

Eagle Bulk Shipping Inc.

Form 10-K/A

December 30, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 2

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE

SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE

SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-33831

EAGLE BULK SHIPPING INC.

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(Exact name of Registrant as specified in its charter)

Republic of the Marshall Islands

(State or other jurisdiction of incorporation or organization)

98-0453513

(I.R.S. Employer Identification No.)

300 First Stamford Place, 5th Floor

Stamford, Connecticut

06902

(Address of principal executive offices) (Zip Code)

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

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

Common Stock, par value \$.01 per share

(Title of Class)

The Common Stock is registered on the Nasdaq Stock Market LLC

(Name of exchange on which registered)

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

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

Yes No

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

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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 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 registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the 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

(Do not check if a smaller reporting company)

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant on June 30, 2015, was \$111,726,458 based on the closing price of \$6.97 per share on the Nasdaq Global Select Market on that date. (For this purpose, all outstanding shares of common stock have been considered held by non-affiliates, other than the shares beneficially owned by directors, officers and certain shareholders of the registrant holding above 10% of the outstanding shares of common stock; without conceding that any of the excluded parties are "affiliates" of the registrant for purposes of the federal securities laws.)

As of April 29, 2016, 45,713,023 shares of the registrant's common stock were outstanding.

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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

2

EXPLANATORY NOTE

Eagle Bulk Shipping Inc. is filing this Amendment No. 2 (this “Amendment No. 2”) to its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission (the “Commission”) on March 31, 2016 (the “Original Form 10-K”) and amended by Amendment No. 1 to the Original Form 10-K filed with the Commission on April 29, 2016 (“Amendment No. 1”), solely for the purposes of amending the Report of Independent Registered Public Accounting Firm (the “Audit Report”) contained in Item 15 of Part IV of the Original Form 10-K to correct a typographical error in certain dates included on page F-4 from October 25, 2014 to October 16, 2014.

Pursuant to Rule 12b-15 promulgated under the Securities Exchange Act of 1934, as amended, we have repeated the entire text of Item 15 of Part IV of the Original Form 10-K in this Amendment No. 2 and we have also included, as exhibits, new certifications of the principal executive officer and the principal financial officer required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. In addition, updated consents of the Independent Registered Public Accounting Firms are being filed as exhibits.

Except as described above, no other changes have been made to the Original Form 10-K or Amendment No. 1, and this Amendment No. 2 does not amend, update or change any other items or disclosures in the Original Form 10-K or Amendment No. 1. Further, this Amendment No. 2 does not reflect subsequent events occurring after the filing date of the Original Form 10-K or Amendment No. 1 or modify or update in any way disclosures in the Original Form 10-K or Amendment No. 1.

Item 15. Exhibits, Financial Statement Schedules

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

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

2. Consolidated Financial Statement Schedule: Financial statement schedules are omitted due to the absence of conditions under which they are required

(b) Exhibits

- Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc., incorporated by reference to
- 3.1 Exhibit 3.1 to the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817), filed with the SEC on June 20, 2005.
- Articles of Amendment to the Company's Amended and Restated Articles of Incorporation of Eagle Bulk
- 3.2 Shipping Inc., incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on May 23, 2012.
- Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of Eagle
- 3.3 Bulk Shipping Inc., incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-A of Eagle Bulk Shipping Inc., filed with the SEC on November 13, 2007.
- Amended and Restated Bylaws of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 3.2 to the
- 3.4 Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- Second Amended and Restated Articles of Incorporation of Eagle Bulk Shipping Inc., as adopted on October 15,
- 3.5 2014, incorporated by reference to Exhibit 3.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- Second Amended and Restated By-Laws of Eagle Bulk Shipping Inc., dated as of October 15, 2014,
- 3.6 incorporated by reference to Exhibit 3.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- Form of Common Stock Share Certificate of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 4 to
- 4.1 the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- 4.2 Form of Senior Indenture, incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-3 of Eagle Bulk Shipping Inc. (Registration No. 333-139745), filed with the SEC on December 29, 2006.
- 4.3 Form of Subordinated Indenture, incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-3 of Eagle Bulk Shipping Inc. (Registration No. 333-139745), filed with the SEC on December 29, 2006
- Rights Agreement, dated as of November 12, 2007, between Eagle Bulk Shipping Inc. and Computershare Trust
- 4.4 Company, N.A., incorporated by reference to Exhibit 4.1 to the Registration Statement on Form 8-A of Eagle Bulk Shipping Inc., filed with the SEC on November 13, 2007.
- 4.5

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- Amended and Restated Rights Agreement, dated as of June 20, 2012, between Eagle Bulk Shipping Inc. and Computershare Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc. filed with the SEC on June 20, 2012.
- 4.6 Form of Specimen Stock Certificate of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 4.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 4.7 Form of Specimen Warrant Certificate of Eagle Bulk Shipping Inc., incorporated by reference to Exhibit 4.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 10.1 Form of Registration Rights Agreement, incorporated by reference to Exhibit 10.1 to the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
- 10.2 Form of Management Agreement with V Ships Management Ltd, incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005
- 10.3 Form of Restricted Stock Unit Award Agreement, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ending September 30, 2007, filed on November 9, 2007
- 10.4 Eagle Bulk Shipping Inc. 2005 Stock Incentive Plan, incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-1/A of Eagle Bulk Shipping Inc. (Registration No. 333-123817) filed with the SEC on June 20, 2005.
-

