 million and \$0.8 million, respectively, is included in Other noncurrent assets on the consolidated balance sheets. Other primarily represents \$4.7 million of advances to our third-party technical managers and the working capital due from Navig8 associated with the *Gener8 Spyridon* and *Gener8 Ulysses*, aggregated to \$0.9 million and \$1.0 million, respectively.

## 12. OTHER NONCURRENT ASSETS

Other noncurrent assets consist of the following (dollars in thousands):

|                                    | December<br>31,<br>2016 | December<br>31,<br>2015 |
|------------------------------------|-------------------------|-------------------------|
| Escrow deposits                    | \$ 38                   | \$ 51,915               |
| Working capital for 2011 VLCC pool | 1,900                   | 1,900                   |
| Long-term due from charters        | 1,546                   | 1,546                   |
| Fresh start lease asset            | 1,183                   | 1,319                   |
| Insurance claims                   | 588                     | 789                     |
| Total                              | <u>\$ 5,255</u>         | <u>\$ 57,469</u>        |

As of December 31, 2015, escrow deposits primarily represented the final installment payments for the *Gener8 Apollo*. Subsequent to the delivery of the *Gener8 Apollo* in January 2016, the related amount was transferred to vessels. Working capital for 2011 VLCC pool and Long-term due from charters represent amounts due from the 2011 VLCC Pool and the Atlas charter disputes. See *Note 16, VESSEL POOL ARRANGEMENTS* for more details.

## 13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following (dollars in thousands):

|  | December<br>31,<br>2016 | December<br>31,<br>2015 |
|--|-------------------------|-------------------------|
| Accounts payable                           | \$ 6,821                | \$ 4,143                |
| Accrued milestone and supervision payments | 5,368                   | 105,895                 |
| Accrued operating expenses                 | 16,990                  | 20,608                  |
| Accrued administrative expenses            | 2,767                   | 691                     |
| Accrued interest                           | 2,045                   | 1,911                   |
| Total                                      | <u>\$ 33,991</u>        | <u>\$ 133,248</u>       |

Accrued milestones and supervision payments represent the amounts due for construction milestone and supervision installment payments under the contracts for the Acquired VLCC Newbuildings. During the year ended

December 31, 2016, the Company paid \$101.1 million of milestone and supervision installments that was accrued as of December 31, 2015.

#### 14. LONG-TERM DEBT

Long-term debt consists of the following (dollars in thousands):

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Refinancing Facility  | \$ 408,337           | \$ 551,950           |
| Korean Export Credit Facility                                   | 658,568              | 185,389              |
| Senior Notes  | 174,604              | 156,829              |
| Amended Sinosure Credit Facility                                | 340,442              | 62,886               |
| Total   | 1,581,951            | 957,054              |
| Less: current portion of long-term debt                         | (181,023)            | (135,367)            |
| Less: unamortized discount and debt financing costs             | (63,146)             | (48,964)             |
| Long-term debt less unamortized discount and debt issuance cost | <u>\$ 1,337,782</u>  | <u>\$ 772,723</u>    |

Unamortized discount and debt financing costs include an unamortized discount related to the Company's Senior Notes and deferred financing costs comprised of bank fees and legal expenses associated with securing new loan facilities. These deferred financing costs are amortized based upon the effective interest rate method over the life of the related debt, which is included in interest expense.

On June 29, 2016, the Company amended the Sinosure Credit Facility for the purpose of financing the delivery of two VLCC newbuilding vessels, the *Gener8 Chiotis* and the *Gener8 Miltiades*.

On May 2, 2016, the Company entered into interest rate swap transactions, which are intended to be cash flow hedges that effectively fix the interest rates for the Refinancing Facility, the Korean Export Credit Facility and the Sinosure Credit Facility. The interest rate swap transactions were each confirmed under an ISDA Master Agreement, as published by the International Swaps and Derivatives Associations, Inc. ("ISDA"), including the Schedule thereto and related documentation containing customary representations, warranties and covenants. In December 2016, the Company amended one of these two interest rate swap agreements and simultaneously terminated and re-entered into the other such swap agreement. The Company may modify or terminate any of the foregoing interest rate swap transactions in accordance with their terms or enter into additional swap transactions in the future from time to time. Notwithstanding the terms of the interest rate swap transactions, the Company remains ultimately obligated for all amounts due and payable under the credit facilities in accordance with the terms thereof. See *Note 9, FINANCIAL INSTRUMENTS*, for more details.

As of December 31, 2016, the Company has an aggregate amount of up to approximately \$190.0 million of available borrowings under the Korean Export Credit Facility (subject to borrowing limits and other conditions set forth in the applicable senior secured credit facilities) for the purpose of financing future deliveries of VLCC newbuilding vessels with remaining installment payments of \$143.2 million are due in 2017.

In connection with the sale of four vessels during the year ended December 31, 2016, the Company repaid \$60.3 million of borrowings under the Refinancing Facility.

Future principal repayment amounts of the Company's outstanding debt for the next five years are as follows: 2017—\$181.0 million, 2018—\$142.7 million, 2019—\$142.7 million, 2020—\$280.6 million, 2021—\$136.8 million and thereafter—\$523.5 million. As of December 31, 2016 and 2015, the weighted average interest rate for the credit facilities are 4.47% and 5.47%, respectively.

##### Refinancing Facility

On September 3, 2015, the Company entered into a term loan facility, dated as of September 3, 2015 (the "Refinancing Facility"), by and among the Company's wholly-owned subsidiary, Gener8 Maritime Sub II, the

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Company, as parent, the lenders party thereto, and Nordea Bank Finland, PLC, New York Branch as Facility Agent and Collateral Agent in order to refinance the \$508M Credit Facility and the \$273M Credit Facility. The Refinancing Facility provides for term loans up to the aggregate approximate amount of \$581.0 million, which were fully drawn on September 8, 2015. The loans under the Refinancing Facility will mature on September 3, 2020.

The Refinancing Facility bears interest at a rate per annum based on the London Interbank Offered Rate (“LIBOR”) plus a margin of 3.75% per annum. If there is a failure to pay any amount due on a loan under the Refinancing Facility and related credit documents, interest shall accrue at a rate 2.00% higher than the interest rate that would otherwise have been applied to such amount.

The Refinancing Facility is secured on a first lien basis by a pledge of the Company’s interest in Gener8 Maritime Sub II, a pledge by Gener8 Maritime Sub II of its interests in the 21 vessel-owning subsidiaries it owns (the “Gener8 Maritime Sub II Vessel Owning Subsidiaries”) and a pledge by such Gener8 Maritime Sub II Vessel Owning Subsidiaries of substantially all their assets, and is guaranteed by the Company and the Gener8 Maritime Sub II Vessel Owning Subsidiaries. In addition, the Refinancing Facility is secured by a pledge of certain of the Company’s and Gener8 Maritime Sub II Vessel Owning Subsidiaries’ respective bank accounts. As of December 31, 2016, the Gener8 Maritime Sub II Vessel Owning Subsidiaries owned 5 VLCCs, 10 Suezmax vessels, 4 Aframax vessels and 2 Panamax vessels.

Gener8 Maritime Sub II is obligated to repay the Refinancing Facility in 20 consecutive quarterly installments, which commenced on September 3, 2015. Gener8 Maritime Sub II is also required to prepay the Refinancing Facility upon the occurrence of certain events, such as a sale for vessels held as collateral or total loss of a vessel.

The Company is required to comply with various collateral maintenance and financial covenants under the Refinancing Facility, including with respect to its maximum leverage ratio, minimum cash balance and an interest expense coverage ratio covenant. The Refinancing Facility also requires the Company to comply with a number of customary covenants, including covenants related to the delivery of quarterly and annual financial statements, budgets and annual projections; maintaining required insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the collateral vessels; restrictions on consolidations, mergers or sales of assets; limitations on liens; limitations on issuance of certain equity interests; limitations on restricted payments; limitations on transactions with affiliates; and other customary covenants and related provisions.

The Refinancing Facility also contains certain restrictions on payments of dividends and prepayments of the indebtedness outstanding under the Note and Guarantee Agreement (as defined below). The Refinancing Facility permits the Company to pay dividends and make prepayments under the Note and Guarantee Agreement so long as the Company satisfies certain conditions under the Refinancing Facility’s minimum cash balance and collateral maintenance tests subject to a cap of 50% of consolidated net income earned by the Company after the closing date of the Refinancing Facility. For purposes of calculating consolidated net income, consolidated net income will be adjusted, without duplication, by adding noncash interest expense and amortization of other fees and expenses; amounts attributable to impairment charges on intangible assets, including amortization or write-off of goodwill; non-cash management retention or incentive program payments; non-cash restricted stock compensation; and losses on minority interests or investments less gains on such minority interests or investments. The Company is also permitted to pay dividends in an amount not to exceed net cash proceeds received from its issuance of equity after the date of the Refinancing Facility. The Company may also make prepayments under the Note and Guarantee Agreement from the proceeds received from sale of assets so long as it satisfies certain conditions under its minimum cash balance and collateral maintenance tests. Further, the Company is allowed to refinance the Note and Guarantee Agreement subject to certain restrictions and pay the outstanding indebtedness under the Note and Guarantee Agreement on the maturity date of the Note and Guarantee Agreement. As of December 31, 2016, none of the Company’s net income and retained earnings was free of such restrictions.

The Refinancing Facility includes customary events of default and remedies for credit facilities of this nature, including an event of default if a change of control occurs. In addition to other customary events, a change of control under the Refinancing Facility occurs if a change of control occurs under the governing document of any indebtedness



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with an aggregate principal amount of greater than \$20 million, and, as a result, such indebtedness becomes due and payable prior to its stated maturity date. If the Company does not comply with its financial and other covenants under the Refinancing Facility, the lenders may, subject to customary cure rights, require the immediate payment of all amounts outstanding under the Refinancing Facility.

On December 15, 2016, the Company entered into a First Amendment (the “Amendment”) to the Refinancing Facility. The Amendment revised the definition of “Payment Date” contained in the Refinancing Facility to be the 15th day of each April, July, October and January. If such date is not a business day, the Payment Date will be the business day immediately prior to such date. The term “Payment Date” is used in the Refinancing Facility with respect to amortization payments. Prior to entry into the Amendment, the Payment Date was defined as the last business day of each March, June, September and December.

See *Note 9, FINANCIAL INSTRUMENTS*, for the Company’s interest rate risk management program related to the credit facility.

### Korean Export Credit Facility

On September 3, 2015, the Company entered into a term loan facility (the “Korean Export Credit Facility”) to fund a portion of the remaining installment payments due under shipbuilding contracts for 15 VLCC newbuildings owned by the Company at that time. The borrower under the Korean Export Credit Facility is Gener8 Maritime Subsidiary VIII Inc. (“Gener8 Maritime Sub VIII”), the Company’s wholly owned subsidiary, and the Korean Export Credit Facility is guaranteed by the Company. The Korean Export Credit Facility provides for term loans up to the aggregate approximate amount of \$963.7 million, which is comprised of a tranche of term loans to be made available by a syndicate of commercial lenders up to the aggregate approximate amount of \$282.0 million (the “Commercial Tranche”), a tranche of term loans to be fully guaranteed by the Export-Import Bank of Korea (“KEXIM”) up to the aggregate approximate amount of up to \$139.7 million (the “KEXIM Guaranteed Tranche”), a tranche of term loans to be made available by KEXIM up to the aggregate approximate amount of \$197.4 million (the “KEXIM Funded Tranche”) and a tranche of term loans insured by Korea Trade Insurance Corporation (“K-Sure”) up to the aggregate approximate amount of \$344.6 million (the “K-Sure Tranche”). As of December 31, 2016, approximately \$190.0 million was available to borrow in aggregate under this facility to fund the remaining installment payments.

At or around the time of delivery of each of the VLCC newbuildings, a loan will be available to be drawn under the Korean Export Credit Facility in an amount equal to the lowest of (i) 65% of the final contract price of such VLCC newbuilding, (ii) 65% of the maximum contract price of such VLCC newbuilding and (iii) 60% of the fair market value of such VLCC newbuilding tested at or around the time of delivery of such VLCC newbuilding. Each such loan is referred to herein as a “Korean Vessel Loan.” Each Korean Vessel Loan will be allocated pro rata to each lender of the Commercial Tranche, KEXIM Guaranteed Tranche, KEXIM Funded Tranche and K-Sure Tranche based on their respective commitments, other than the Korean Vessel Loans to fund the deliveries of the *Gener8 Hector* and the *Gener8 Nestor*, which will be fully funded by the lenders of the Commercial Tranche.

Each Korean Vessel Loan will mature, in respect of the Commercial Tranche, on the date falling 60 months from the date of borrowing of that Korean Vessel Loan and, in respect of the other tranches, on the date falling 144 months from the date of borrowing of that Korean Vessel Loan. KEXIM and K-Sure have the option of requiring prepayment of their respective tranches if the Commercial Tranche is not, upon its termination date, fully refinanced or renewed by the commercial lenders. Upon exercise of such option, all outstanding amounts under the relevant tranche must be repaid upon the termination date of the Commercial Tranche.

The Korean Export Credit Facility bears interest at a rate per annum based on LIBOR plus a margin of, in relation to the Commercial Tranche, 2.75% per annum, in relation to the KEXIM Guaranteed Tranche, 1.50% per annum, in relation to the KEXIM Funded Tranche, 2.60% per annum and in relation to the K-Sure Tranche, 1.70% per annum. If there is a failure to pay any amount due on a Korean Vessel Loan, interest shall accrue at a rate 2.00% higher than the interest rate that would otherwise have been applied to such amount. See *Note 9, FINANCIAL INSTRUMENTS*, for the Company’s interest rate risk management program related to the Korean Export Credit Facility.

The Korean Export Credit Facility is secured on a first lien basis by a pledge of the Company's interest in Gener8 Maritime Sub V, a pledge by Gener8 Maritime Sub V of its interests in Gener8 Maritime Sub VIII, a pledge by Gener8 Maritime Sub VIII of its interests in its 15 wholly-owned subsidiaries intended to own vessels or newbuildings (the "Gener8 Maritime Sub VIII Vessel Owning Subsidiaries"), and a pledge by such Gener8 Maritime Sub VIII Vessel Owning Subsidiaries of substantially all their assets, and is guaranteed by the Company, Gener8 Maritime Sub V and the Gener8 Maritime Sub VIII Vessel Owning Subsidiaries. In addition, the Korean Export Credit Facility is secured by a pledge of certain of the Company's and Gener8 Maritime Sub VIII Vessel Owning Subsidiaries' respective bank accounts.

Gener8 Maritime Sub VIII is obligated to repay the Commercial Tranche of each Korean Vessel Loan in 20 equal consecutive quarterly installment (excluding a final balloon payment equal to 2/3 of the applicable Korean Vessel Loan) of such Korean Vessel Loan and is obligated to repay the other tranches of each Korean Vessel Loan in 48 equal consecutive installments. Gener8 Maritime Sub VIII is also required to prepay Korean Vessel Loans upon the occurrence of certain events, including a default under a shipbuilding contract, a sale or total loss of a vessel, and upon election by the majority lenders, upon a change of control.

If, at any time, none of (i) Peter Georgiopoulos, (ii) Gary Brocklesby or (iii) Nicolas Busch serves as a member of our board of directors, a change of control would occur under the Korean Export Credit Facility. For example, since Mr. Brocklesby is not currently a member of the board of directors, a change of control would occur should Mr. Georgiopoulos and Mr. Busch both resign or be removed from the board, decline to stand for reelection or fail to be reelected to the board, die or otherwise cease to remain as the Company's directors for any reason. In the event of a change of control under the Korean Export Credit Facility, the majority lenders may elect to declare all amounts outstanding under the Korean Vessel Loans to be immediately due and payable and, in the event of non-payment, proceed against the collateral securing such loans. The lenders may make this election at any time following the occurrence of a change of control.

The Company is required to comply with various collateral maintenance and financial covenants under the Korean Export Credit Facility, which are described in more detail below under the heading "Financial Covenants." If the Company does not comply with its financial and other covenants under the Korean Export Credit Facility, the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the Korean Export Credit Facility.

