



**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attached](#)

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**18** Can any resulting loss be recognized? ▶ [See attached](#)

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [N/A](#)

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶ /s/ Joseph Adamo Date ▶ 8/22/14

<b>Paid Preparer Use Only</b>	Print your name ▶ <u>Joseph Adamo</u>	Preparer's signature	Title ▶ <u>Controller</u>	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date	Firm's EIN ▶	
	Firm's name ▶			Phone no.	
	Firm's address ▶				

## Convertible Notes

14. Genco Shipping & Trading Limited (the “Company”) emerged from Chapter 11 of the U.S. Bankruptcy Code on July 9, 2014, the effective date of its Plan of Reorganization (the “Effective Date”). Under the Plan, each Eligible Noteholder (as defined in the Plan) of a Convertible Note Claim (the “Notes”) received shares of New Genco Common Stock and rights to acquire additional shares of New Genco Common Stock (the “Rights”) and each Non-Eligible Noteholder (as defined in the Plan) of a Note received a cash payment in full and final satisfaction of their claims with respect to the Notes (the “Transaction”).

For more information regarding the Transaction, please see the Company’s Plan of Reorganization, as amended, and Disclosure Statement filed with the U.S. Bankruptcy Court for the Southern District of New York and available at <http://www.gencorestructuring.com>.

### 15. Eligible Noteholders

As a result of the Transaction, each Eligible Noteholder exchanged their Notes for shares of New Genco Common Stock and Rights. To the extent that the Notes constituted “securities” for U.S. federal income tax purposes (“Tax Securities”), each Eligible Noteholder’s aggregate tax basis in the New Genco Common Stock and Rights received (other than the portion of such New Genco Common Stock and Rights received in exchange for accrued interest) generally equals the Eligible Noteholder’s aggregate tax basis in the Notes that were surrendered in the Transaction (other than the portion of such basis, if any, attributable to accrued interest).

To the extent the Notes did not constitute Tax Securities, each Eligible Noteholder recognized gain or loss upon the receipt of New Genco Common Stock and Rights in exchange therefor. In that event, the Eligible Noteholder’s tax basis in the Notes was extinguished and the Eligible Noteholder’s tax basis in the New Genco Common Stock and Rights received equals the fair market values thereof.

### Non-Eligible Noteholders

As a result of the Transaction, each Non-Eligible Noteholder surrendered their Notes for cash and the tax basis in such Notes was extinguished.

Holders of Notes should consult their tax advisors to determine the tax consequences of the Transaction to them.

### 16. Eligible Noteholders

To the extent that the Notes constituted Tax Securities, the Eligible Noteholder’s aggregate tax basis in the New Genco Common Stock and Rights received in the Transaction (other than the portion of such New Genco Common Stock and Rights received in exchange for accrued interest) generally equals the Eligible Noteholder’s aggregate tax basis in the Notes surrendered in the Transaction (other than the portion of such basis, if any, attributable to accrued interest). Such aggregate tax basis is then allocated between the New Genco Common Stock and Rights in proportion to the fair market values thereof. The portion of such aggregate tax basis allocated to the New Genco Common Stock is then divided by the number of shares of New Genco Common

stock received to determine the tax basis of each share of New Genco Common Stock. Similarly, the portion of the aggregate tax basis allocated to the Rights is divided by the number of Rights received to determine the tax basis of each Right. The tax basis of shares of New Genco Common Stock and Rights received in exchange for accrued interest equals the fair market value thereof.

To the extent that the Notes did not constitute Tax Securities, the Eligible Noteholder's tax basis in each share of New Genco Common Stock and each Right received in the Transaction is equal to the fair market value thereof.

To the extent that Rights were exercised, each holder's tax basis in the additional shares of New Genco Common Stock acquired as a result of such exercise should include the basis of the Rights described herein.

Based on the Rights Offering subscription price of \$18.62537 per share and the assumed New Genco Common Stock price of \$20.00 pre-dilution from any warrants, the estimated aggregate value of the Rights is approximately \$7.4 million. Given the estimated New Genco Common Stock price of \$19.42 to \$19.52 per share, after accounting for the New Genco Equity Warrants, the estimated aggregate value of the Rights is approximately \$4.3 million to approximately \$4.8 million, after dilution from the New Genco Equity Warrants. Based on the midpoint of the \$4.3 million to \$4.8 million range, i.e., \$4.55 million, and the issuance of 5,369,021 Rights, each Right would be valued at \$0.8474543.

The Company estimated that the value of each share of New Genco Common Stock ranged between \$19.42 to \$19.52. Based on the midpoint of that range, the Company estimated that on the Effective Date the value of each share of New Genco Common Stock was approximately \$19.47.

#### Non- Eligible Holders

The Notes surrendered by Non-Eligible Noteholders in the Transaction no longer exist and thus, the tax basis in such Notes was extinguished.

17. Sections 354, 356, 358, 1001 and 1012.

#### 18. Eligible Noteholders

The Transaction generally should not result in a loss to Eligible Noteholders to the extent the Notes constituted Tax Securities. To the extent the Notes were not Tax Securities, the Transaction may result in a loss to Eligible Noteholders to the extent the Eligible Noteholder's tax basis in the Notes exceeded the fair market value of the New Genco Common Stock and Rights received in exchange therefor.

#### Non- Eligible Noteholders

The Transaction resulted in a loss to Non-Eligible Noteholders to the extent the tax basis in their Notes exceeded the fair market value of the cash received in exchange therefor.