- 10.5 Amended and Restated Employment Agreement for Mr. Sophocles N. Zoullas, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on June 20, 2008.
- 10.6 Eagle Bulk Shipping Inc. 2009 Stock Incentive Plan, incorporated by reference to Appendix A to the definitive proxy statement on Schedule 14A of Eagle Bulk Shipping Inc., filed with the SEC on April 10, 2009
- 10.7 Delphin Management Agreement, incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K of Eagle Bulk Shipping Inc. for the fiscal year ended December 31, 2009, filed with the SEC on March 5, 2010.
- 10.8 Sixth Amendatory Agreement and Commercial Framework Implementation Agreement, dated as of September 26, 2011, as supplemented, among Eagle Bulk Shipping Inc., as Borrower, the certain subsidiaries of the Borrower, as Guarantors, the banks and financial institutions party thereto, as Lenders, and the Royal Bank of Scotland plc, as Arranger, Bookrunner, Swap Bank, Agent and Security Trustee, incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K/A of Eagle Bulk Shipping Inc. for the fiscal year ended December 31, 2011, filed with the SEC on March 16, 2012.
- 10.9 Eagle Bulk Shipping Inc. 2011 Stock Incentive Plan., incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on November 17, 2011.
- 10.10 Fourth Amended and Restated Credit Agreement, dated as of June 20, 2012, for Eagle Bulk Shipping Inc., arranged by The Royal Bank of Scotland plc with The Royal Bank of Scotland plc acting as Agent and Security Trustee, incorporated by reference to Exhibit 10.12 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ended June 30, 2012, filed with the SEC on August 9, 2012.
- 10.11 Waiver and Forbearance Agreement entered into between Eagle Bulk Shipping Inc. and certain lenders under its Fourth Amended and Restated Credit Agreement, dated March 19, 2014, incorporated by reference to Exhibit 99.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 20, 2014.
- 10.12 Warrant Agreement, dated June 20, 2012, by and between Eagle Bulk Shipping Inc., as the Issuer, and the Lender Holders, as Holders, incorporated by reference to Exhibit 10.13 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ended June 30, 2012, filed with the SEC on August 9, 2012.
- 10.13 Warrant Shares Registration Rights Agreement, dated June 2012, by and among Eagle Bulk Shipping Inc. and the Lender Holders, incorporated by reference to Exhibit 10.14 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc. for the period ended June 30, 2012, filed with the SEC on August 9, 2012.
- 10.14 Form of Indemnification Agreement entered into between Eagle Bulk Shipping Inc. and certain directors, officers and employees, incorporated by reference to Exhibit 10.14 to the annual Report on Form 8-K of Eagle Bulk Shipping Inc. for the fiscal year ended December 31, 2013, filed with the SEC on March 31, 2014.
- 10.15 Loan Agreement, dated as of October 9, 2014, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 10.16 Amendatory Agreement dated as of August 14, 2015, incorporated by reference to Exhibit 10.3 to the quarterly report of Eagle Bulk Shipping Inc., filed with the SEC on November 16, 2015.
- 10.17 Registration Rights Agreement, dated as of October 15, 2014, by and between Eagle Bulk Shipping Inc. and the Holders party thereto, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 10.18 Warrant Agreement, dated as of October 15, 2014, between Eagle Bulk Shipping Inc. and Computershare Inc., as Warrant Agent, incorporated by reference to Exhibit 10.3 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 10.19 Amended and Restated Management Agreement, dated as of August 15, 2014, between Eagle Bulk Shipping Inc., as Manager, and Delphin Shipping LLC, incorporated by reference to Exhibit 10.4 to the

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- Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 10.20 CEO Employment Agreement, incorporated by reference to Exhibit 10.5 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on October 16, 2014.
- 10.21 Separation Agreement and General Release Agreement, dated March 9, 2015, between Eagle Bulk Shipping Inc. and Sophocles Zoullas, incorporated by reference to Exhibit 10.20 to the Annual report on Form 10-K for the fiscal year ended December 31, 2014, of Eagle Bulk Shipping Inc., filed with the SEC on April 2, 2015.
- 10.22 Separation Agreement and General Release, dated May 1, 2015, between Eagle Bulk Shipping Inc. and Alexis P. Zoullas, incorporated by reference to Exhibit 10.3 to the quarterly report on Form 10-Q of Eagle Bulk Shipping Inc., filed with the SEC on May 15, 2015.
- 10.23 Employment Agreement, dated July 7, 2015, between Eagle Bulk Shipping In. and Gary Vogel, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on August 18, 2014.
- 10.24 Eagle Bulk Shipping Inc. 2014 Equity Incentive Plan, incorporated by reference to Exhibit 10.20 to the report on Form 8-K of Eagle Bulk Shipping Inc. filed with the SEC on August 18, 2014.