#### Amended Sinosure Credit Facility

On December 1, 2015, the Company entered into a term loan facility (the "Sinosure Credit Facility") to fund a portion of the installment payments due under shipbuilding contracts in respect of three VLCC newbuildings which are being built at Chinese shipyards and to refinance a credit facility. The borrower under the Sinosure Credit Facility is Gener8 Maritime Subsidiary VII Inc. ("Gener8 Maritime Sub VII"), the Company's wholly owned subsidiary, and the Sinosure Credit Facility is guaranteed by the Company. The Sinosure Credit Facility provided term loans up to the aggregate approximate amount of \$259.6 million. On June 29, 2016, the Company amended the Sinosure Credit Facility (the "Amended Sinosure Credit Facility") to, among other things, include (i) Gener8 Chiotis LLC and Gener8 Miltiades LLC as owner guarantors under the Sinosure Credit Facility and (ii) two additional term loan tranches having an aggregate amount of up to approximately \$125.7 million, for purposes of financing deliveries of an additional two VLCC newbuilding vessels, the *Gener8 Chiotis* and the *Gener8 Miltiades*. As of December 31, 2016, the Amended Sinosure Credit Facility funded the delivery of five VLCC newbuildings and refinanced a credit facility. The Amended Sinosure Credit Facility provided for term loans up to the aggregate amount of approximately \$385.2 million.

Loans under the Amended Sinosure Credit Facility were drawn down at or around the time of delivery of each newbuilding funded by the Amended Sinosure Credit Facility. Each loan drawn under the Amended Sinosure Credit Facility is referred to as a "Sinosure Vessel Loan." Each Sinosure Vessel Loan was allocated pro rata to each lender based on its commitments. The Company's ability to utilize these funds is subject to the actual delivery of the vessel and other borrowing conditions. Each Sinosure Vessel Loan will mature on the date falling 144 months from the date of borrowing of that Sinosure Vessel Loan.

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The Amended Sinasure Credit Facility bears interest at a rate per annum based on LIBOR plus a margin of 2.00% per annum. If there is a failure to pay any amount due on a Sinasure Vessel Loan, interest shall accrue at a rate 2.00% higher than the interest rate that would otherwise have been applied to such amount. See *Note 9, FINANCIAL INSTRUMENTS*, for the Company's interest rate risk management program related to the Amended Sinasure Credit Facility.

The Amended Sinasure Credit Facility is secured on a first lien basis by a pledge of the Company's interest in Gener8 Maritime Sub VII, a pledge by Gener8 Maritime Sub VII of its interests in its four wholly-owned subsidiaries owning or intended to own vessels or newbuildings (the "Gener8 Maritime Sub VII Vessel Owning Subsidiaries") and a pledge by such Gener8 Maritime Sub VII Vessel Owning Subsidiaries of substantially all their assets, and is guaranteed by the Company and the Gener8 Maritime Sub VII Vessel Owning Subsidiaries. In addition, the Amended Sinasure Credit Facility is secured by a pledge of certain of the Company's and Gener8 Maritime Sub VII Vessel Owning Subsidiaries' respective bank accounts.

Gener8 Maritime Sub VII is obligated to repay each Sinasure Vessel Loan in equal consecutive quarterly installments (excluding a final balloon payment equal to 20% of the applicable Sinasure Vessel Loan), each in an amount equal to 1 2/3% of such Sinasure Vessel Loan, on each of March 21, June 21, September 21 and December 21 until the Sinasure Vessel Loan's maturity date. On the respective maturity date, Gener8 Maritime Sub VII is obligated to repay the remaining amount that is outstanding under each Sinasure Vessel Loan. Gener8 Maritime Sub VII is also required to prepay the loans upon the occurrence of certain events, including a default under a shipbuilding contract, a sale or total loss of a vessel and, upon election by The Export-Import Bank of China and one other lender, upon a change of control of the Company.

If, at any time, none of (i) Peter Georgiopoulos, (ii) Gary Brocklesby or (iii) Nicolas Busch serves as a member of our board of directors, a change of control would occur under the Amended Sinasure Credit Facility. For example, since Mr. Brocklesby is not currently a member of the board of directors, a change of control would occur should Mr. Georgiopoulos and Mr. Busch both resign or be removed from the board, decline to stand for reelection or fail to be reelected to the board, die or otherwise cease to remain as the Company's directors for any reason. In the event of a change of control under the Amended Sinasure Credit Facility, the majority lenders may elect to declare all amounts outstanding under the Sinasure Vessel Loans to be immediately due and payable and, in the event of non-payment, proceed against the collateral securing such loans. The lenders may make this election at any time following the occurrence of a change of control.

The Company is required to comply with various collateral maintenance and financial covenants under the Amended Sinasure Credit Facility, which are described in more detail below under the heading "Financial Covenants." If the Company does not comply with its financial and other covenants under the Amended Sinasure Credit Facility, the lenders may, subject to various customary cure rights, require the immediate payment of all amounts outstanding under the Amended Sinasure Credit Facility.

### Senior Notes

On March 28, 2014, the Company and Gener8 Maritime Sub V Inc. ("Gener8 Maritime Sub V") entered into a note and guarantee agreement (the "Note and Guarantee Agreement"), with affiliates of BlueMountain Capital Management, LLC, in respect of the Company's issuance of senior unsecured notes due 2020 (the "Senior Notes"). On May 13, 2014, the Company issued the Senior Notes in the aggregate principal amount of \$131.6 million for proceeds of approximately \$125 million (before fees and expenses), after giving effect to the original issue discount provided for in the Note and Guarantee Agreement. As of December 31, 2016 and 2015, the discount on the Senior Notes was \$4.9 million and \$5.7 million, respectively, which the Company amortizes as additional interest expense until March 28, 2020.

On October 21, 2015, we entered into an amendment to the Note and Guarantee Agreement, dated as of October 21, 2015, by and among the parties to the Note and Guarantee Agreement, which allowed us to enter into the Citibank Facility.

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On December 2, 2015, the Company entered into an amendment to the Note and Guarantee Agreement, dated as of December 2, 2015, by and among the parties to the Note and Guarantee Agreement. This amendment permits the Company to repurchase outstanding equity interests held by employees, former employees, directors and former directors (i) pursuant to certain stock option grant agreements and equity incentive plans and (ii) in an amount equal to the value of any withholding taxes in connection with the vesting of equity interests granted to employees, former employees, directors or former directors.

Interest on the Senior Notes accrues at the rate of 11.0% per annum in the form of additional Senior Notes and the balloon repayment is due 2020, except that if the Company at any time irrevocably elects to pay interest in cash for the remainder of the life of the Senior Notes, interest on the Senior Notes will thereafter accrue at the rate of 10.0% per annum.

### Interest Expense, net

Interest expense, net consists of the following (amounts in thousands):

|  | For the Years Ended December 31, |                    |                    |
|--|----------------------------------|--------------------|--------------------|
|  | 2016                             | 2015               | 2014               |
| Refinancing Facility (1)                 | \$ (21,561)                      | \$ (7,564)         | \$ —               |
| Korean Export Credit Facility (1)        | (13,224)                         | (922)              | —                  |
| Senior Notes                             | (18,612)                         | (16,529)           | (9,554)            |
| Amended Sinosure Credit Facility (1)     | (7,444)                          | (19)               | —                  |
| Fully repaid credit facilities           | —                                | (20,046)           | (28,436)           |
| Amortization of deferred financing costs | (11,295)                         | (3,434)            | (908)              |
| Capitalized interest                     | 27,602                           | 35,170             | 8,958              |
| Commitment fees                          | (5,201)                          | (2,713)            | —                  |
| Interest income                          | 108                              | 75                 | 91                 |
| Interest expense, net                    | <u>\$ (49,627)</u>               | <u>\$ (15,982)</u> | <u>\$ (29,849)</u> |

(1) Amounts include interest rate swaps settlements.

### Financial Covenants

Under the Refinancing Facility, the Korean Export Credit Facility and the Amended Sinosure Credit Facility, the Company is required to comply with various collateral maintenance and financial covenants, including with respect to its maximum leverage ratio, minimum cash balance and an interest expense coverage ratio covenant. These facilities and the Note and Guarantee Agreement also require the Company to comply with a number of customary covenants, including covenants related to the delivery of quarterly and annual financial statements, budgets and annual projections; maintaining required insurances; compliance with laws (including environmental); compliance with ERISA; maintenance of flag and class of the collateral vessels; restrictions on consolidations, mergers or sales of assets; limitations on liens; limitations on issuance of certain equity interests; limitations on restricted payments; limitations on transactions with affiliates; and other customary covenants and related provisions. As of December 31, 2016, the Company was in compliance with all such covenants that were in effect on such date.

The Refinancing Facility, the Korean Export Credit Facility and the Amended Sinosure Credit Facility also contain certain restrictions on payments of dividends and prepayments of the indebtedness under the Note and Guarantee Agreement. The Refinancing Facility, the Korean Export Credit Facility and the Amended Sinosure Credit Facility permit the Company to pay dividends and make prepayments under the Note and Guarantee Agreement so long as the Company satisfies certain conditions under these facilities' minimum cash balance and collateral maintenance tests subject to a limit of 50% of consolidated net income earned by the Company after the date of the respective facility. For purposes of calculating consolidated net income, consolidated net income will be adjusted, without duplication, by adding noncash interest expense and amortization of other fees and expenses; amounts attributable to impairment charges on intangible assets, including amortization of goodwill; non-cash management retention or incentive program

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payments; non-cash restricted stock compensation; and losses on minority interests or investments less gains on such minority interests or investments. The Company is also permitted to pay dividends in an amount not to exceed net cash proceeds received from its issuance of equity after the date of the respective facility. It may also make prepayments under the Note and Guarantee Agreement from the proceeds received from sale of assets so long as it satisfies certain conditions under its minimum cash balance and collateral maintenance tests. Further, the Company is allowed to refinance the Note and Guarantee Agreement subject to certain restrictions and repay the outstanding indebtedness under the Note and Guarantee Agreement on the maturity date of the Note and Guarantee Agreement.

Under the Note and Guarantee Agreement, the Company is permitted to make dividend payments if, after giving effect to the dividends, the ratio of the Company's secured indebtedness minus its cash to the Company's aggregate fair market value of all of its vessels is less than 60%, and the Company satisfies certain conditions under the Note and Guarantee Agreement's cumulative consolidated net income and net cash proceeds tests. In addition, in order to make dividend payments under the Note and Guarantee Agreement, the Company must have irrevocably elected to pay interest on the Senior Notes in cash rather than additional Senior Notes.

The Note and Guarantee Agreement also requires the Company to comply with the performance of obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which the Company is bound. The Note and Guarantee Agreement allows for the incurrence of additional indebtedness or refinancing of existing indebtedness upon the reduction of the loan to value ratio set forth therein to or below certain thresholds.

### Guarantees

The Company may issue debt securities in the future. All or substantially all of the subsidiaries of the Company may be guarantors of such debt. Any such guarantees are expected to be full, unconditional and joint and several. Each of the Company's subsidiaries is 100% owned by the Company. In addition, the Company has no independent assets or operations outside of its ownership of the subsidiaries and any such subsidiaries of the Company other than the subsidiary guarantors are expected to be minor. Other than restrictions contained under applicable provisions of the corporate, limited liability company and similar laws of the jurisdictions of formation of the subsidiaries of the Company, no restrictions exist on the ability of the subsidiaries to transfer funds to the Company through dividends, distributions or otherwise.

## 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments are as follows (dollars in thousands):

|   | December 31, 2016 |            | December 31, 2015 |            |
|---|-------------------|------------|-------------------|------------|
|   | Carrying Value    | Fair Value | Carrying Value    | Fair Value |
| Cash and cash equivalents                                     | \$ 94,681         | \$ 94,681  | \$ 157,535        | \$ 157,535 |
| Restricted cash   | 1,457             | 1,457      | 1,425             | 1,425      |
| Long-term debt, including current portion, excluding discount | 1,581,951         | 1,564,364  | 957,054           | 906,639    |

### *Fair value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses a fair value hierarchy which maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value with Level 1 having the highest priority and Level 3 having the lowest:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Level 3 Unobservable inputs that are supported by little or no market activity. Level 3 assets or liabilities are those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with significant unobservable inputs, as well as assets or liabilities for which the determination of fair value requires significant judgment or estimation.

The Company uses the following methods and assumptions in estimating fair values for its financial instruments:

Cash and cash equivalents: The carrying amounts reported in the balance sheet approximate fair value due to the short-term maturity or variable rates of these instruments.

Restricted cash: The carrying amounts of the Company's other financial instruments at December 31, 2016 and December 31, 2015 approximate fair value and are considered to be Level 1 items.

Long-term debt, including current portion, excluding discount: The carrying amount of the variable rate borrowings under the Refinancing Facility, Korean Export Credit Facility and Amended Sinasure Credit Facility as of December 31, 2016 and December 31, 2015 approximates the fair value estimated based on current market rates and the Company's credit spreads. The fair value of the Senior Notes, included in the table above as a component of long-term debt, was based on the income approach using observable Level 2 market expectations at measurement date and standard valuation techniques to convert future amounts to a single present amount. Level 2 inputs include futures contracts on LIBOR, LIBOR cash and swap rates and the Company's credit spreads. The Company's credit spread is estimated as the spread over LIBOR which varies from 1.5% to 1.75%.

Goodwill: Nonrecurring fair value measurements include a goodwill impairment assessment completed during the interim period as determined based on the impairment test performed, which are Level 2 inputs. See *Note 3, GOODWILL*.

As of December 31, 2016, the Company classified the *Gener8 Ulysses* as Current assets – assets held for sale, in the consolidated balance sheet. The vessel was subsequently sold during the first quarter of 2017. See *Note 22, SUBSEQUENT EVENTS*. On December 30, 2015, the Company entered into an agreement to sell the 2004-built Handymax tanker *Gener8 Consul*. As of December 31, 2015, the *Gener8 Consul* was classified as held for sale, which was finalized in first quarter of 2016.

Derivatives: The Company has elected to use the income approach to value the interest rate swap derivatives using observable Level 2 market expectations at measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted) reflecting current market expectations about those future amounts. Level 2 inputs for the derivative valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts) and inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR cash and swap rates, implied volatility for floors, basis swap adjustments and credit risk at commonly quoted intervals). Mid-market pricing is used as a practical expedient for fair value measurements. The credit effect on the derivative's fair value is calculated by applying a continuously compounded discount factor based on credit default swap rates of the counterparty when the swap is in an asset position pre-credit and based on the spread over LIBOR of 2% when the swap is in a liability position pre-credit.

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The fair value of a vessel held for sale during the year ended December 31, 2016 and 2015 was determined based on the selling price, net of estimated costs to sell, of such asset based on the contract of sale finalized within a short period of time of its classification as held for sale, and measured on a nonrecurring basis.

The following table summarizes the valuation of assets measured on a nonrecurring basis (dollars in thousands):

|                      | December 31, 2016 |   |   | December 31, 2015 |   |   |
|----------------------|-------------------|---|---|-------------------|---|---|
|                      | Total             | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total             | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets held for sale | \$ 30,195         | \$ 30,195                                     | \$ —                                      | \$ 16,999         | \$ 16,999                                     | \$ —                                      |

The following table summarizes the valuation of assets / liabilities measured on a recurring basis (dollars in thousands):

|                                   | December 31, 2016 |   |   | December 31, 2015 |   |   |
|-----------------------------------|-------------------|---|---|-------------------|---|---|
|                                   | Total             | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total             | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Interest rate swaps - Assets      | \$19,585          | \$ 19,585                                     | \$ —                                      | \$ —              | \$ —  | \$ —                                      |
| Interest rate swaps - Liabilities | 1,552             | 1,552   | —   | —                 | —   | —   |

## 16. VESSEL POOL ARRANGEMENTS

### 2011 VLCC Pool

During the second quarter of 2011, the Company agreed to enter five of its VLCCs into a commercial pool of VLCCs (the “2011 VLCC Pool”) managed by a third-party company (“2011 VLCC Pool Operator”). Through March 31, 2012, the *Genmar Vision*, the *Genmar Ulysses*, the *Genmar Zeus*, the *Genmar Hercules* and the *Genmar Victory* were delivered into the 2011 VLCC Pool.

The subsidiaries of the Company which own the *Genmar Poseidon* and the *Genmar Atlas* entered into time charters with a subsidiary company of the 2011 VLCC Pool Operator which in turn delivered those vessels into the 2011 VLCC Pool in July 2011. These two time charters were at market related rates, subject to a floor of \$15,000 per day and a 50% profit share above \$30,000 per day. The *Genmar Atlas* and the *Genmar Poseidon* time charters were terminated and the vessels were removed from the 2011 VLCC Pool in October 2012 and June 2013, respectively.

As each vessel entered the 2011 VLCC Pool, the Company was required to fund a working capital reserve of \$2,000 per vessel, which was increased to \$2,500 per vessel during the fourth quarter of 2012. This reserve was being accumulated over an eight-month period via \$250 per month being withheld from distributions of revenues earned. The 2011 VLCC Pool Operator is responsible for the working capital reserve for the two vessels it charters. For the five vessels delivered directly into the 2011 VLCC Pool by December 31, 2012, there is a working capital reserve of \$1,900 as of December 31, 2015 and December 31, 2014. All five of these vessels left the 2011 VLCC Pool by the end of May 2013, while the Company continues to own and operate these vessels. These five vessels have receivables from the 2011 VLCC Pool, including the working capital reserve, amounting to \$3,446, which is recorded on the consolidated balance sheet as Other assets, as of December 31, 2015 and December 31, 2014 for undistributed earnings and bunkers onboard the vessels when they entered into the 2011 VLCC Pool and certain other advances made by the Company on behalf of the vessels in the 2011 VLCC Pool.

See Note 20, *COMMITMENTS AND CONTINGENCIES*, for a discussion regarding a dispute on balances due from the 2011 VLCC Pool.

Unique Tankers Pool

On November 29, 2012, Unique Tankers LLC, a wholly-owned subsidiary of the Company (“Unique Tankers”), entered into an Agency Agreement (the “Unique Agency Agreement”) with Unipeck UK Company Limited (“Unipeck”) for purposes of establishing and operating a pool of tanker vessels (the “Unique Pool”) to be employed in the worldwide carriage or storage of crude oil, fuel oil or other products. Pursuant to the Unique Agency Agreement, Unique Tankers is jointly managed by Gener8 Maritime Management LLC, a wholly-owned subsidiary of the Company (“GMM”), and Unipeck through a pool committee (the “Unique Pool Committee”).

Unique Tankers chartered in tanker vessels (“Unique Pool Vessels”) under time charters providing vessel owners with a charter hire based on the earnings of all of the vessels entered in the Unique Tankers pool and pool weightings assigned to the vessels pursuant to pool participation agreements entered into with vessel owners. In turn, Unique Tankers deployed Unique Pool Vessels as agent of the vessel owners/disponent owners to its customers.

Subject to the direction of the Unique Pool Committee, GMM act as Unique Pool manager, providing administrative services to Unique Tankers. GMM also oversees, monitors and assists with, as requested, commercial management of the Unique Pool Vessels. GMM is entitled to receive a fixed fee per day for each Unique Pool Vessel for such services. All such fees have been eliminated in consolidation. For the years ended December 31, 2015 and 2014, all of the vessels in the Unique Pool were owned by the Company. Pursuant to the Unique Agency Agreement, Unipeck acted as the exclusive commercial manager of the Unique Pool Vessels, and as compensation received a certain percentage of the gross voyage revenues obtained by each Unique Pool Vessel (the “Unique Agency Fee”). For the years ended December 31, 2015 and 2014, the Unique Agency Fee amounted to \$2.2 million and \$2.7 million, respectively. The Unique Agency Fee is included in Voyage Expenses on the consolidated statements of operations.

As of December 31, 2014, seventeen of the Company’s vessels were chartered into the Unique Pool. For the years ended December 31, 2016, 2015 and 2014, voyage revenue associated with the Unique Pool amounted to \$0, \$0.2 million and \$0.3 million, respectively. Voyage revenue associated with the Unique Pool is included in the consolidated statements of operations as a component of Spot charter revenues.

On May 7, 2015, the Company delivered to Unipeck a notice of termination under certain of its pool-related agreements between Unipeck and Unique Tankers, including the Unique Agency Agreement. As of December 31, 2016 and 2015, none of the Company’s vessels were deployed in the Unique Pool.

Navig8 Pools

The Company employs all of its VLCC, Suezmax and Aframax vessels in Navig8 Group commercial crude tanker pools including the VL8 Pool, the Suez8 Pool and the V8 Pool. In June 2015, certain of the Company’s VLCC, Suezmax, Aframax and newbuilding owning subsidiaries entered into pool agreements with VL8 Pool Inc. and V8 Pool Inc., subsidiaries of Navig8 Limited, the beneficial owner of over 4% of the Company’s outstanding common shares as of December 31, 2015 and 2016.

**17. LEASE COMMITMENTS**

In 2004, the Company entered into a 15-year lease for office space in New York, New York. The monthly rental is as follows: Free rent from December 1, 2004 to September 30, 2005, \$110 per month from October 1, 2005 to September 30, 2010, \$119 per month from October 1, 2010 to September 30, 2015, and \$128 per month from October 1, 2015 to September 30, 2020. The monthly straight-line rental expense is \$161, including amortization of the lease asset recorded on May 17, 2012 associated with fresh-start accounting, for the period from May 18, 2012 to September 30, 2020. During the years ended December 31, 2016, 2015 and 2014, the Company recorded expense associated with this lease of \$1.9 million, \$2.0 million and \$1.8 million, respectively.

In July 2015, the Company amended its office lease to, among other things, extend the lease term for an additional five year period commencing on October 1, 2020 at a rate of \$182 per month. After the lease amendment,



future minimum rental payments on this lease for the next five years are as follows: 2017— \$1.5 million, 2018— \$1.5 million, 2019— \$1.5 million, 2020—\$1.7 million, 2021—\$2.2 million and thereafter—\$8.2 million.

On June 30, 2015, the Company increased its letter of credit and related cash collateral in anticipation of the extension of its office lease. As of December 31, 2016 and December 31, 2015, the Company had an outstanding letter of credit of \$1.4 million in both periods, as required under the terms of its office lease. This letter of credit is secured by cash placed in a restricted account amounting to \$1.5 million as of December 31, 2016 and December 31, 2015.

## 18. RELATED PARTY TRANSACTIONS

The following are related party transactions not disclosed elsewhere in these financial statements:

Navig8 Group consists of Navig8 Limited, the beneficial owner of over 4% of the Company's outstanding common shares, and all of its subsidiaries. These subsidiaries include Navig8 Shipmanagement Pte Ltd., Navig8 Asia Pte Ltd, VL8 Management Inc., Navig8 Inc., VL8 Pool Inc. (the VL8 pool manager), V8 Management, Inc., V8 Pool Inc. (the V8 pool and Suez8 pool manager) and Integr8 Fuels Inc. Nicolas Busch, a member of the Company's Board of Directors, is a director and beneficial owner of Navig8 Limited.

In 2015, the Company's relevant newbuilding and vessel owning subsidiaries entered into pool agreements with VL8 Pool, Inc. for the Company's existing and newbuilding VLCC vessels and with V8 Pool Inc. for the Company's Suezmax and Aframax vessels, in each case for VL8 Pool, Inc. and V8 Pool Inc. to act as pool managers ("Pool Managers"). The Pool Managers act as the time charterer of the pool vessels and will enter the pool vessels into employment contracts such as voyage charters. The Pool Managers allocate the revenue of applicable pool vessels between all the pool participants based on pool results and a pre-determined allocation method. Pursuant to each pool agreement, the Company is required to pay an administration fee of \$325.00 per day per VLCC vessel in the VL8 Pool and per Suezmax vessel in the V8 Pool, and \$250.00 per day per Aframax vessel in the V8 Pool.

### Navig8 Pools

As of December 31, 2016, 23 of the Company's VLCC vessels have entered into the VL8 pool, ten of the Company's Suezmax vessels have entered into the Suez8 pool and 4 of the Company's Aframax vessels have entered into the V8 pool. As of December 31, 2015, 11 of the Company's VLCC vessels had entered into the VL8 pool, 11 of the Company's Suezmax vessels have entered into the Suez8 pool and 4 of the Company's Aframax vessels have entered into the V8 pool.

During the years ended December 31, 2016, 2015 and 2014, the Company earned net pool distributions of \$368.9 million (which is comprised of \$239.0 million from VL8 pool, \$103.5 million from Suez8 pool and \$26.4 million from V8 pool), \$149.6 million (which is comprised of \$75.9 million from VL8 pool, \$52.4 million from Suez8 pool and \$21.3 million from V8 pool) and \$0, respectively, from Navig8 pools. These amounts are included in Navig8 pool revenues on the consolidated statement of operations.

As of December 31, 2016 and 2015, a balance of \$60.7 million (\$40.9 million from VL8 pool, \$16.1 million from Suez8 pool and \$3.7 million from V8 pool) and \$38.1 million (\$17.3 million from VL8 pool, \$15.5 million from Suez8 pool and \$5.3 million from V8 pool), respectively, is unpaid and is included in Due from Navig8 pools on the consolidated balance sheet.

From the closing of the 2015 merger until March 2016, the *Nave Quasar* was chartered-in from Navig8 Inc., a subsidiary of Navig8 Limited, at a gross daily rate of \$26 thousand, and the pool earnings were subject to a 50% profit share with Navig8 Inc. for earnings above \$30 thousand per day. For the years ended December 31, 2016, 2015 and 2014, the related expense amounted to \$3.1 million, \$11.3 million and \$0, respectively, and is included in Navig8 charterhire expenses on the consolidated statement of operations. In March 2016, the Company re-delivered the *Nave Quasar* to the owner.

Working Capital at Navig8 Pools

The Company is required to provide working capital to each of VL8 Pool Inc. and V8 Pool Inc. upon delivery of each vessel into the applicable Navig8 pool. During the first quarter of 2016, Navig8 Group revised the working capital requirements of the Navig8 pools whereby participants provide working capital of \$1.0 million (from \$1.5 million), \$0.9 million (from \$1.0 million) and \$0.7 million (from \$0.8 million) to VL8 Pool Inc. in respect of the VL8 pool, V8 Pool Inc. in respect of the Suez8 Pool and V8 Pool Inc. in respect of the V8 Pool, respectively, for each applicable vessel delivered into the pool.

As of December 31, 2016 and 2015, the working capital associated with the Company's owned vessels entered into the VL8 Pool, Suez8 Pool, and V8 Pool aggregated to \$33.1 million and \$26.0 million, respectively, and is included in Working capital at Navig8 pools on the consolidated balance sheet as noncurrent assets. Additionally, as of December 31, 2016, the working capital associated with the *Gener8 Spyridon* and *Gener8 Ulysses*, two recently sold vessels, aggregated to \$0.9 million and \$1.0 million, respectively, and is included in prepaid expenses and other current assets on the consolidated balance sheet. See *Note 8, DELIVERY AND DISPOSAL OF VESSELS* and *Note 22, SUBSEQUENT EVENTS*.

Navig8 Supervision Agreement

The Company has supervision agreements with Navig8 Shipmanagement Pte Ltd., or "Navig8 Shipmanagement," a subsidiary of Navig8 Limited, with regards to the 2015 Acquired VLCC Newbuildings whereby Navig8 Shipmanagement agrees to provide advice and supervision services for the construction of the newbuilding vessels. These services also include project management, plan approval, supervising construction, fabrication and commissioning and vessel delivery services. As per the supervision agreements, Gener8 Subsidiary agrees to pay Navig8 Shipmanagement a total fee of \$0.5 million per vessel. During the years ended December 31, 2016 and 2015, the Company recorded supervision fees of \$2.9 million and \$1.0 million, respectively. These amounts are included in Vessels under construction on the consolidated balance sheet as noncurrent assets. As of December 31, 2016 and 2015, \$1.3 million and \$4.2 million, respectively, remained outstanding.

Corporate Administration Agreement

On December 17, 2013, Navig8 Crude, which merged with the Company on May 7, 2015, entered into a corporate administration agreement with a subsidiary of Navig8 Limited, whereby the Navig8 Limited subsidiary agreed to provide certain administrative services for Navig8 Crude. In accordance with the corporate administration agreement, Navig8 Crude agreed to pay the Navig8 Limited subsidiary a fee of \$250.00 per vessel or newbuilding owned by Navig8 Crude per day. During the year ended December 31, 2016 and 2015, Navig8 billed the Company a total of \$1.3 million and \$0.8 million, respectively, for corporate administration fees. A payable balance of \$0.1 million remained outstanding as of December 31, 2016 and 2015.

Other Related Party Transactions

During the years ended December 31, 2016, 2015 and 2014, the Company incurred office expenses totaling approximately \$7 thousand, \$7 thousand and \$11 thousand, respectively, on behalf of Peter C. Georgiopoulos, the Chairman of the Company's Board and Chief Executive Officer. As of December 31, 2016 and 2015, a balance due from Mr. Georgiopoulos of approximately \$4 thousand and \$7 thousand, respectively, remains outstanding.

The Company incurred certain business, travel, and entertainment costs totaling \$0.1 million, during each of the years ended December 31, 2016, 2015 and 2014, on behalf of Genco Shipping & Trading Limited ("Genco"), an owner and operator of dry bulk vessels. During such periods, Mr. Georgiopoulos was chairman of Genco's board of directors. As of December 31, 2016 and 2015, a balance due from Genco of \$0 and \$8 thousand, respectively, remains outstanding. On October 13, 2016, Mr. Georgiopoulos resigned as chairman of the board of directors and a director of Genco.

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During the year ended December 31, 2014, Genco made available certain of its employees who performed internal audit services for us for which we were invoiced \$84 thousand based on actual time spent by the employees. No such services were provided during the years ended December 31, 2016 and 2015. As of December 31, 2016 and 2015, no balance remains outstanding.

Aegean Marine Petroleum Network, Inc. (“Aegean”) supplied bunkers and lubricating oils to the Company’s vessels aggregating \$5.2 million, \$8.2 million and \$17.1 million, during the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016 and 2015, a balance of \$1.0 million and \$0.8 million, respectively, remains outstanding. Mr. Georgiopoulos is the chairman of Aegean’s board of directors, and John Tavlarios, the Company’s Chief Operating Officer, is on the board of directors of Aegean. As of December 31, 2016 and 2015, no balance remains outstanding. In addition, the Company provided office space to Aegean and Aegean incurred rent and other expenses in its New York office during the years ended December 31, 2016, 2015 and 2014, of \$0.2 million in each period. As of December 31, 2016 and 2015, a balance of \$0 and \$4 thousand, respectively, remains outstanding.

The Company provided office space to Chemical Transportation Group, Inc. (“Chemical”), an owner and operator of chemical vessels for \$72 thousand, \$60 thousand and \$45 thousand during the years ended December 31, 2016, 2015 and 2014, respectively. Mr. Georgiopoulos is chairman of Chemical’s board of directors. Balances of \$0.1 thousand and \$0 were outstanding as of December 31, 2016 and 2015, respectively.

During 2013, the Company assigned certain payments associated with bunker supply contracts with third-party vendors amounting to \$20 thousand, to Oaktree Principal Bunker Holdings Ltd., which is managed by Oaktree Capital Management, L.P. One board member of the Company is employed by Oaktree Capital Management, L.P. Prior to the consummation of the 2015 merger on May 7, 2015, three members of the Board were associated with or employed by Oaktree Capital Management, L.P. The fees incurred to Oaktree Principal Bunker Holdings Ltd. for this assignment amounted to \$0, \$1.0 million and \$3.4 million, for the years ended December 31, 2016, 2015 and 2014, respectively, and this amount is included in Voyage expenses on the consolidated statement of operations. As of December 31, 2016 and 2015, there was no balance due to Oaktree Principal Bunker Holdings Ltd.