- 10.25 Restricted Stock Award Agreement under the Eagle Bulk Shipping Inc. 2014 Equity Incentive Plan, by and between Eagle Bulk Shipping Inc. and Gary Vogel, dated as of September 29, 2015, incorporated by reference to Exhibit 10.1 to the quarterly report of Eagle Bulk Shipping Inc., filed with the SEC on November 16, 2015.
- 10.26 Option Award Agreement under the Eagle Bulk Shipping Inc. 2014 Equity Incentive Plan, by and between Eagle Bulk Shipping Inc. and Gary Vogel, dated as of September 29, 2015, incorporated by reference to Exhibit 10.2 to the quarterly report of Eagle Bulk Shipping Inc., filed with the SEC on November 16, 2015.
- 10.27 Forbearance and Standstill Agreement, dated as of January 15, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on January 19, 2016.
- 10.28 Amendment No. 1 to Forbearance and Standstill Agreement, dated as of February 1, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on February 2,

2016.

Limited Waiver to the Loan Agreement and Amendment No. 2 to Forbearance and Standstill Agreement, dated as of February 9, 10.292016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on February 9, 2016.

Limited Waiver to the Loan Agreement and Amendment No. 3 to Forbearance and Standstill Agreement, dated as of February 22, 10.302016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on February 22, 2016.

Second Limited Waiver to the Loan Agreement and Amendment No. 4 to Forbearance and Standstill Agreement, dated as of February 29, 10.312016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 1, 2016.

Amendment No. 5 to Forbearance and Standstill Agreement, dated as of March 6, 2016, incorporated by 10.32reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 7, 2016.

- Third Limited Waiver to the Loan Agreement and Amendment No. 6 to Forbearance and Standstill Agreement, dated as of March 8, 2016, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 9, 2016.
- 10.33
- Fourth Limited Waiver to the Loan Agreement, dated as of March 18, incorporated by reference to Exhibit 10.1 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 23, 2016.
- 10.34
- Amendment No. 7 to Forbearance and Standstill Agreement, dated as of March 22, 2016, incorporated by reference to Exhibit 10.2 to the Report on Form 8-K of Eagle Bulk Shipping Inc., filed with the SEC on March 23, 2016.
- 10.35
- 21.1 Subsidiaries of the Registrant*
- Consent of Independent Registered Public Accounting Firm –Deloitte & Touche LLP
- 23.1 +
- Consent of Independent Registered Public Accounting Firm –PricewaterhouseCoopers LLP +
- 23.2
- 23.3 Consent of Seward & Kissel LLP*
- Rule 13a-14(d) / 15d-14(a)_Certification of Principal Executive Officer +
- 31.1

- Rule 13a-14(d) /
31.2 15d-14(a)_Certification
of Principal Financial
Officer +
Section 1350
- 32.1 Certification of Principal
Executive Officer ++
Section 1350
- 32.2 Certification of Principal
Financial Officer ++
The following materials
from Eagle Bulk
Shipping Inc.'s Annual
Report on Form 10-K for
the fiscal year ended
December 31, 2015,
formatted in eXtensible
Business Reporting
Language (XBRL): (i)
Consolidated Balance
Sheets at December
31,2015, 2014 and 2013;
(ii) Consolidated
Statements of Operations
for the years ended
December 31, 2015,
2014 and 2013; (iii)
101. Consolidated Statements
of Comprehensive Loss
for the years ended
December 31, 2015,
2014 and 2013; (iv)
Consolidated Statements
of Changes in
Stockholders' Equity for
the years ended
December 31, 2015,
2014 and 2013; (v)
Consolidated Statements
of Cash Flows for the
years ended December
31, 2015, 2014 and 2013;
and (vi) the Notes to
Consolidated Financial
Statements*

+ Filed herewith.

++ Furnished herewith.

* Previously filed.

6

SIGNATURES

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

**EAGLE BULK SHIPPING
INC.**

By: /s/ Frank De Costanzo
Name: Frank De Costanzo
Title: Chief Financial Officer

December 30, 2016

7

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of Independent Registered Public Accounting Firms	F-2
Consolidated Balance Sheets at December 31, 2015 and December 31, 2014	F-5
Consolidated Statements of Operations for the year ended December 31, 2015, for the period from October 16 to December 31, 2014 (Successor), for the period from January 1 to October 15, 2014 (Predecessor) and for the year ended December 31, 2013 (Predecessor)	F-6
Consolidated Statements of Comprehensive Loss for the year ended December 31, 2015, for the period from October 16 to December 31, 2014 (Successor), for the period from January 1 to October 15, 2014 (Predecessor) and for the year ended December 31, 2013 (Predecessor)	F-7
Consolidated Statements of Changes in Stockholders' Equity for the year ended December 31, 2015, for the period from October 16 to December 31, 2014 (Successor), for the period from January 1 to October 15, 2014 (Predecessor) and for the year ended December 31, 2013	F-8
Consolidated Statements of Cash Flows for the year ended December 31, 2015, for the period from October 16 to December 31, 2014 (Successor), for the period from January 1 to October 15, 2014 (Predecessor) and for the year ended December 31, 2013 (Predecessor)	F-9
Notes to Consolidated Financial Statements	F-10