The Company purchased bunkers from Integr8 Fuels Inc., a subsidiary of Navig8 Limited, amounting to \$0, \$6.5 million and \$8.6 million, for the years ended December 31, 2016, 2015 and 2014, respectively. As of December 31, 2016 and 2015, there was no balance due to Integr8 Fuels Inc.

Amounts due from the related parties described above as of December 31, 2016 and 2015 are included in Prepaid expenses and other current assets on the consolidated balance sheets (except as otherwise indicated above); amounts due to the related parties described above as of December 31, 2016 and 2015 are included in Accounts payable and accrued expenses on the consolidated balance sheets (except as otherwise indicated above).

## **19. STOCK-BASED COMPENSATION**

### Stock Options under 2012 Equity Incentive Plan

In connection with the 2015 merger and the grant to members of the Company’s management of restricted stock options upon the pricing of the IPO, the outstanding stock options for 343,662 shares under the 2012 Equity Incentive Plan were surrendered and cancelled on June 24, 2015, and unamortized balance was expensed immediately. For the years ended December 31, 2016, 2015 and 2014, amortization of the fair value of these stock options was \$0, \$1.2 million and \$1.2 million, respectively, which is included in the Company’s consolidated statements of operations as a component of general and administrative expense. See *Note 22, SUBSEQUENT EVENTS*, for recent stock option grants under the 2012 Equity Incentive Plan.

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|                                | Number of<br>Options<br>( <u>'000</u> ) | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Fair Value |
|--------------------------------|---|--|-----------------------------------|
| Outstanding, December 31, 2013 | 343,662                                 | \$ 38.26                                 | \$ 18.22                          |
| Granted                        | —                                       |  |                                   |
| Exercised                      | —                                       |  |                                   |
| Forfeited                      | —                                       |  |                                   |
| Outstanding, December 31, 2014 | 343,662                                 | \$ 38.26                                 | \$ 18.22                          |
| Granted                        | —                                       |  |                                   |
| Exercised                      | —                                       |  |                                   |
| Forfeited                      | (343,662)                               | \$ 38.26                                 | \$ 18.22                          |
| Outstanding, December 31, 2015 | —                                       |  |                                   |
| Granted                        | —                                       |  |                                   |
| Exercised                      | —                                       |  |                                   |
| Forfeited                      | —                                       |  |                                   |
| Outstanding, December 31, 2016 | —                                       | —  | —                                 |

2016 Restricted Stock Units

On September 9, 2016, in accordance with the Company's amended 2012 Equity Incentive Plan, the Company granted certain non-employee directors 28,752 RSUs. The RSUs, which were valued at \$6.26 per share, will generally vest on the earlier of (a) the date of the Company's next annual meeting of shareholders and (b) the first anniversary of the RSU's grant date, subject to continued service with the Company through the applicable vesting date.

2015 Restricted Stock Units

On June 24, 2015, in connection with the pricing of the Company's IPO, the Company granted members of management restricted stock units ("RSUs") on 1,663,660 shares of the Company's common stock pursuant to the Company's amended 2012 Equity Incentive Plan. The RSUs, which were valued at the IPO price of \$14.00 per share, vest ratably in 20% increments or tranches on June 24, 2015, June 30, 2015, December 1, 2016, December 1, 2017 and December 1, 2018, subject for each increment to employment with the Company through the applicable vesting date for such increment. The shares for the first two vesting increments were issued within three business days after December 3, 2015 and the shares for the remaining vesting increments are expected to be issued within a similar short period of time following the vesting date for each of such increments. The RSUs were included in determining the diluted net income per share for the year ended December 31, 2015. The RSUs were not included, prior to issuance, in determining the basic net income per share for fiscal 2015 since there are certain circumstances, although remote, in which certain shares would not be issued. On December 3, 2015, the Company issued 574,546 shares in settlement of RSUs that had vested on June 24, 2015 and June 30, 2015. On December 7, 2016, the Company issued 278,483 shares in settlement of RSUs that had vested on December 1, 2016. Since June 24, 2015 and as of December 31, 2015, 44,919 RSUs were forfeited and 953,279 shares are remaining to be issued in future years, following the vesting date for each increment. As of December 31, 2016, 44,919 RSUs were forfeited and 635,518 shares are remaining to be issued in future years, following the vesting date for each increment. Upon vesting of the RSU's, the Company withheld shares of common stock for certain employees in an amount sufficient to cover the minimum statutory tax withholding obligations and issued shares of its common stock for the remaining amount. The total fair value of the RSUs that vested during the years ended December 31, 2016 and 2015 was \$1.2 million and \$5.4 million, respectively. The total fair value is calculated as the number of shares vested during the period multiplied by the closing stock price on the vesting date.

Stock options under the 2012 Equity Incentive Plan had been cancelled in connection with the granting of the RSUs. The incremental compensation cost of these RSUs on their grant date of \$22.0 million was calculated to be the excess of the fair value of the RSUs over the fair value of the cancelled stock options immediately prior to cancellation and will be amortized over the vesting period using a graded amortization schedule. For the years ended December 31, 2016 and 2015, compensation expense of \$5.8 million and \$11.9 million, respectively, in connection with the RSUs is included in the Company's consolidated statements of operations as a component of general and administrative expense.

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Future amortization for the following years are: 2017— \$2.8 million and 2018— \$1.1 million, over a weighted average remaining period of 2 years.

The following table summarizes certain information of the RSUs unvested and vested as of December 31, 2016:

|                                | Number of<br>RSU's<br>( <sup>'000</sup> ) | Weighted<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Term (years) |
|--------------------------------|---|--|--|
| Outstanding, December 31, 2014 | —   | \$ —                                     |  |
| Granted                        | 1,664                                     | 13.19                                    |  |
| Vested                         | (666)                                     | 9.39                                     |  |
| Forfeited                      | (45)                                      |  |  |
| Outstanding, December 31, 2015 | 953                                       |  |  |
| Granted                        | —   |  |  |
| Vested                         | (318)                                     | 3.9                                      |  |
| Forfeited                      | —   |  |  |
| Outstanding, December 31, 2016 | 635                                       | —  | 2  |

### 2015 Warrant Agreement

In connection with the 2015 merger, the Company entered into an amended and restated warrant agreement (the “2015 Navig8 warrant agreement”) with Navig8 Limited. Under the 2015 Navig8 warrant agreement, 1,600,000 warrants that had, prior to the Navig8 merger, provided Navig8 Limited the right to purchase 1,600,000 shares of Navig8 Crude common stock at \$10 per share, were converted in connection with the 2015 merger into warrants entitling Navig8 Limited to purchase 0.8947 shares of our common stock for each warrant held for a purchase price of \$10.00 per warrant, or \$11.18 per share. The warrants under the 2015 Navig8 warrant agreement expired on March 31, 2016.

### 2015 Stock Options

In connection with the 2015 merger, the Company agreed to convert each outstanding option to acquire Navig8 Crude common stock into an option to acquire the number of shares of the common stock of the Company equal to the product obtained by multiplying (i) the number of shares of Navig8 Crude common stock subject to such stock option immediately prior to the consummation of the 2015 merger by (ii) 0.8947, at an exercise price per share equal to the quotient obtained by dividing (A) the per share exercise price specified in such stock option immediately prior to the 2015 merger by (B) 0.8947. Immediately prior to the consummation of the 2015 merger, there was one option to purchase 15,000 shares of Navig8 common stock at \$13.50 per share; this option was converted into an option to purchase 13,420 of the Company’s common shares at an exercise price of \$15.088 per share. The Company also agreed to treat the option agreement as exercisable through July 8, 2017.

The fair value of the stock option was calculated by using the Black-Scholes option pricing model. As this stock option was assumed by the Company in conjunction with the 2015 merger, the fair value of this stock option at the date of the 2015 merger of \$39.0 thousand was included as part of vessel acquisition costs within Vessels-under-construction as of December 31, 2015.

## **20. COMMITMENTS AND CONTINGENCIES**

From time to time the Company has been, and expects to continue to be, subject to legal proceedings and claims in the ordinary course of its business, principally personal injury and property casualty claims. Such claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. See *Note 17, LEASE COMMITMENTS*, for lease commitments and *Note 10, VESSELS UNDER CONSTRUCTION*, for vessel purchase commitments.

GENMAR PROGRESS

In August 2007, an oil sheen was discovered and reported by shipboard personnel in the vicinity of the Genmar Progress, in Guayanilla Bay, Puerto Rico. Subsequently, the U.S. Coast Guard formally designated the Genmar Progress as a source of the pollution incident. In October 2010, the United States, GMR Progress, LLC, and General Maritime Management (Portugal) L.d.A. executed a Joint Stipulation and Settlement Agreement. Pursuant to the terms of this agreement, the United States agreed to accept \$6.3 million in full satisfaction of oil spill response costs of the Coast Guard and certain natural damage assessment costs incurred through the date of settlement. The settlement had been paid in full by the vessel's protection & indemnity underwriters.

In April 2013, the Natural Resource Trustees for the United States and the Commonwealth of Puerto Rico (the "Trustees") submitted a claim to GMR Progress, LLC and General Maritime Management (Portugal) L.d.A. for alleged injury to natural resources as a result of this oil spill, primarily seeking monetary damages in the amount of \$4.9 million for both loss of beach use and compensation for injury to natural resources such as mangroves, sea grass and coral. On July 7, 2014, the Trustees presented a revised claim for \$7.9 million, consisting of \$0.9 million for loss of beach use, \$5.0 million for injuries to mangroves, sea grass and coral and for uncompensated damage assessment costs and \$2.0 million for a 35% contingency for monitoring and oversight. In October 2015, the parties reached an agreement to settle this claim for \$2.75 million plus interest, which was approved by the federal court in Puerto Rico. The court order for the approval was entered on September 22, 2016. The agreed settlement has been paid by the insurer and the lawsuit has been dismissed.

2011 VLCC POOL DISPUTE

Pursuant to an arbitration commenced in January 2013, on August 2, 2013, five vessel owning subsidiaries of the Company (the "2011 VLCC Pool Subs") that entered into the 2011 VLCC Pool submitted to London arbitration in accordance with the terms of the London Maritime Arbitrator's Association claims of balances due following the withdrawal of their respective vessels from the 2011 VLCC Pool. The claims are for, among other things, amounts due for hire of the vessels and amounts due in respect of working capital invested in the 2011 VLCC Pool. The respondents in the arbitrations, the 2011 VLCC Pool Operator and agent, assert that lesser amounts are owed to the 2011 VLCC Pool Subs by the 2011 VLCC Pool and that the working capital amounts of approximately \$1.9 million in the aggregate are not due to be returned until a later date pursuant to the terms of the pool agreements. The respondents also counterclaim for damages for alleged breaches of collateral contracts to the pool agreements, claiming that such contracts purport to extend the earliest date by which the 2011 VLCC Pool Subs were entitled to withdraw their vessels from the 2011 VLCC Pool. Such counterclaim for damages has not yet been quantified and it cannot be reasonably estimated at this time. Submissions in this arbitration have closed.

ATLAS CHARTER DISPUTE

On April 22, 2013, GMR Atlas LLC, a vessel owning subsidiary of the Company, submitted to arbitration in accordance with the terms of the London Maritime Arbitrator's Association a claim for declaratory relief as to the proper construction of certain provisions of a charterparty contract (the "Atlas Charterparty") between GMR Atlas LLC and, the party chartering a vessel from GMR Atlas LLC (the "Atlas Claimant") relating to, among other things, customer vetting eligibility. The Atlas Claimant is an affiliate of the 2011 VLCC Pool Operator. The Atlas Claimant initially counterclaimed (the "Initial Atlas Claims") for repayment of hire and other amounts paid under the Atlas Charterparty during the period from July 22, 2012 to November 4, 2012 and also asserted claims for interests and costs. GMR Atlas LLC provided security for those claims, plus amounts in respect of interest and costs, in the sum of \$3.5 million pursuant to an escrow agreement (the "Escrow Account"). The Initial Atlas Claims were dismissed with prejudice to the extent they were for repayment of hire or other amounts paid prior to October 26, 2012 and this dismissal is no longer subject to appeal.

The Atlas Claimant served further submissions on March 7, 2014 which set out claims in the aggregate amount of \$4.0 million plus an unquantified claim for interest and legal costs (the "Subsequent Atlas Claims") arising from the Atlas Charterparty, including primarily claims for damages (as opposed to a claim for repayment) for alleged breaches of customer vetting eligibility requirements. The Subsequent Atlas Claims, in addition to setting out new claims not

previously asserted, also include the portion of the Initial Atlas Claims which had not been dismissed. The \$3.5 million security previously provided in respect of the Initial Atlas Claims remains held in respect of the Subsequent Atlas Claims. The aggregate amount of claims currently asserted by the Atlas Claimant in respect of the Atlas Charterparty is \$4.0 million plus an unquantified claim for interest and legal costs. These claims are presently proceeding in London arbitration. An arbitration hearing took place in December 2016 and the arbitrator's final award is currently awaited and the outcome cannot be reasonably estimated at this time.

As of December 31, 2016 and 2015, an amount due from the 2011 VLCC Pool and the Atlas charter dispute of \$3.4 million was included in Other assets (noncurrent).

## 21. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-15-Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable. The Company is currently evaluating the effect that adopting this standard will have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13-Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this ASU require the measurement of all expected credit losses for financial assets, which include trade receivables, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance in this ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted for interim and annual periods beginning after December 15, 2018. The Company is currently evaluating this ASU and any potential impacts the adoption of this ASU will have on our consolidated financial statements revised guidance for the accounting and reporting of financial instruments.

In April 2016, the FASB issued ASU No. 2016-10—Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. ASU No. 2016-10 suggests guidance for stakeholders on identifying performance obligations and licenses in customer contracts. In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The core principle is that a company should recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2017, and interim periods therein, and shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the potential impact of this standard update on its consolidated financial statements and related disclosure.

In March 2016, the FASB issued ASU 2016-09—Compensation-Stock Compensation (Topic 718). This update affects all entities that issue share-based payment awards to their employees, and involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liability and classification on the statement of cash flows. An entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. The Company does not anticipate any material effect of adoption on its consolidated financial statements and related disclosure.

In February 2016, the FASB issued ASU No. 2016-02, Leases. ASU 2016-02 is intended to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In order to meet that objective, the new standard requires recognition of the assets and liabilities that arise from leases. A lessee will be required to recognize on the balance sheet

the assets and liabilities for leases with lease terms of more than 12 months. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. The Company is currently evaluating the effect that adopting this standard will have on its financial statements and related disclosures.

## 22. SUBSEQUENT EVENTS

In preparing the consolidated financial statements, the Company has evaluated events and transactions occurring after December 31, 2016 for recognition or disclosure purposes. Based on this evaluation, from January 1, 2017 through the date of this report, which represents the date the consolidated financial statements were available to be issued, no material events have been identified other than the following:

### Sale of Vessels

As of December 31, 2016, as described above in *Note 5, ASSETS HELD FOR SALE*, the Company classified the *Gener8 Ulysses* as held for sale in the consolidated balance sheet. On February 1, 2017, the sale was finalized and the Company received \$30.5 million in cash and paid \$0.3 million of commissions related to its sale. The Company used the net proceeds to repay \$20.0 million of the related portion of the senior secured debt outstanding under the Refinancing Facility associated with the vessel. In connection with the sale, this vessel was written down to its fair value, less the costs associated with its sale, to \$30.2 million in the consolidated balance sheet. As a result of the sale of this vessel in 2017, the Company recorded a loss of \$6.9 million as Loss on disposal of vessels, net, in the 2016 consolidated statement of operations.

### Vessel Deliveries

#### Gener8 Hector

On January 6, 2017, the Company took delivery of the *Gener8 Hector*, a 2017-built VLCC newbuilding. Upon delivery, the *Gener8 Hector* entered into the VL8 Pool. As of January 6, 2017, the Company borrowed approximately \$49.5 million under the Korean Export Credit Facility to fund the delivery of the *Gener8 Hector*. The Company has made all shipyard installment payments and there is no outstanding payable balance in respect of the *Gener8 Hector*.

#### Gener8 Ethos

On March 9, 2017, the Company took delivery of the *Gener8 Ethos*, a 2017-built VLCC newbuilding. Upon delivery, the *Gener8 Ethos* entered into the VL8 Pool. As of March 9, 2017, the Company borrowed approximately \$50.6 million under the Korean Export Credit Facility to fund the delivery of the *Gener8 Ethos*. The Company has made all shipyard installment payments and there is no outstanding payable balance in respect of the *Gener8 Ethos*.

### Stock Options under 2012 Equity Incentive Plan

On January 5, 2017, Peter C. Georgiopoulos, Chief Executive Officer and Chairman of the Board of the Company and Leonard J. Vrondisis, Executive Vice President, Secretary and Chief Financial Officer of the Company were each granted awards of stock options pursuant to the Company's amended 2012 Equity Incentive Plan.

Mr. Georgiopoulos received stock options to purchase 500,000 shares of common stock. Mr. Vrondisis received stock options to purchase 25,000 shares of common stock. The stock options are exercisable at an exercise price of \$4.69 per share of common stock. The exercise price is equal to the closing trading price of the Company's common stock on the New York Stock Exchange on January 5, 2017. The stock options were fully vested upon grant, have a 7-year term, subject to earlier termination upon the occurrence of certain events related to termination of employment, and are subject to the provisions of stock option grant agreements. During the first quarter of 2017, the Company valued the options using "Black Scholes Model" and recorded approximately \$1.0 million of related compensation expense.



**23. QUARTERLY FINANCIAL DATA (UNAUDITED)**

(In thousands except per share amounts)

|   | 2016 Quarter ended |            |              |             |
|---|--------------------|------------|--------------|-------------|
|   | March 31           | June 30    | September 30 | December 31 |
| Voyage revenues                                   | \$ 124,044         | \$ 105,958 | \$ 72,259    | \$ 102,361  |
| Operating income / (loss)                         | 68,184             | 49,948     | (25,192)     | 23,330      |
| Net income (loss)                                 | 60,858             | 37,995     | (37,351)     | 5,804       |
| Income (loss) per common share                    |                    |            |              |             |
| Basic   | \$ 0.74            | \$ 0.46    | \$ (0.45)    | \$ 0.07     |
| Diluted   | \$ 0.74            | \$ 0.46    | \$ (0.45)    | \$ 0.07     |
| Weighted Average Shares Outstanding - basic       | 82,680             | 82,681     | 82,682       | 82,776      |
| Weighted Average Shares Outstanding - diluted     | 82,680             | 82,681     | 82,682       | 82,776      |
|   | 2015 Quarter ended |            |              |             |
|   | March 31           | June 30    | September 30 | December 31 |
| Voyage revenues                                   | \$ 121,402         | \$ 116,480 | \$ 89,291    | \$ 102,760  |
| Operating income                                  | 38,665             | 29,436     | 33,490       | 50,408      |
| Net income  | 30,919             | 19,901     | 33,228       | 45,521      |
| Income per common share                           |                    |            |              |             |
| Basic   | \$ 0.93            | \$ 0.38    | \$ 0.41      | \$ 0.55     |
| Diluted   | \$ 0.93            | \$ 0.38    | \$ 0.40      | \$ 0.55     |
| Weighted Average Shares Outstanding - basic (1)   |                    |            |              |             |
| Common shares                                     | —                  | 52,919     | 81,758       | 82,280      |
| Class A   | 11,270             | —          | —            | —           |
| Class B   | 22,003             | —          | —            | —           |
| Weighted Average Shares Outstanding - diluted (1) |                    |            |              |             |
| Common shares                                     | —                  | 52,940     | 82,480       | 82,778      |
| Class A   | 33,273             | —          | —            | —           |
| Class B   | 22,003             | —          | —            | —           |

(1) On May 7, 2015, in connection with the filing of our Third Amended and Restated Articles of Incorporation, all of our Class A shares and Class B shares were converted on a one-to-one basis to a single class of common stock.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

No changes were made to, nor was there any disagreement with the Company's independent auditors regarding, the Company's accounting or financial disclosure.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES.**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2016. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2016.

#### **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

During the year ended December 31, 2016, the Company entered into an interest rate risk management program, see *Note 9, FINANCIAL INSTRUMENTS*. As a result, we have hedged a significant portion of our interest rate risk exposure related to our various senior secured credit facilities. We have fixed the interest rate payable on a significant portion of these variable rate senior secured credit facilities. Therefore, the Company implemented new procedures and related controls in respect of this new business process. These procedures and controls were concluded to have been effective during this period and did not result in a material adverse impact to the Company's internal control over financial reporting. There have been no other changes during the most recent fiscal year in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is 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 in the United States.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our 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 our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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 or compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2016. 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 our management's

assessment and those criteria, our management believes that we maintained effective internal control over financial reporting as of December 31, 2016.

#### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Because we are an “emerging growth company” under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting for so long as we are an emerging growth company.

#### **ITEM 9B. OTHER INFORMATION**

Pursuant to this Item 9B of our Annual Report, we are reporting information relating to the below-described acquisition of a significant amount of assets that would otherwise be required to be disclosed pursuant to Item 2.01 of a Current Report on Form 8-K.

On March 9, 2017, Gener8 Ethos LLC, one of our wholly-owned subsidiaries, took delivery of the *Gener8 Ethos*, a 298,991 metric tons deadweight 2017-built VLCC newbuilding. We acquired this vessel pursuant to a shipbuilding contract with Hyundai Samho Heavy Industries Co. Ltd. (“HSHI”) which was entered into by Navig8 Crude Tankers, Inc. (“Navig8 Crude”) which assigned its rights on delivery to Gener8 Ethos LLC as Navig8 Crude’s nominee. We acquired the contract for the *Gener8 Ethos* along with thirteen other shipbuilding contracts for VLCC newbuildings in May 2015 in connection with our acquisition of Navig8 Crude. Four of the fourteen shipbuilding contracts acquired from Navig8 Crude were for VLCC newbuildings under construction with HSHI, and the *Gener8 Ethos* is the thirteenth of these fourteen newbuildings to be delivered.

Installment payments of \$28.6 million were made to HSHI under the shipbuilding contract for *Gener8 Ethos* by Navig8 Crude prior to it being acquired by us in May 2015. After its acquisition of Navig8 Crude, we made \$66.7 million of additional installment payments to HSHI under this shipbuilding contract. There are no further remaining installment payments due in respect of the *Gener8 Ethos*. The funds we used for the installment payments in respect of the *Gener8 Ethos* after our acquisition of Navig8 Crude in May 2015 included borrowings under its senior secured credit facility agreement, dated as of August 31, 2015, among Gener8 Maritime Subsidiary VIII Inc., as borrower; the Company, as the parent guarantor; Gener8 Maritime Subsidiary V Inc., as the borrower’s direct sole shareholder; the borrower’s wholly-owned subsidiary owner guarantors party thereto; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch, as global co-ordinators; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch, as bookrunners; Citibank, N.A., London Branch as ECA co-ordinator and ECA agent; Nordea Bank Finland Plc, New York Branch as commercial tranche co-ordinator; Nordea Bank Finland Plc, New York Branch as facility agent; Nordea Bank Finland Plc, New York Branch as security agent; The Export-Import Bank of Korea; the mandated lead arrangers party thereto; the banks and financial institutions named therein as original lenders; and the banks and financial institutions named therein as hedge counterparties.

For information regarding our relationship with Navig8 Crude and its affiliates, directors and officers see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions – Related Party Transactions of Navig8 Crude Tankers, Inc.*” in Item 7 of this Annual Report.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Information regarding our directors and executive officers is set forth in our Proxy Statement for our 2017 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2016 (the "2017 Proxy Statement") and is incorporated by reference herein. Information relating to our Code of Conduct and Ethics and to compliance with Section 16(a) of the 1934 Act is set forth in our 2017 Proxy Statement and is incorporated by reference herein.

We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of the Code of Ethics for Chief Executive and Senior Financial Officers by posting such information on our website, [www.gener8maritime.com](http://www.gener8maritime.com).

**ITEM 11. EXECUTIVE COMPENSATION**

Information regarding compensation of Gener8 Maritime's executive officers and information with respect to Compensation Committee Interlocks and Insider Participation in compensation decisions is set forth in the 2017 Proxy Statement and is incorporated by reference herein.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information regarding the beneficial ownership of shares of Gener8 Maritime's common stock by certain persons is set forth in the 2017 Proxy Statement and is incorporated by reference herein.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information regarding certain transactions of Gener8 Maritime is set forth in the 2017 Proxy Statement and is incorporated by reference herein.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information regarding our accountant fees and services is set forth in the 2017 Proxy Statement and is incorporated by reference herein.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as part of this report:

1. Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at end of Fiscal Years 2016 and 2015

Consolidated Statements of Operations for Fiscal Years 2016, 2015 and 2014

Consolidated Statements of Comprehensive Income (loss) for Fiscal Years 2016, 2015 and 2014

Consolidated Statements of Shareholders' Equity for Fiscal Years 2016, 2015 and 2014

Consolidated Statements of Cash Flows for Fiscal Years 2016, 2015 and 2014

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

All schedules are omitted because they are not applicable or the required information is included in the financial statements or notes.

3. Exhibits Required to be Filed by Item 601 of Regulation S-K

The information called for by this item is incorporated herein by reference to the Exhibit Index in this Report.

**ITEM 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

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

**GENER8 MARITIME, INC.**

Date: March 13, 2017 By: /s/ Leonard J. Vrontassis  
Name: Leonard J. Vrontassis  
Title: Chief Financial Officer, Secretary and Executive Vice President

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 and on the dates indicated.

| <u>SIGNATURE</u>  | <u>TITLE</u>  | <u>DATE</u>    |
|---|---|----------------|
| <u>/s/ Peter C. Georgiopoulos</u><br>Peter C. Georgiopoulos | Chairman, Chief Executive Officer and Director<br>(Principal Executive Officer)   | March 13, 2017 |
| <u>/s/ Leonard J. Vrontassis</u><br>Leonard J. Vrontassis   | Chief Financial Officer, Secretary and Executive Vice President<br>(Principal Financial Officer and Principal Accounting Officer) | March 13, 2017 |
| <u>/s/ Ethan Auerbach</u><br>Ethan Auerbach                 | Director  | March 13, 2017 |
| <u>/s/ Nicolas Busch</u><br>Nicolas Busch                   | Director  | March 13, 2017 |
| <u>/s/ Dan Ilany</u><br>Dan Ilany                           | Director  | March 13, 2017 |
| <u>/s/ Adam Pierce</u><br>Adam Pierce                       | Director  | March 13, 2017 |
| <u>/s/ Roger Schmitz</u><br>Roger Schmitz                   | Director  | March 13, 2017 |
| <u>/s/ Steven D. Smith</u><br>Steven D. Smith               | Director  | March 13, 2017 |

**EXHIBIT INDEX**

| <b>Exhibit Number</b> | <b>Description</b>  |
|-----------------------|---|
| 2.1                   | Second Amended Joint Plan of Reorganization of the Debtors Under Chapter 11 of the Bankruptcy Code by and among General Maritime Corporation, Arlington Tankers Ltd., Arlington Tankers, LLC, Companion Ltd., Compatriot Ltd., Concept Ltd., Concord Ltd., Consul Ltd., Contest Ltd., GMR Administration Corp., General Maritime Investments LLC, General Maritime Management LLC, General Maritime Subsidiary Corporation, General Maritime Subsidiary II Corporation, General Maritime Subsidiary NSF Corporation, General Product Carriers Corporation, GMR Agamemnon LLC, GMR Ajax LLC, GMR Alexandra LLC, GMR Argus LLC, GMR Atlas LLC, GMR Chartering LLC, GMR Concept LLC, GMR Concord LLC, GMR Constantine LLC, GMR Contest LLC, GMR Daphne LLC, GMR Defiance LLC, GMR Elektra LLC, GMR George T LLC, GMR GP LLC, GMR Gulf LLC, GMR Harriet G LLC, GMR Hercules LLC, GMR Hope LLC, GMR Horn LLC, GMR Kara G LLC, GMR Limited LLC, GMR Maniate LLC, GMR Minotaur LLC, GMR Orion LLC, GMR Phoenix LLC, GMR Poseidon LLC, GMR Princess LLC, GMR Progress LLC, GMR Revenge LLC, GMR Spartiate LLC, GMR Spyridon LLC, GMR St. Nikolas LLC, GMR Star LLC, GMR Strength LLC, GMR Trader LLC, GMR Trust LLC, GMR Ulysses LLC, GMR Zeus LLC, Victory Ltd. and Vision Ltd. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402) |
| 2.2                   | Agreement and Plan of Merger, dated as of February 24, 2015, by and among General Maritime Corporation, Gener8 Maritime Acquisition Inc., Navig8 Crude Tankers, Inc. and each of the Equityholders' Representatives named therein (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)  |
| 3.1                   | Amended and Restated Articles of Incorporation of Gener8 Maritime, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)  |
| 3.2                   | Bylaws of Gener8 Maritime, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)  |
| 4.1                   | Specimen Common Stock Certificate (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)  |
| 4.2                   | Warrant Agreement, dated as of May 17, 2012, by and between General Maritime Corporation and Computershare Shareowner Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)   |
| 4.3                   | Global Warrant Certificate, dated May 17, 2012, held by The Depository Trust Company for the benefit of Cede & Co. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)   |
| 4.4                   | First Amended and Restated Warrant Instrument, made on February 24, 2015, by Navig8 Crude Tankers, Inc. and General Maritime Corporation in favor of Navig8 Limited (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)  |
| 10.1                  | Gener8 Maritime, Inc. 2012 Equity Incentive Plan, (as amended and restated, effective June 22, 2015) (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)**   |
| 10.2                  | Employment Agreement, dated as of May 17, 2012, by and between General Maritime Corporation and John P. Tavlarios (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)**  |
| 10.3                  | Employment Agreement, dated as of May 17, 2012, by and between General Maritime Corporation and Leonard J. Vrondisis (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)**   |
| 10.4                  | Employment Agreement, dated as of May 17, 2012, by and between General Maritime Corporation and Milton H. Gonzales (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)**   |
| 10.5                  | Shareholders' Agreement, dated as of May 7, 2015, by and among Gener8 Maritime, Inc. and the Shareholders named therein (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)**  |