F-1

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheet of Eagle Bulk Shipping Inc. and subsidiaries (the "Company") as of December 31, 2015, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Eagle Bulk Shipping Inc. and subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 30, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

New York, New York

March 30, 2016

F-2

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for the period from January 1, 2014 to October 15, 2014, and for the year ended December 31, 2013 present fairly, in all material respects, the results of operations and of cash flows of Eagle Bulk Shipping Inc. and its subsidiaries (Predecessor) for the period from January 1, 2014 to October 15, 2014 and for the year ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements 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. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company filed a petition on August 6, 2014 with the United States Bankruptcy Court for the Southern District of New York for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. The Company's Restructuring Support Agreement ("RSA") was substantially consummated on October 15, 2014 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut

April 2, 2015

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheet as of December 31, 2014 and the related consolidated statement of operations, of comprehensive loss, of equity (deficit) and of cash flows for the period from October 16, 2014 through December 31, 2014 present fairly, in all material respects, the financial position of Eagle Bulk Shipping Inc. and its subsidiaries (Successor) at December 31, 2014 and the results of their operations and their cash flows for the period from October 16, 2014 through December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. 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 audit. We conducted our audit of these statements 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. An audit 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, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the United States Bankruptcy Court for the Southern District of New York confirmed the Company's Restructuring Support Agreement ("RSA") on September 22, 2014. Confirmation of the plan resulted in the discharge of all claims against the Company that arose before October 15, 2014 and substantially alters rights and interests of equity security holders as provided for in the plan. The plan was substantially consummated on October 15, 2014 and the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting as of October 16, 2014.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut

April 2, 2015

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS**

	Successor	Successor
	December 31, 2015	December 31, 2014
ASSETS:		
Current assets:		
Cash and cash equivalents	\$24,896,161	\$39,975,287
Accounts receivable	7,076,528	14,731,301
Prepaid expenses	3,232,763	3,212,930
Inventories	5,574,406	5,749,273
Investment	-	8,300,740
Other assets	245,569	4,621,312
Total current assets	41,025,427	76,590,843
Noncurrent assets:		
Vessels and vessel improvements, at cost, net of accumulated depreciation of \$49,148,080 and \$8,766,830, respectively	733,960,731	834,052,684
Other fixed assets, net of accumulated amortization of \$159,827 and \$118,232, respectively	220,509	230,805
Restricted cash	141,161	66,243
Deferred drydock costs	11,146,009	1,960,792
Deferred financing costs	435,816	550,753
Other assets	109,287	424,702
Total noncurrent assets	746,013,513	837,285,979
Total assets	\$787,038,940	\$913,876,822
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$8,216,473	\$11,663,697
Accrued interest	401,232	531,918
Other accrued liabilities	10,827,075	9,142,229
Fair value below contract value of time charters acquired	1,283,926	1,648,740
Unearned charter hire revenue	1,560,402	2,389,595
Current portion of long-term debt	15,625,000	15,625,000
Total current liabilities	37,914,108	41,001,179
Noncurrent liabilities:		
Long-term debt	226,013,307	204,106,928
Other liabilities	672,941	
Fair value below contract value of time charters acquired	4,094,122	4,678,049
Total noncurrent liabilities	230,780,370	208,784,977
Total liabilities	268,694,478	249,786,156
Commitment and contingencies		
Stockholders' equity:		

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Common stock, \$.01 par value, 150,000,000 shares authorized, 37,666,059 and 37,504,541 shares issued and outstanding as of December 31, 2015 and 2014, respectively	376,661	375,045
Additional paid-in capital	677,813,494	675,264,349
Accumulated Deficit	(159,845,693)	(11,548,728)
Total stockholders' equity	518,344,462	664,090,666
Total liabilities and stockholders' equity	\$787,038,940	\$913,876,822

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

F-5

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Successor	Period from	Predecessor	
	For the year ended	October 16, To	January 1, To	For the Year ended
	December 31, 2015	December 31, 2014	October 15, 2014	December 31, 2013
Revenues, net	\$103,856,876	\$31,089,603	\$123,150,214	\$202,439,528
Voyage expenses	23,832,457	6,262,082	14,703,850	26,423,447
Vessel expenses	92,439,549	18,579,204	76,393,855	84,424,790
Charter hire expenses	4,125,766	1,042,760	188,233	-
Depreciation and amortization	43,000,741	8,781,846	61,238,760	76,947,400
General and administrative expenses	19,426,518	4,685,382	13,964,444	16,026,634
Loss on sale of vessel	5,696,675	-	-	-
Vessel impairment	50,872,734	-	-	-
Gain on time charter agreement termination	-	-	-	(32,526,047)
Total operating expenses	\$239,394,440	39,351,274	\$166,489,142	171,296,224
Operating income (loss)	\$(135,537,564)	(8,261,671)	\$(43,338,928	31,143,304
Interest expense	11,927,422	2,359,326	60,737,471	82,907,627
Interest income	(6,222)	(2,238)	(8,352)	(75,273)
Other expense	838,201	884,427	-	18,832,333
Reorganization items, net	-	45,542	427,735,210	-
Total other expense (income), net	12,759,401	3,287,057	488,464,329	101,664,687
Net loss	\$(148,296,965)	\$(11,548,728)	\$(531,803,257)	\$(70,521,383)
Weighted average shares outstanding:				
Basic	37,617,358	37,504,541	17,857,408	16,983,913
Diluted	37,617,358	37,504,541	17,857,408	16,983,913
Per share amounts:				
Basic net loss	\$(3.94)	\$(0.31)	\$(29.78)	\$(4.15)
Diluted net loss	\$(3.94)	\$(0.31)	\$(29.78)	\$(4.15)

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

F-6

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Successor	October 16, to December 31, 2015	Predecessor	January 1, to October 15, 2014	December 31, 2013
Net loss	\$(148,296,965)	\$(11,548,728)	\$(531,803,257)		\$(70,521,383)
Other comprehensive income (loss):					
Change in unrealized loss on available for sale investment			(231,995)	(18,066,724)
Realized gain on available for sale investment					18,832,333
Net unrealized gain on derivatives					2,243,833
Total other comprehensive Income (loss)			(231,995)	3,009,442
Comprehensive loss	\$(148,296,965)	\$(11,548,728)	\$(532,035,252)		\$(67,511,941)

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Share	Common Shares Amount	Additional paid-in Capital	Net Loss	Accumulated Deficit	Other Comprehensive Loss	Total Stockholder Equity
Balance at December 31, 2012 - (Predecessor)	16,638,092	166,378	762,313,030		(165,275,389)	(3,009,442)	594,194,577
Net Loss	—	—	—	(70,521,383)	(70,521,383)	—	(70,521,383)
Change in unrealized gain on investment	—	—	—	—	—	(18,066,724)	(18,066,724)
Realized loss on investment	—	—	—	—	—	18,832,333	18,832,333
Net unrealized gain on derivatives	—	—	—	—	—	2,243,833	2,243,833
Vesting of restricted shares, net of shares withheld for employee tax	114,276	1,143	(353,449)	—	—	—	(352,306)
Exercise of Warrants	30,703	307	(307)	—	—	—	—
Non-cash compensation	—	—	4,864,534	—	—	—	4,864,534
Balance at December 31, 2013 - (Predecessor)	16,783,071	167,828	766,823,808		(235,796,772)	—	531,194,866
Net Loss	—	—	—	(531,803,257)	(531,803,257)	—	(531,803,257)
Change in unrealized loss on investment	—	—	—	—	—	\$(231,995)	(231,995)
Exercise of Warrants	1,770,877	17,709	(17,709)	—	—	—	—
Non-cash compensation	—	—	1,072,383	—	—	—	1,072,383
Cancellation of Predecessor common stock	(18,553,948)	(185,537)	(767,878,482)	—	—	(768,064,019)	(768,064,019)

Elimination of Predecessor accumulated deficit					767,600,029		767,600,029
Elimination of Predecessor other comprehensive income						231,995	231,995
Issuance of new equity interest in connection with emergence from Chapter 11	37,504,541	375,045	673,142,844				673,517,88
Balance at October 15, 2014 - (Predecessor)	37,504,541	375,045	673,142,844		—	—	673,517,88
Balance at October 16, 2014(Successor)	37,504,541	375,045	673,142,844		—	—	673,517,88
Net loss					\$(11,548,728)	\$(11,548,728)	\$(11,548,728)
Non-cash compensation			2,121,505				2,121,505
Balance at December 31, 2014(Successor)	37,504,541	\$375,045	\$675,264,349	—	\$(11,548,728)	—	\$664,090,66
Net Loss	—	—	—	(148,296,965)	(148,296,965)	—	(148,296,965)
Vesting of restricted shares, net of shares withheld for employee tax	161,518	1,616	(1,420,844)	—	—	—	(1,419,228)
Non-cash compensation	—	—	3,969,989	—	—	—	3,969,989
Balance at December 31, 2015(Successor)	37,666,059	\$376,661	\$677,813,494	—	\$(159,845,693)	—	\$518,344,46