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- 10.6 Second Amended and Restated Registration Agreement, dated as of May 7, 2015, by and among Gener8 Maritime, Inc. and the Shareholders named therein (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.7 Equity Purchase Agreement, dated as of February 24, 2015, by and between General Maritime Corp., Navig8 Crude Tankers, Inc. and each of the Commitment Parties thereto, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.8 Form of Shareholder Support and Voting Agreement, dated as of February 24, 2015, by and among Navig8 Crude Tankers, Inc., General Maritime Corporation, and the Shareholders party thereto (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.9 Note and Guarantee Agreement, dated as of March 28, 2014, by and among General Maritime Corporation, VLCC Acquisition I Corporation, BlueMountain Strategic Credit Master Fund L.P., BlueMountain Guadalupe Peak Fund L.P., BlueMountain Monteners Master Fund SCA SICA V-SIF, BlueMountain Timberline Ltd., BlueMountain Kicking Horse Fund L.P., BlueMountain Long/Short Credit and Distressed Reflection Fund, a sub-fund of AAI BlueMountain Fund PLC and BlueMountain Credit Opportunities Master Fund I L.P., including Form of Note (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.10 Amendment No. 1 to the Note and Guarantee Agreement, dated as of May 13, 2014, by and among General Maritime Corporation, VLCC Acquisition I Corporation, BlueMountain Strategic Credit Master Fund L.P., BlueMountain Guadalupe Peak Fund L.P., BlueMountain Monteners Master Fund SCA SICA V-SIF, BlueMountain Timberline Ltd., BlueMountain Kicking Horse Fund L.P., BlueMountain Long/Short Credit and Distressed Reflection Fund, a sub-fund of AAI BlueMountain Fund PLC and BlueMountain Credit Opportunities Master Fund I L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.11 Amendment No. 2 and Waiver to the Note and Guarantee Agreement, dated as of January 26, 2015, by and among General Maritime Corporation, VLCC Acquisition I Corporation, BlueMountain Strategic Credit Master Fund L.P., BlueMountain Guadalupe Peak Fund L.P., BlueMountain Monteners Master Fund SCA SICA V SIF, BlueMountain Timberline Ltd., BlueMountain Kicking Horse Fund L.P., BlueMountain Long/Short Credit and Distressed Reflection Fund, a sub fund of AAI BlueMountain Fund PLC and BlueMountain Credit Opportunities Master Fund I L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.12 Amendment No. 3 to the Note and Guarantee Agreement, dated as of April 30, 2015, by and among General Maritime Corporation, VLCC Acquisition I Corporation, BlueMountain Strategic Credit Master Fund L.P., BlueMountain Guadalupe Peak Fund L.P., BlueMountain Monteners Master Fund SCA SICA V SIF, BlueMountain Timberline Ltd., BlueMountain Kicking Horse Fund L.P., BlueMountain Long/Short Credit and Distressed Reflection Fund, a sub fund of AAI BlueMountain Fund PLC and BlueMountain Credit Opportunities Master Fund I L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.13 Shipbuilding Contract, dated as of December 12, 2013, by and between Navig8 Crude Tankers, Inc., and Hyundai Samho Heavy Industries Co., Ltd. with respect to Hull No. S768 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.14 Shipbuilding Contract, dated as of December 12, 2013, by and between Navig8 Crude Tankers, Inc., and Hyundai Samho Heavy Industries Co., Ltd. with respect to Hull No. S769 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.15 Shipbuilding Contract, dated as of December 12, 2013, by and between Navig8 Crude Tankers, Inc., and Hyundai Samho Heavy Industries Co., Ltd. with respect to Hull No. S770 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.16 Shipbuilding Contract, dated as of December 12, 2013, by and between Navig8 Crude Tankers, Inc., and Hyundai Samho Heavy Industries Co., Ltd. with respect to Hull No. S771 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.17 Shipbuilding Contract, dated as of December 17, 2013, by and between Navig8 Crude Tankers, Inc., and China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Co., Ltd. with respect to Hull No. H1355 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)



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- 10.18 Shipbuilding Contract, dated as of December 17, 2013, by and between Navig8 Crude Tankers, Inc., and China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Co., Ltd. with respect to Hull No. H1356 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.19 Shipbuilding Contract, dated as of December 17, 2013, by and between Navig8 Crude Tankers, Inc., and China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Co., Ltd. with respect to Hull No. H1357 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.20 Shipbuilding Contract, dated as of December 17, 2013, by and between Navig8 Crude Tankers, Inc., and China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Co., Ltd. with respect to Hull No. H1358 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.21 Shipbuilding Contract, dated as of March 21, 2014, by and between Navig8 Crude Tankers, Inc., and Shanghai Waigaoqiao Shipbuilding Co., Ltd. with respect to Hull No. H1384 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.22 Shipbuilding Contract, dated as of March 21, 2014, by and between Navig8 Crude Tankers, Inc., and Shanghai Waigaoqiao Shipbuilding Co., Ltd. with respect to Hull No. H1385 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.23 Shipbuilding Contract, dated as of March 24, 2014, by and between Navig8 Crude Tankers, Inc., and Hyundai Heavy Industries Co., Ltd. with respect to Hull No. 2794 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.24 Shipbuilding Contract, dated as of March 24, 2014, by and between Navig8 Crude Tankers, Inc., and Hyundai Heavy Industries Co., Ltd. with respect to Hull No. 2795 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.25 Shipbuilding Contract, dated as of March 25, 2014, by and between Navig8 Crude Tankers, Inc., and HHIC-PHIL Inc. with respect to Hull No. NTP0137 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.26 Shipbuilding Contract, dated as of March 25, 2014, by and between Navig8 Crude Tankers, Inc., and HHIC-PHIL Inc. with respect to Hull No. NTP0138 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.27 Irrevocable Letter of Guarantee, dated as of December 16, 2013, in favor of Navig8 Crude Tankers, Inc. by Nonghyup Bank with respect to Hull No. S768 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.28 Irrevocable Letter of Guarantee, dated as of December 16, 2013, in favor of Navig8 Crude Tankers, Inc. by Nonghyup Bank with respect to Hull No. S769 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.29 Irrevocable Letter of Guarantee, dated as of December 16, 2013, in favor of Navig8 Crude Tankers, Inc. by Nonghyup Bank with respect to Hull No. S770 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.30 Irrevocable Letter of Guarantee, dated as of December 16, 2013, in favor of Navig8 Crude Tankers, Inc. by Nonghyup Bank with respect to Hull No. S771 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.31 Irrevocable Letter of Guarantee, dated as of March 26, 2014, in favor of Navig8 Crude Tankers, Inc. by Industrial Bank of Korea with respect to Hull No. 2794, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.32 Irrevocable Letter of Guarantee, dated as of March 26, 2014, in favor of Navig8 Crude Tankers, Inc. by Industrial Bank of Korea with respect to Hull No. 2795, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.33 Irrevocable Letter of Guarantee, dated as of December 27, 2013, in favor of Navig8 Crude Tankers, Inc. by China Citic Bank Corp., Ltd. with respect to Hull No. H1355 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.34 Letter of Guarantee, dated January 7, 2014, in favor of China Shipbuilding Trading Co., Ltd. by Navig8 Crude Tankers Inc. with respect to Hull No. H1355 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)

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- 10.35 Irrevocable Letter of Guarantee, dated as of December 27, 2013, in favor of Navig8 Crude Tankers, Inc. by China Citic Bank Corp., Ltd. with respect to Hull No. H1356 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.36 Letter of Guarantee, dated January 7, 2014, in favor of China Shipbuilding Trading Co., Ltd. by Navig8 Crude Tankers Inc. with respect to Hull No. H1356 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.37 Irrevocable Letter of Guarantee, dated as of December 27, 2013, in favor of Navig8 Crude Tankers, Inc. by China Citic Bank Corp., Ltd. with respect to Hull No. H1357 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.38 Letter of Guarantee, dated January 7, 2014, in favor of China Shipbuilding Trading Co., Ltd. by Navig8 Crude Tankers Inc. with respect to Hull No. H1357 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.39 Irrevocable Letter of Guarantee, dated as of December 27, 2013, in favor of Navig8 Crude Tankers, Inc. by China Citic Bank Corp., Ltd. with respect to Hull No. H1358 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.40 Letter of Guarantee, dated January 7, 2014, in favor of China Shipbuilding Trading Co., Ltd. by Navig8 Crude Tankers Inc. with respect to Hull No. H1358 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.41 Irrevocable Letter of Guarantee, dated as of April 3, 2014, in favor of Navig8 Crude Tankers, Inc. by Industrial and Commercial Bank of China Limited, Shanghai Municipal Branch with respect to Hull No. H1384 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.42 Letter of Guarantee, dated April 23, 2014, in favor of Shanghai Waigaoqiao Shipbuilding Co., Ltd. by Navig8 Crude Tankers Inc. with respect to Hull No. H1384 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.43 Irrevocable Letter of Guarantee, dated as of April 3, 2014, in favor of Navig8 Crude Tankers, Inc. by Industrial and Commercial Bank of China Limited, Shanghai Municipal Branch with respect to Hull No. H1385 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.44 Letter of Guarantee, dated April 23, 2014, in favor of Shanghai Waigaoqiao Shipbuilding Co., Ltd. by Navig8 Crude Tankers Inc. with respect to Hull No. H1385 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.45 Irrevocable Letter of Guarantee, dated as of April 11, 2014, in favor of Navig8 Crude Tankers, Inc. by Korea Development Bank with respect to Hull No. NTP0137, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.46 Letter of Guarantee, dated March 25, 2014, in favor of HHIC-PHIL by Navig8 Crude Tankers Inc. with respect to Hull No. NTP0137 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.47 Irrevocable Letter of Guarantee, dated as of April 13, 2014, in favor of Navig8 Crude Tankers, Inc. by Korea Development Bank with respect to Hull No. NTP0138, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.48 Letter of Guarantee, dated March 25, 2014, in favor of HHIC-PHIL by Navig8 Crude Tankers Inc. with respect to Hull No. NTP0138 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.49 Corporate Administration Agreement, dated as of December 17, 2013, by and between Navig8 Crude Tankers Inc. and Navig8 Asia Pte Ltd, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.50 Project Structuring Agreement, dated as of December 17, 2013, by and between Navig8 Limited and Navig8 DMCC (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.51 Agreement for Plan Approval and Construction Supervision, dated as of December 17, 2013, by and between Navig8 Crude Tankers Inc. and Navig8 Shipmanagement Pte Ltd with respect to Hull Nos. S768, S769, S770 and S771, as amended to include Hull Nos. 2794 and 2795 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)

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- 10.52 Agreement for Plan Approval and Construction Supervision, dated as of December 17, 2013, by and between Navig8 Crude Tankers Inc. and Navig8 Shipmanagement Pte Ltd with respect to Hull Nos. H1355, H1356, H1357 and H1358, as amended to include Hull Nos. H1384 and H1385 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.53 Agreement for Plan Approval and Construction Supervision, dated of March 25, 2014, by and between Navig8 Crude Tankers Inc. and Navig8 Shipmanagement Pte Ltd with respect to Hull Nos. NTP0137 and NTP0138 (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.54 Agency Agreement, dated as of November 30, 2012, by and between Unique Tankers LLC and Unipeck UK Company Limited (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.55 Option Letter Agreement, dated as of November 30, 2012, by and between General Maritime Management LLC and Unipeck UK Company Limited (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.56 Exclusivity Letter Agreement, dated as of November 30, 2012, by and between General Maritime Management LLC and Unipeck UK Company Limited (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.57 Pool Participation Agreement, dated as of December 3, 2012, by and between Unique Tankers LLC and General Maritime Corporation (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.58 Variation Agreement, dated as of November 7, 2014, by and among Unipeck UK Company Limited, General Maritime Management LLC and Unique Tankers LLC (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.59 Variation Agreement, dated as of March 18, 2015, by and between VLCC Acquisition I Corporation and Scorpio Tankers Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.60 Variation Agreement, dated as of March 19, 2015, by and between General Maritime Management LLC and Unique Tankers LLC (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.61 Pool Participation Agreement, dated as of June 11, 2015, by and between VL8 Pool Inc. and Genmar Atlas LLC with respect to the "Genmar Atlas" (to be renamed "Gener8 Atlas") (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.62 BIMCO Standard Ship Management Agreement, dated as of December 17, 2013, by and between Navig8 Crude Tankers 1 Inc. and Navig8 Shipmanagement Pte Ltd with respect to Hull No. S768, as amended (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.63 Disclosure Letter Agreement, dated as of April 13, 2015, by and among General Maritime Corporation, Navig8 Crude Tankers Inc., VL8 Pool Inc., VL8 Management Inc. and Navig8 Shipmanagement Pte Ltd (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.64 Subscription Agreement, dated as of March 21, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and BlackRock Corporate High Yield Fund VI (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.65 Stock Option Grant Agreement, dated as of July 8, 2014, by and between Navig8 Crude Tankers Inc. and L. Spencer Wells (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.66 Indemnification Agreement, dated as of July 16, 2014, by and between Nicolas Busch and Navig8 Crude Tankers Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.67 Indemnification Agreement, dated as of July 16, 2014, by and between Dan Ilany and Navig8 Crude Tankers Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*

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- 10.68 Indemnification Agreement, dated as of July 16, 2014, by and between Roger Schmitz and Navig8 Crude Tankers Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.69 Subscription Agreement, dated as of March 21, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and ARF II Maritime Holdings LLC (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.70 Subscription Agreement, dated as of March 21, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and Twin Haven Special Opportunities Fund IV, L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.71 Subscription Agreement, dated as of March 21, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and BlackRock Funds II, BlackRock High Yield Bond Portfolio (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.72 Subscription Agreement, dated as of March 21, 2014, by and among General Maritime Corporation and OCM Marine Holdings TP, L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.73 Subscription Agreement, dated as of March 21, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and BlueMountain Credit Opportunities Master Fund I L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.74 Subscription Agreement, dated as of May 21, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and Houlihan Lokey Capital, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.75 Subscription Agreement, dated as of June 25, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and ARF II Maritime Equity Partners L.P. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.76 Subscription Agreement, dated as of June 25, 2014, by and among General Maritime Corporation, OCM Marine Holdings TP, L.P. and ARF II Maritime Equity Co-Investors LLC (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.77 Letter of Intent, dated as of May 6, 2015, by and between Korea Trade Insurance Corporation and Citibank NA, London Branch (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.78 Letter of Interest, dated as of May 4, 2015, by and between The Export-Import Bank of Korea and Gener8 Maritime, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.79 Letter of Interest for Buyer's Credit Insurance, dated as of May 8, 2015, by and between China Export & Credit Insurance Corporation and Citibank NA (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.80 Pool Participation Agreement, dated as of June 11, 2015, by and between V8 Pool Inc. and GMR Argus LLC with respect to the "Genmar Argus" (to be renamed "Gener8 Argus") (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.81 Pool Participation Agreement, dated as of June 11, 2015, by and between V8 Pool Inc. and GMR Strength LLC with respect to the "Genmar Strength" (to be renamed "Gener8 Pericles") (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.82 Commitment Letter, dated as of June 12, 2015, by and among Nordea Bank Finland plc, New York Branch, Citibank, N.A., DNB Markets, Inc., DNB Capital LLC, DVB Bank SE, Skandinaviska Enskilda Banken AB (publ) and Gener8 Maritime, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.83 Variation Agreement, dated as of June 12, 2015, by and between VLCC Acquisition I Corporation and Scorpio Tankers Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)
- 10.84 Disclosure Letter Agreement, dated June 12, 2015, by and among Gener8 Maritime, Inc., Navig8 Limited, VL8 Pool Inc., V8 Pool Inc., VL8 Management Inc. and Navig8 Asia Pte Ltd (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)