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

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

	Successor	Period from	Predecessor	
		October 16,	Period from	
	Year ended	To	To	Year ended
	December 31,	December	October 15,	December
	2015	31, 2014	2014	31, 2013
Cash flows from operating activities:				
Net loss	\$(148,296,965)	\$(11,548,728)	\$(531,803,257)	\$(70,521,383)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>				
Depreciation	41,044,397	8,781,846	58,717,282	75,003,864
Amortization of deferred drydocking costs	1,956,344	-	2,521,478	1,943,536
Amortization of deferred financing costs	114,937	24,247	17,028,544	8,032,925
Amortization of discount on Exit Facility	2,031,379	231,928		
Reorganization items and fresh-start reporting adjustments, net	-	-	402,423,980	-
Amortization of fair value below contract value of time charter acquired	(948,741)	(235,709)	-	(10,280,559)
Payment-in-kind interest on debt			17,858,132	29,177,969
Net loss on sale of vessel	5,696,675	-	-	-
Impairment of vessels	50,872,734	-	-	-
Investment and other current assets	-	-	-	(4,925,952)
Realized loss from sale of investment	462,394	884,426	-	18,832,333
Gain on time charter agreement termination	-	-	-	(29,033,503)
Allowance for accounts receivable	-	-	2,289,509	
Non-cash compensation expense	3,969,989	2,121,505	1,072,383	4,864,534
Drydocking expenditures	(11,141,561)	(1,960,792)	(3,802,795)	(3,637,842)
<i>Changes in operating assets and liabilities:</i>				
Accounts receivable	7,654,773	(1,007,975)	(4,815,734)	(1,893,143)
Other assets	4,691,158	1,086,391	(5,880,809)	(2,923,526)
Prepaid expenses	(19,833)	43,355	1,710,579	(1,956,271)
Inventories	174,867	2,919,530	941,469	2,472,853
Accounts payable	(3,447,224)	(1,903,888)	7,145,279	(3,812,701)
Accrued interest	(130,686)	516,849	14,964,109	(2,276,866)
Accrued expenses	2,357,787	(4,342)	2,935,346	(7,286,917)
Deferred revenue	-	-	-	(3,766,413)
Unearned revenue	(829,193)	(227,824)	(2,770,425)	1,632,678
Net cash used in operating activities	(43,786,769)	(279,181)	(19,464,930)	(354,384)
Cash flows from investing activities:				
Vessel Improvements and other fixed assets	(1,747,099)	(194,514)	(291,244)	(92,100)
Proceeds from sale of Investment	7,838,346	4,400,278	-	2,272,801

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Proceeds from sale of vessel	4,235,542	-	-	-
Purchase of other fixed assets	-	-	(199,421) (73,068)
Changes in restricted cash	(74,918)	-	-	209,813
Net cash provided by/(used in) investing activities	10,251,871	4,205,764	(490,665) 2,317,446
Cash flows from financing activities:				
Debtor-In-Possession Loan	-	-	25,000,000	-
Repayment of Debtor-In-Possession Loan	-	-	(25,000,000)	-
Long-Term borrowings	-	-	219,500,000	-
Repayment of Term Loan	(19,625,000)	-	(182,603,425)	-
Proceeds from Revolver Loan	40,000,000	-	-	-
Financing costs paid to Lender	(500,000)	-	-	-
Deferred financing costs	-	-	(575,000)	(48,000)
Cash used to settle net share equity awards	(1,419,228)	-	-	(352,306)
Net cash provided by/(used in) financing activities	18,455,772	-	36,321,575	(400,306)
Net increase/(decrease) in cash and cash equivalents	(15,079,126)	3,926,583	16,365,980	1,562,756
Cash and cash equivalents at beginning of period	39,975,287	36,048,704	19,682,724	18,119,968
Cash and cash equivalents at end of period	\$24,896,161	\$39,975,287	\$36,048,704	\$19,682,724
Supplemental cash flow information:				
Cash paid during the period for Interest	\$9,911,793	\$1,586,303	\$10,886,687	\$47,973,599

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

EAGLE BULK SHIPPING INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. General Information:

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

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

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

As of December 31, 2015, the Company owned and operated a modern fleet of 44 oceangoing vessels, 43 Supramax and 1 Handymax, with a combined carrying capacity of 2,404,064 dwt and an average age of approximately 8.4 years. The Company also chartered in a Handylog beginning October 2, 2014 for a period of 7 years.

The following table represents certain information about the Company's charterers which individually accounted for more than 10% of the Company's gross charter revenue during the periods indicated:

% of Consolidated Charter Revenue

	Successor		Predecessor	
	October		January	
	16,		1,	
	To		To	
2015		2013		
	December		October	
	31, 2014		15,	
			2014	
Charterer				
Charterer A	-	-	-	15.8%
Charterer B	-	-	10.5%	13.8%
Charterer C*	17.2%	27.7%	17.7%	-

*Includes charter revenue from a pool that the Company participated.

Liquidity

As a result of the very challenging market conditions in the dry bulk shipping sector in recent years, the Company has incurred significant losses since 2012, and negative operating cash flow since 2013. In 2014, the Company filed for bankruptcy and emerged from bankruptcy in October 2014. Since emerging from bankruptcy, the Company has continued to incur significant losses. The rate environment continues to be low, and the Company had certain events of default under its credit facility for which its lenders agreed to a forbearance agreements pursuant to a forbearance agreement, as amended regarding such defaults. In March 2016, the Company completed the refinancing discussed below, which mitigated the liquidity issues facing the Company. After the refinancing, the Company's credit line as part of the First Lien Facility, as defined herein, will be available for working capital needs of the Company. However, the drybulk sector continues to experience significant challenges and shipping rates have been very low. There are no assurances that the level of liquidity will be adequate to continue to fund the Company's operating needs, particularly if the dry bulk rate environment continues to operate at historically low levels. If such low rates continue, the Company may be required to sell vessels, or to raise additional funds, although there is no assurance that the sale of any vessels or financing will be available on terms acceptable to the Company, if at all.

Corporate Reorganization and Refinancing

On March 30, 2016, we entered into a contribution agreement (the "Contribution Agreement") with a newly-formed wholly-owned subsidiary, Eagle Shipping LLC, a limited liability company organized under the laws of the Marshall Islands ("Eagle Shipping") pursuant to which the Company transferred, assigned and contributed to Eagle Shipping, and Eagle Shipping received, accepted and assumed, all of the tangible and intangible assets of the Company (other than the membership interests in Eagle Shipping owned by the Company and certain deposit accounts held by the Company, which deposit account balances were transferred) and all of the liabilities of the Company (the

“Contribution”), including all of the Company’s rights and obligations under the Exit Financing Facility. Immediately following the Contribution, Eagle Shipping became the direct parent company of each of the Company’s previously directly-owned subsidiaries. The Contribution was part of the transactions contemplated by the agreements also entered into on March 30, 2016 and described below, which transactions were consummated on March 30, 2016, after the fulfillment of certain conditions precedent.

F-10

First Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries that are guarantors under the Exit Financing Facility, as guarantors, entered into an Amended and Restated First Lien Loan Agreement (the “A&R First Lien Loan Agreement”) with the lenders thereunder (the “First Lien Lenders”) and ABN AMRO Capital USA LLC, as agent and security trustee for the lenders. The A&R First Lien Loan Agreement amends and restates the Exit Financing Facility in its entirety, providing for Eagle Shipping to be the borrower in the place of the Company, and further provides for a waiver of any and all events of default occurring as a result of the voluntary OFAC Disclosure. The A&R First Lien Loan Agreement provides for a term loan outstanding in the amount of \$201,468,750 as well as a \$50,000,000 revolving credit facility, of which \$10,000,000 is currently undrawn (the term loan, together with the revolving credit facility, the “First Lien Facility”). The First Lien Facility matures on October 15, 2019. An aggregate fee of \$600,000 was paid to the Agent and First Lien Lenders in connection with the First Lien Facility.

Eagle Shipping’s obligations under the First Lien Facility are secured by a first priority mortgage on each of the vessels currently in the Company’s fleet and such other vessels that it may from time to time include with the approval of the First Lien Lenders, a first assignment of its earnings account, its liquidity account and its vessel-owning subsidiaries’ earnings accounts, a first assignment of all charters with terms that may exceed 18 months, freights, earnings, insurances, requisition compensation and management agreements with respect to the vessels and a first priority pledge of the membership interests of each of Eagle Shipping’s vessel-owning subsidiaries. In the future, Eagle Shipping may grant additional security to the lenders from time to time.

The First Lien Facility contains financial covenants requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in the Company’s fleet (plus the value of certain additional collateral) at all times on or after July 1, 2017 does not fall below 100% in the third and fourth quarters of 2017, 110% in 2018 and 120% in 2019 of the aggregate principal amount of debt outstanding (subject to certain adjustments) under the First Lien Facility and maintain minimum liquidity of not less than the greater of (i) \$8,140,000 and (ii) \$185,000 per vessel in the Company’s fleet. In addition, the First Lien Facility also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping’s ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; acquire and sell capital assets (including vessels); and merge or consolidate with, or transfer all or substantially all of Eagle Shipping’s assets to, another person. Upon entering into the First Lien Facility, Eagle Shipping made a principal payment with respect to the term loan of \$11,718,750. For the fiscal quarters ending June 30, 2017 and June 30, 2018 and the fiscal years ending December 31, 2017 and 2018, Eagle Shipping is obligated to repay the First Lien Facility semi-annually in an amount equal to 75% of Eagle Shipping’s excess cash flow for the preceding semi-annual period, as defined in the First Lien Facility, subject to a cap of such mandatory prepayments of \$15,625,000 in any fiscal year. Thereafter, Eagle Shipping will make payments of \$3,906,250 on January 15, 2019, April 15, 2019, and July 15, 2019, and a final balloon payment equal to the remaining amount outstanding under the First Lien Facility on October 15, 2019.

The First Lien Facility also includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation or warranty, a cross-default to other indebtedness and non-compliance

with security documents. Further, there would be a default if any event occurs or circumstances arise in light of which, in the First Lien Lenders' judgment, there is significant risk that Eagle Shipping is or would become insolvent. Eagle Shipping is not permitted to pay dividends. Indebtedness under the First Lien Facility may also be accelerated if Eagle Shipping experiences a change of control.