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- 10.85 Employment Agreement, dated as of June 22, 2012, by and between Gener8 Maritime, Inc. and Peter C. Georgiopoulos (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.86 Employment Agreement, dated as of June 22, 2012, by and between Gener8 Maritime, Inc. and Sean Bradley (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.87 Amendment to the Employment Agreement, dated as of June 22, 2012, by and between Gener8 Maritime Corporation and Leonard J. Vrontassis (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.88 Amendment to the Employment Agreement, dated as of June 22, 2012, by and between Gener8 Maritime Corporation and John P. Tavlarios (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.89 Amendment to the Employment Agreement, dated as of June 22, 2012, by and between Gener8 Maritime Corporation and Milton H. Gonzales (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.90 Form of Restricted Stock Unit Agreement Pursuant to the Gener8 Maritime, Inc. 2012 Equity Incentive Plan (Incorporated by reference to the Company's Registration Statement on Form S-1, Registration No. 333-204402)\*\*
- 10.91 Credit Agreement, dated as of September 3, 2015, among Gener8 Maritime, Inc., as Parent, Gener8 Maritime Subsidiary II Inc., as Borrower, various lenders party thereto and Nordea Bank Finland PLC, New York Branch, as Facility Agent and Collateral Agent. (Incorporated by reference to the Company's current report on Form 8-K, filed on September 17, 2015)
- 10.92 Amendment No. 4 and Consent to the Note and Guarantee Agreement, dated as of September 8, 2015, among Gener8 Maritime, Inc., Gener8 Maritime Subsidiary V Inc. and the Purchasers party thereto (Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 17, 2015)
- 10.93 Facility Agreement, dated as of August 31, 2015, among Gener8 Maritime Subsidiary VIII Inc., as Borrower; the Owner Guarantors and Hedge Guarantors listed therein; Gener8 Maritime, Inc., as Parent Guarantor; Gener8 Maritime Subsidiary V Inc. as Shareholder; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch, as global co-ordinators; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch, as bookrunners; Citibank, N.A., London Branch as ECA co-ordinator and ECA agent; Nordea Bank Finland Plc, New York Branch as commercial tranche co-ordinator; Nordea Bank Finland Plc, New York Branch as facility agent; Nordea Bank Finland Plc, New York Branch as security agent; The Export-Import Bank of Korea; the commercial tranche bookrunners party thereto; the mandated lead arrangers party thereto; the lead arrangers party thereto; the banks and financial institutions named therein as original lenders; and the banks and financial institutions named therein as hedge counterparties (Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 17, 2015)
- 10.94 Credit Agreement, dated as of October 21, 2015, among Gener8 Maritime, Inc. as Parent, Gener8 Maritime Subsidiary VII Inc. as Borrower, the lenders party thereto, and Citibank, N.A., New York Branch as Facility Agent and Collateral Agent (Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 27, 2015)
- 10.95 Amendment No. 5 and Consent to the Note and Guarantee Agreement, dated as of October 21, 2015, among Gener8 Maritime, Inc., Gener8 Maritime Subsidiary V Inc. and the Purchasers party thereto (Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 27, 2015)
- 10.96 Shipbuilding Contract Novation Agreement dated September 2, 2015 by and between Daewoo Shipbuilding & Marine Engineering Co., Ltd., as Builder, STI Glasgow Shipping Company Limited, as Original Buyer and Gener8 Neptune LLC, as New Buyer to Shipbuilding Contract, dated December 13, 2013 by and between STI Glasgow Shipping Company Limited and Daewoo Shipbuilding & Marine Engineering Co., Ltd. with respect to Hull No. 5404 (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 13, 2015)
- 10.97 Corporate Guarantee, dated as of September 2, 2015 by Gener8 Maritime, Inc. in favor of Daewoo Shipbuilding & Marine Engineering Co., Ltd. with respect to Hull No. 5404 (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 13, 2015)

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- 10.98 Supplemental Letter, dated as of September 7, 2015, by The Export-Import Bank of Korea, in respect of Irrevocable Stand By Letter of Credit, dated as of December 17, 2013, in favor Gener8 Neptune LLC by The Export-Import Bank of Korea (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 13, 2015)
- 10.99 Pool Participation Agreement, dated as of September 3, 2015, by and between VL8 Pool Inc. and Gener8 Neptune LLC with respect to the "Gener8 Neptune" (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 13, 2015)
- 10.100 Pool Participation Agreement, dated as of October 22, 2015, by and between VL8 Pool Inc. and Gener8 Strength LLC with respect to the "Gener8 Strength" (Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed November 13, 2015)
- 10.101 Amending and Restating Deed, dated as of June 29, 2016, by and among the Parent Guarantor, GNRT Sub VII, the Original Owner Guarantors, the Global Co-Ordinators, the Bookrunner, the ECA Agent, the Facility Agent, the Security Agent, CEXIM, the Mandated Lead Arrangers, the Lenders, the Hedge Counterparties and the companies listed therein as additional owner guarantors (Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 30, 2016)
- 10.102 Amendment No. 6 to the Note and Guarantee Agreement, dated as of December 2, 2015, among Gener8 Maritime, Inc., Gener8 Maritime Subsidiary V Inc. and the Purchasers party thereto (Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 7, 2015)
- 10.103 Pool Participation Agreement, dated as of December 18, 2015, by and between VL8 Pool Inc. and Gener8 Andriotis LLC with respect to the "Gener8 Andriotis" (Incorporated by reference to the Company's Annual Report on Form 10-K, filed on March 21, 2016)
- 10.104 Supplemental Agreement entered into on December 28, 2015 to the Facility Agreement, dated as of November 30, 2015, among Gener8 Maritime Subsidiary VII Inc. as Borrower; The Companies listed in Part A of Schedule 1 as joint and several Owner Guarantors and joint and several Hedge Guarantors; Gener8 Maritime, Inc. as Parent Guarantor; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch as Global Co-ordinators; Citibank, N.A. as Bookrunner; Citibank, N.A., The Export-Import Bank of China and Bank of China, New York Branch as Mandated Lead Arrangers; The Banks and Financial Institutions listed in Part B of Schedule 1 as Original Lenders; The Banks and Financial Institutions listed in Part C of Schedule 1 as Hedge Counterparties; Citibank, N.A., London Branch as ECA Co-ordinator and ECA Agent; and Nordea Bank Finland Plc, New York Branch as Facility Agent and Security Agent. (Incorporated by reference to the Company's Annual Report on Form 10-K, filed on March 21, 2016)
- 10.105 Amendment No. 7 and Waiver to the Note and Guarantee Agreement, dated as of February 17, 2016, among Gener8 Maritime, Inc., Gener8 Maritime Subsidiary V Inc. and the Purchasers party thereto (Incorporated by reference to the Company's Annual Report on Form 10-K, filed on March 21, 2016)
- 10.106 Shipbuilding Contract Novation Agreement dated January 8, 2016 by and between Hyundai Samho Heavy Industries Co., Ltd., as Builder, STI Cavaliere Shipping Company Limited, as Original Buyer and Gener8 Constantine LLC, as New Buyer to Shipbuilding Contract, dated December 20, 2013 by and between STI Cavaliere Shipping Company Limited and Hyundai Samho Heavy Industries Co., Ltd., with respect to Hull No. S777 (Incorporated by reference to the Company's Annual Report on Form 10-K, filed on March 21, 2016)
- 10.107 Performance Guarantee, dated as of January 8, 2016 by Gener8 Maritime, Inc. in favor of Hyundai Samho Heavy Industries Co., Ltd. with respect to Hull No. S777 (Incorporated by reference to the Company's Annual Report on Form 10-K, filed on March 21, 2016)
- 10.108 Form of Indemnification Agreement between Gener8 Maritime, Inc. and each of its directors and executive officers (Incorporated by reference to the Company's Current Report on Form 8-K, filed on March 6, 2017)\*\*
- 10.109 Form of 2016 Director Restricted Stock Unit Agreement Pursuant to the Gener8 Maritime, Inc. 2012 Equity Incentive Plan\*\*
- 10.110 Form of Stock Option Agreement with respect to grants of options to purchase common stock of the Company pursuant to the Company's 2012 Equity Incentive Plan, (as amended and restated, effective June 22, 2015) (Incorporated by reference to the Company's Current Report on Form 8-K, filed on January 9, 2017)\*\*

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- 10.111 Agreement dated November 28, 2016 by and between Gener8 Maritime Subsidiary Inc., as Buyer and Hyundai Samho Heavy Industries Co., LTD., as Builder to amend the Shipbuilding Contract, dated as of December 12, 2013, by and between Navig8 Crude Tankers, Inc., and Hyundai Samho Heavy Industries Co., Ltd. with respect to Hull No. S771
- 10.112 Amendment No. 1, dated October 20, 2016, to the Facility Agreement, dated as of August 31, 2015, among Gener8 Maritime Subsidiary VIII Inc., as Borrower; the Owner Guarantors and Hedge Guarantors listed therein; Gener8 Maritime, Inc., as Parent Guarantor; Gener8 Maritime Subsidiary V Inc. as Shareholder; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch, as global co-ordinators; Citibank, N.A. and Nordea Bank Finland Plc, New York Branch, as bookrunners; Citibank, N.A., London Branch as ECA co-ordinator and ECA agent; Nordea Bank Finland Plc, New York Branch as commercial tranche co-ordinator; Nordea Bank Finland Plc, New York Branch as facility agent; Nordea Bank Finland Plc, New York Branch as security agent; The Export-Import Bank of Korea; the commercial tranche bookrunners party thereto; the mandated lead arrangers party thereto; the lead arrangers party thereto; the banks and financial institutions named therein as original lenders; and the banks and financial institutions named therein as hedge counterparties. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 14, 2016)
- 12.1 Computation of Ratio of Earnings to Fixed Charges
- 21.1 Subsidiaries of Gener8 Maritime, Inc.
- 23.1 Consent of Deloitte & Touche LLP
- 31.1 Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
- 31.2 Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
- 32.1\* Certification of Chief Executive Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350
- 32.2\* Certification of Chief Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350
- 101 The following materials from Gener8 Maritime, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2016 and December 31, 2015, (ii) Consolidated Statements of Operations for the years ended December 31, 2016, 2015 and 2014, (iii) Consolidated Statements of Comprehensive Income (loss) for the years ended December 31, 2016, 2015 and 2014, (iv) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2016, 2015 and 2014, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014 and (vi) Notes to Consolidated Financial Statements
  - 101. INS XBRL Instance Document.
  - 101. SCH XBRL Taxonomy Extension Schema.
  - 101. CAL XBRL Taxonomy Extension Calculation Linkbase.
  - 101. DEF XBRL Taxonomy Extension Definition Linkbase.
  - 101. LAB XBRL Taxonomy Extension Label Linkbase.
  - 101. PRE XBRL Taxonomy Extension Presentation Linkbase.

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\* Furnished Herewith

\*\* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(b)

**RESTRICTED STOCK UNIT AGREEMENT**  
**PURSUANT TO THE**  
**GENER8 MARITIME, INC. 2012 EQUITY INCENTIVE PLAN**

\* \* \* \* \*

Participant: \_\_\_\_\_

Grant Date: \_\_\_\_\_

Number of Restricted Stock Units granted: \_\_\_\_\_

\* \* \* \* \*

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Award Agreement”), dated as of the Grant Date specified above, is entered into by and between Gener8 Maritime, Inc., a Marshall Islands Corporation (the “Company”), and the Participant specified above, pursuant to the Gener8 Maritime, Inc. 2012 Equity Incentive Plan, as amended and restated as of June 22, 2015 (the “Plan”), which is administered by the Committee.

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the Restricted Stock Units (“RSUs”) provided herein to the Participant;

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

**1. Incorporation By Reference; Plan Document Receipt.** This Award Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the grant of the RSUs hereunder), all of which terms and provisions are made a part of and incorporated in this Award Agreement as if they were each expressly set forth herein, provided that any subsequent amendment of the Plan shall not adversely affect Participant’s rights under this Award Agreement without the Participant’s written consent to such amendment. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Award Agreement and the terms of the Plan, the terms of Plan, as interpreted by the Committee, shall control. The Participant hereby acknowledges that all decisions, determinations and interpretations of the Committee in respect of the Plan, this Award Agreement and the RSUs shall be final and conclusive. Any capitalized term not defined in this Award Agreement shall have the same meaning as is ascribed thereto in the Plan.

**2. Grant of Restricted Stock Unit Award.** The Company hereby grants to the Participant, as of the Grant Date specified above, the number of RSUs specified above. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Award Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant’s interest in the Company for any reason. The



Participant shall not have the rights of a stockholder in respect of the Shares underlying this Award until such Shares are delivered to the Participant in accordance with Section 4.

### **3. Vesting.**

(a) General. Except as otherwise provided in this Section 3, RSUs subject to this Award shall vest at 12:01 a.m. on the earlier of (a) the date of the first Annual Meeting of Shareholders of the Company following the Grant Date and (b) the first anniversary of the Grant Date, provided that the Participant has not incurred a Termination of Directorship prior to such date.

(b) Change in Control. All unvested RSUs shall immediately become vested upon a Change in Control, provided the Participant has not incurred a Termination of Directorship prior to such date.

(c) Termination Due to Death or Disability. In the event of the Participant's Termination of Directorship due to the Participant's death or Disability (as defined in the Plan), then the Participant's then outstanding and unvested RSUs shall immediately vest in full as of the date of such Termination of Directorship.

(d) Other Terminations/Forfeiture. Any unvested RSUs shall be immediately forfeited upon the Participant's Termination of Directorship for any reason other than death or Disability. For the avoidance of doubt, if the Participant incurs a Termination of Directorship after the RSUs become vested but before the corresponding Shares have been issued to the Participant pursuant to Section 4, such Shares shall be issued to the Participant notwithstanding the Termination of Directorship, except as provided in Section 6.

### **4. Delivery of Shares.**

(a) Within five (5) business days following the date that the RSUs vest, the Participant shall be issued the number of Shares that correspond to the number of RSUs that became vested on such date as provided in Section 3 above. In connection with the delivery of the Shares pursuant to this Award Agreement, the Participant agrees to execute any documents reasonably requested by the Company. In no event shall a Participant be entitled to receive any Shares with respect to any unvested or forfeited portion of the RSUs. Notwithstanding the foregoing, if the vesting of the RSUs is accelerated as provided in Section 3(c) by reason of the Participant's Termination of Directorship due to death or Disability, and if consistent with the "short-term deferral" rules of Section 409A of the Internal Revenue Code, the Shares with respect to such accelerated RSUs shall be issued within twenty (20) business days after the acceleration event applicable to such RSUs. In no event shall the Participant determine when during the applicable period the Shares shall be issued.

(b) Blackout Periods. Notwithstanding the foregoing, if the Participant is subject to any Company "blackout" policy or other trading restriction imposed by the Company on the date such distribution would otherwise be made pursuant to Section 4(a) hereof, such distribution shall be instead made on the earlier of (i) the date that the Participant is not subject to any such policy or restriction and (ii) March 15 of the calendar year following the calendar year in which the applicable RSUs became vested pursuant to Section 3.

(c) **Payment in Cash.** Pursuant to the Plan, in lieu of issuing Shares pursuant to this Section 4, the Committee may elect to pay the Participant the cash value of all or some of such Shares.

**5. Dividends and Other Distributions.** The Participant shall be entitled to receive payments equal to all dividends and other distributions paid with respect to the Shares underlying the RSUs, and any such amounts will be paid in the same amount and form (cash or non-cash) as that paid directly to holders of Shares, provided that such amounts will be subject to the same vesting requirements as the underlying RSUs, and shall be paid at the same time the related Shares (or cash, if the Committee so elects pursuant to Section 4) are delivered pursuant to Section 4, and any such amounts with respect to unvested RSUs shall be placed into escrow until such time as the Shares (or cash, if the Committee so elects pursuant to Section 4) for the related RSUs are issued and delivered or the underlying RSUs are forfeited; provided, further, that if any such amounts are paid in Shares with respect to unvested RSUs, the Shares shall be deposited with the Company and shall be subject to the same restrictions on transferability and forfeitability as the RSUs with respect to which they were paid.

**6. Non-transferability.** The RSUs, and any rights or interests therein, (i) shall not be sold, exchanged, transferred, assigned or otherwise disposed of in any way at any time by the Participant (or any beneficiary(ies) of the Participant), other than by testamentary disposition by the Participant or by the laws of descent and distribution, (ii) shall not be pledged or encumbered in any way at any time by the Participant (or any beneficiary(ies) of the Participant) and (iii) shall not be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, pledge, transfer, assign, encumber or otherwise dispose of these RSUs, or the levy of any execution, attachment or similar legal process upon these RSUs, contrary to the terms of this Award Agreement and/or the Plan, shall be null and void and without legal force or effect.

**7. Entire Agreement; Amendment.** This Award Agreement, together with the Plan, contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion, to modify or amend this Award Agreement from time to time in accordance with and as provided in the Plan, but not in any manner or to any extent that would be adverse to the Participant without the Participant's written consent at the time. This Award Agreement may also be modified or amended by a writing signed by both the Company and the Participant. The Company shall give written notice to the Participant of any such mutually-agreed-on modification or amendment of this Award Agreement as soon as practicable after the adoption thereof by the Company.

**8. Acknowledgment of Participant.** This award of RSUs does not entitle Participant to any benefit other than that granted under this Award Agreement. Any benefits granted under this Award Agreement are not part of the Participant's ordinary compensation, and shall not be considered as part of such compensation in the event of severance, redundancy or resignation. Participant understands and accepts that the benefits granted under this Award Agreement are entirely at the discretion of the Company and that the Company retains the right to amend or terminate this Award Agreement and the Plan at any time, at its sole discretion and

without notice, but not in any manner or to any extent that would be adverse to the Participant without the Participant's written consent at the time.

**9. Securities Matters.** The Company shall be under no obligation to effect the registration pursuant to the Securities Act of 1933, as amended (the "1933 Act") of any interests in the Plan or any shares of Common Stock to be issued thereunder or to effect similar compliance under any state laws. The Company shall not be obligated to cause to be issued any Shares, whether by means of stock certificates or appropriate book entries, unless and until the Company is advised by its counsel that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which Shares are traded. The Committee may require, as a condition of the issuance of Shares pursuant to the terms hereof, that the Participant (or other recipient of such Shares, in the event of Participant's death) make such covenants, agreements and representations, and that any certificates bear such legends and any book entries be subject to such electronic coding, as the Committee, in its sole discretion, deems necessary or desirable. The Participant specifically understands and agrees that the shares of Common Stock, if and when issued, may be "restricted securities," as that term is defined in Rule 144 under the Securities Act of 1933, as amended and, accordingly, the Participant may be required to hold the shares indefinitely unless they are registered under such Act or an exemption from such registration is available.

**10. Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach or default of any party under this Award Agreement, shall impair any such right, power or remedy of such party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Award Agreement, or any waiver on the part of any party or any provisions or conditions of this Award Agreement, must be in a writing signed by such party and shall be effective only to the extent specifically set forth in such writing.

**11. Governing Law.** This Award Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws thereof.

**12. No Right to Continued Service.** Nothing in this Award Agreement shall interfere with or limit in any way the right of the Company to terminate the Participant's employment or service at any time, for any reason and with or without cause.

**13. Notices.** Any notice which may be required or permitted under this Award Agreement shall be in writing, and shall be delivered in person or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows:

(a) If such notice is to the Company, to the attention of the Chief Financial Officer of the Company or at such other address as the Company, by notice to the Participant, shall designate in writing from time to time.

(b) If such notice is to the Participant, at his/her address as shown on the Company's records, or at such other address as the Participant, by notice to the Company, shall designate in writing from time to time.

**14. Compliance with Laws.** This issuance of RSUs (and the Shares underlying the RSUs) pursuant to this Award Agreement shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended and in each case any respective rules and regulations promulgated thereunder) and any other law or regulation applicable thereto. The Company shall not be obligated to issue these RSUs or any of the Shares pursuant to this Agreement if any such issuance would violate any such requirements.

**15. Binding Agreement; Assignment.** This Award Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Participant shall not assign (except as provided by Section 6 hereof) any part of this Award Agreement without the prior express written consent of the Company. The Company may not assign any portion of this Award Agreement without the prior written consent of the Participant except as otherwise provided in the Plan.

**16. Counterparts.** This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

**17. Headings.** The titles and headings of the various sections of this Award Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Award Agreement.

**18. Further Assurances.** Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Award Agreement and the Plan and the consummation of the transactions contemplated thereunder.

**19. Severability.** The invalidity or unenforceability of any provisions of this Award Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Award Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Award Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Award Agreement as of the date first written above.

**GENER8 MARITIME, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PARTICIPANT**

\_\_\_\_\_  
Name:

*Signature Page to Restricted Stock Unit Agreement*

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**AGREEMENT**

This Agreement (the "AGREEMENT") is made on this 28<sup>th</sup> day of November 2016 by and between:

- (1) GENER8 MARITIME SUBSIDIARY INC. (formerly NAVIG8 CRUDE TANKERS INC.), a corporation incorporated under the laws of The Marshall Islands having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (the "BUYER").
- (2) HYUNDAI SAMHO HEAVY INDUSTRIES CO., LTD., a company organised and existing under the laws of the Republic of Korea, having its principal office at 93, Daebul-Ro, Samho-Eup, Yeongam-Gun, Jeollanam-Do, Korea (the "BUILDER").

(BUYER and BUILDER shall hereinafter be referred to as the "PARTIES" collectively)

WHEREAS,

- (A) The BUYER and the BUILDER entered into a shipbuilding contract dated 12 December 2013 (as supplemented by a supplemental agreement dated 12 December 2013 and as further supplemented from time to time) (the "CONTRACT") in respect of the construction and sale of the one diesel engine 300,000 dwt crude oil tanker having hull number S771 (the "VESSEL").
- (B) Subject to the terms of this AGREEMENT, the BUYER has requested to postpone the payment of the fourth instalment of the contract price (the "CONTRACT PRICE") as defined in the article X, 2-(d) of the CONTRACT for a certain period.
- (C) The BUILDER is willing to agree to such postponement of the payment of the fourth instalment of the CONTRACT PRICE under the term and condition herein below.

NOW, THEREFORE, in consideration of the mutual premises and covenants undertaken herein and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the PARTIES hereby agree as follows;

## 1. POSTPONEMENT

Notwithstanding the ARTICLE X, 2-(d) of the CONTRACT, it shall be amended that five per cent (5%) of the CONTRACT PRICE amounting to U.S.Dollars Four Million Seven Hundred Sixty five Thousand only (US\$ 4,765,000.-) out of total 10% of the CONTRACT PRICE (the "FOURTH INSTALMENT A") shall be paid by the BUYER to the BUILDER no later than December 15, 2016 and outstanding five per cent (5%) of the CONTRACT PRICE amounting to U.S.Dollars Four Million Seven Hundred Sixty five Thousand only (US\$ 4,765,000.-) (the "FOURTH INSTALMENT B") shall be paid by the BUYER to the BUILDER concurrently with the delivery of the VESSEL scheduled on February 27, 2017.

## 2. INTEREST

In consideration of the postponement of the fourth instalment, the BUYER shall pay to the BUILDER interest at the rate of six percent (6%) per annum calculated from October 24, 2016 to the actual receipt of each payment of the fourth instalment as shown in below table.

|                        | FOURTH INSTALMENT A | FOURTH INSTALMENT B |
|------------------------|---------------------|---------------------|
| Contractual Due Date   | October 24, 2016    |                     |
| Adjusted Due Date      | December 15, 2016   | February 27, 2017   |
| Period of Postponement | 52 days             | 126 days            |
| Principal              | \$ 4,765,000        | \$4,765,000         |
| Interest               | \$ 40,731           | \$ 98,694           |
| Total Amount           | \$4,805,731         | \$ 4,863,694        |

The interest in the above table is based on the amended payment schedule.

## 3. EFFECTIVENESS

This AGREEMENT shall become effective upon signing by the PARTIES hereto.

#### 4. CONFIDENTIALITY

This AGREEMENT shall be kept strictly private and confidential by the PARTIES hereto and shall not be disclosed to any third parties unless mutually agreed.

#### 5. OTHER TERMS

All other terms of the CONTRACT remain unaltered and unaffected by the terms of this AGREEMENT.

#### 6. GOVERNING LAW AND JURISDICTION

This AGREEMENT shall be governed by and construed in accordance with English law and any dispute under this AGREEMENT shall be referred to arbitration in accordance with the terms of Article XIII of the CONTRACT.

IN WITNESS WHEREOF the PARTIES hereto have caused this AGREEMENT to be duly executed on the date first above written.

For and on behalf of the BUYER

By /s/ George Fikaris  
Name : George Fikaris  
Title : Vice President

For and on behalf of the BUILDER

By :/s/ Ho Woung Cheom  
Name : Ho Woung Cheom  
Title : Team Leader / CMD

*For US\$10 and other good and valuable consideration (the sufficiency and receipt of which are hereby acknowledged), We, Nonghyup Bank, hereby acknowledge the terms of this Agreement and give our consent accordingly to the variation of the Contract on the terms set out herein with effect from the date first above written..*



**Gener8 Maritime, Inc.**  
**Computation of Ratio of Earnings to Fixed Charges\***  
(Expressed in thousands of United States Dollars, except ratios)

|   | Year Ended December 31, |                   |                    |                    |
|---|-------------------------|-------------------|--------------------|--------------------|
|   | 2016                    | 2015              | 2014 (2)           | 2013 (2)           |
| <b>Fixed Charges</b>  |                         |                   |                    |                    |
| Interest expense, net   | \$ 49,627               | \$ 15,982         | \$ 29,849          | \$ 34,643          |
| Capitalized interest  | 27,602                  | 35,172            | 8,958              | —                  |
| Interest Component of rent expense  | 559                     | 544               | 564                | 597                |
| <b>Fixed Charges</b>  | <b>77,788</b>           | <b>51,698</b>     | <b>39,371</b>      | <b>35,240</b>      |
| <b>Earnings</b>   |                         |                   |                    |                    |
| Net income (loss)   | 67,306                  | 129,569           | (47,084)           | (101,073)          |
| Fixed charges (calculated above)  | 77,788                  | 51,698            | 39,371             | 35,240             |
| Capitalized interest  | (27,602)                | (35,172)          | (8,958)            | —                  |
| <b>Total earnings available for fixed charges</b>                             | <b>\$ 117,491</b>       | <b>\$ 146,095</b> | <b>\$ (16,671)</b> | <b>\$ (65,833)</b> |
| Ratio of Earnings to Fixed Charges (1)  | <b>1.51</b>             | <b>2.83</b>       | <b>(0.42)</b>      | <b>(1.87)</b>      |
| Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends (1) | <b>1.51</b>             | <b>2.83</b>       | <b>(0.42)</b>      | <b>(1.87)</b>      |

\* As defined in Item 503(d) of Regulation S-K of the Securities Exchange Act of 1934

- (1) For purposes of computing these ratios, “earnings” consist of income before taxes, interest component of rent expense (approximately one-third of our rent expense is deemed by the Company to be representative of the interest factor inherent in such rent expense), interest expense, swap interest, capitalized interest, and amortization of loan fees. “Fixed charges” consist of interest expense, swap interest, capitalized interest, and amortization of loan fees. as reported in the consolidated financial statements.
- (2) For the years ended December 31, 2014 and 2013, the deficiencies in earnings to available to cover fixed charges were \$56.0 million and \$101.1 million.

GENER8 MARITIME, INC.  
LIST OF SUBSIDIARIES

| Legal Entity                           | Jurisdiction                                  |
|--|---|
| Companion Ltd.                         | Bermuda                                       |
| Compatriot Ltd.                        | Bermuda                                       |
| Concept Ltd.                           | Bermuda                                       |
| Concord Ltd.                           | Bermuda                                       |
| Consul Ltd.                            | Bermuda                                       |
| Contest Ltd.                           | Bermuda                                       |
| Gener8 Andriotis Inc.                  | Marshall Islands                              |
| Gener8 Chiotis Inc.                    | Marshall Islands                              |
| Gener8 Maritime Management LLC         | Marshall Islands (also qualified in New York) |
| Gener8 Maritime Subsidiary II Inc.     | Marshall Islands                              |
| Gener8 Maritime Subsidiary III Ltd.    | Bermuda                                       |
| Gener8 Maritime Subsidiary Inc.        | Marshall Islands                              |
| Gener8 Maritime Subsidiary NEW IV Inc. | Marshall Islands                              |
| Gener8 Maritime Subsidiary V Inc.      | Marshall Islands                              |
| Gener8 Maritime Subsidiary VI Inc.     | Marshall Islands                              |
| Gener8 Maritime Subsidiary VII Inc.    | Marshall Islands                              |
| Gener8 Maritime Subsidiary VIII Inc.   | Marshall Islands                              |
| Gener8 Miltiades Inc.                  | Marshall Islands                              |
| Gener8 Strength Inc.                   | Marshall Islands                              |
| Gener8 Success Inc.                    | Marshall Islands                              |
| Gener8 Supreme Inc.                    | Marshall Islands                              |
| Gener8 Tankers 1 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 2 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 3 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 4 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 5 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 6 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 7 Inc.                  | Marshall Islands                              |
| Gener8 Tankers 8 Inc.                  | Marshall Islands                              |
| Gener8 Neptune LLC                     | Marshall Islands                              |
| Gener8 Andriotis LLC                   | Marshall Islands                              |
| Gener8 Apollo LLC                      | Marshall Islands                              |
| Gener8 Ares LLC                        | Marshall Islands                              |
| Gener8 Athena LLC                      | Marshall Islands                              |
| Gener8 Chiotis LLC                     | Marshall Islands                              |
| Gener8 Constantine LLC                 | Marshall Islands                              |
| Gener8 Ethos LLC                       | Marshall Islands                              |
| Gener8 Hector LLC                      | Marshall Islands                              |

|                      |                  |
|----------------------|------------------|
| Gener8 Hera LLC      | Marshall Islands |
| Gener8 Macedon LLC   | Marshall Islands |
| Gener8 Miltiades LLC | Marshall Islands |
| Gener8 Nautilus LLC  | Marshall Islands |
| Gener8 Nestor LLC    | Marshall Islands |
| Gener8 Noble LLC     | Marshall Islands |
| Gener8 Oceanus LLC   | Marshall Islands |
| Gener8 Perseus LLC   | Marshall Islands |
| Gener8 Strength LLC  | Marshall Islands |
| Gener8 Success LLC   | Marshall Islands |
| Gener8 Supreme LLC   | Marshall Islands |
| Gener8 Theseus LLC   | Marshall Islands |
| GMR Agamemnon LLC    | Liberia          |
| GMR Argus LLC        | Marshall Islands |
| GMR Atlas LLC        | Marshall Islands |
| GMR Chartering LLC   | New York         |
| GMR Daphne LLC       | Marshall Islands |
| GMR Defiance LLC     | Liberia          |
| GMR Elektra LLC      | Marshall Islands |
| GMR George T LLC     | Marshall Islands |
| GMR Harriet G LLC    | Liberia          |
| GMR Hercules LLC     | Marshall Islands |
| GMR Hom LLC          | Marshall Islands |
| GMR Kara G LLC       | Liberia          |
| GMR Maniate LLC      | Marshall Islands |
| GMR Orion LLC        | Marshall Islands |
| GMR Phoenix LLC      | Marshall Islands |
| GMR Poseidon LLC     | Marshall Islands |
| GMR Spartiate LLC    | Marshall Islands |
| GMR Spyridon LLC     | Marshall Islands |
| GMR St. Nikolas LLC  | Marshall Islands |
| GMR Strength LLC     | Liberia          |
| GMR Ulysses LLC      | Marshall Islands |
| GMR Zeus LLC         | Marshall Islands |
| Unique Tankers LLC   | Marshall Islands |
| Victory Ltd.         | Bermuda          |
| Vision Ltd.          | Bermuda          |

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-215505 on Form S-3 and No. 333-205188 on Form S-8 of our report dated March 13, 2017, relating to the consolidated financial statements of Gener8 Maritime, Inc. and subsidiaries appearing in this Annual Report on Form 10-K of Gener8 Maritime, Inc. for the year ended December 31, 2016.

/s/ DELOITTE & TOUCHE LLP

New York, New York  
March 13, 2017

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## CERTIFICATION

I, Peter C. Georgiopoulos, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2016 of Gener8 Maritime, 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(s) 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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, 2017

/s/ Peter C. Georgiopoulos

Name: Peter C. Georgiopoulos

Title: Chairman and Chief Executive Officer

## CERTIFICATION

I, Leonard J. Vrontassis, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2016 of Gener8 Maritime, 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(s) 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 most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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, 2017

/s/ Leonard J. Vrontassis

Name: Leonard J. Vrontassis  
Title: Chief Financial Officer, Secretary and  
Executive Vice President

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Gener8 Maritime, Inc.'s (the "Company") Annual Report on Form 10-K for the year ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chairman and Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. § 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, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2017

/s/ Peter G. Georgiopoulos

Name: Peter C. Georgiopoulos

Title: Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with Gener8 Maritime, Inc.'s (the "Company") Annual Report on Form 10-K for the year ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Financial Officer, Secretary and Executive Vice President of the Company, hereby certifies pursuant to 18 U.S.C. § 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, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 13, 2017

/s/ Leonard J. Vrondisis

Name: Leonard J. Vrondisis

Title: Chief Financial Officer, Secretary and  
Executive Vice President

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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