Second Lien Facility

On March 30, 2016, Eagle Shipping, as borrower, and certain of its subsidiaries, as guarantors, entered into a Second Lien Loan Agreement (the "Second Lien Loan Agreement") with certain lenders (the "Second Lien Lenders") and Wilmington Savings Fund Society, FSB as agent for the Second Lien Lenders (the "Second Lien Agent"). The Second Lien Lenders include certain of the Company's existing shareholders, , as well as other investors. The Second Lien Loan Agreement provides for a term loan in the amount of \$60,000,000 (the "Second Lien Facility"), and matures on January 14, 2020 (the date this is 91 days after the original stated maturity of the First Lien Facility). The term loan under the Second Lien Facility bears interest at a rate of LIBOR plus 14.00% per annum (with a 1.0% LIBOR floor) or the Base Rate (as defined in the Second Lien Loan Agreement) plus 13.00% per annum, paid in kind quarterly in arrears. The Company will use the proceeds from the Second Lien Facility to pay down amounts outstanding in respect of the revolving credit facility under the Exit Financing Facility, pay three quarters of amortization payments under the Exit Financing Facility, pay transaction fees in connection with the entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, and add cash to the balance sheet, which cash would be deposited in an account subject to the security interest and control of the First Lien Lenders and the Second Lien Lenders.

Eagle Shipping's obligations under the Second Lien Facility are secured by a second priority lien on the same collateral securing Eagle Shipping's obligations under the First Lien Facility, subject to the terms of the Intercreditor Agreement (as defined below). Eagle Shipping may grant additional security to the Second Lien Lenders from time to time in the future, subject to the terms of the Intercreditor Agreement.

The Second Lien Facility contains financial covenants substantially similar to those in the First Lien Facility, subject to standard cushions, requiring Eagle Shipping, among other things, to ensure that the aggregate market value of the vessels in the Company's fleet (plus the value of certain additional collateral) at all times on or after July 1, 2017 does not fall below 100% in the third and fourth quarters of 2017, 110% in 2018 and 120% in 2019 of the aggregate principal amount of debt outstanding (subject to certain adjustments) under the Second Lien Facility (provided that Eagle Shipping will not be required to comply with such covenant until the First Lien Facility has been paid in full) and to maintain a minimum liquidity of not less than the greater of (i) \$6,512,000 and (ii) \$148,000 per vessel in Eagle Shipping's fleet. In addition, the Second Lien Facility also imposes operating restrictions on Eagle Shipping including limiting Eagle Shipping's ability to, among other things: pay dividends; incur additional indebtedness; create liens on assets; acquire and sell capital assets (including vessels); and merge or consolidate with, or transfer all or substantially all of Eagle Shipping's assets to, another person. Eagle Shipping may not prepay the Second Lien Facility while amounts or commitments under the First Lien Facility remain outstanding.

The Second Lien Facility also includes customary events of default, including those relating to a failure to pay principal or interest, a breach of covenant, representation or warranty, a cross-default to other indebtedness and

non-compliance with security documents. Further, there would be a default if any event occurs or circumstances arise in light of which, in the Second Lien Lenders' judgment, there is significant risk that Eagle Shipping is or would become insolvent. Eagle Shipping is not permitted to pay dividends. Indebtedness under the Second Lien Facility may also be accelerated if Eagle Shipping experiences a change of control.

In connection with the entry into the Second Lien Loan Agreement, on March 30, 2016, the Company issued up to 344,587,536 shares of common stock to the Second Lien Lenders pro rata based on their participation in the Second Lien Facility, which Second Lien Lenders will receive shares equivalent to 90% of the outstanding common stock of the Company after such issuance. The issuance of the shares of common stock is being made pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”). The shares are expected to be delivered in two stages to the Second Lien Lenders that were lenders upon the execution of the Second Lien Facility: (1) shares in the amount of up to 7,619,213 representing approximately 19.9% of the Company’s current share count are expected to be delivered after the approval by NASDAQ of the listing of such shares pursuant to a supplemental listing application; and (2) as approved by the Company’s board, the Company intends to hold a shareholder vote in compliance with NASDAQ Marketplace Rule 5635(d) to permit the issuance to the Second Lien Lenders of the additional common stock equal to or in excess of 20% of the Company’s share count, and the remainder of shares are expected to be delivered after this approval by the shareholders. In addition, the Company intends to file a proxy statement with the SEC in connection with a special meeting of the Company’s stockholders to vote on proposals seeking approval of this issuance, an increase in the amount of authorized shares of common stock sufficient for the issuance of the remaining shares to the Second Lien Lenders after shareholder approval as well as a reverse stock split.

Intercreditor Agreement

Concurrently with Eagle Shipping’s entry into the A&R First Lien Loan Agreement and the Second Lien Loan Agreement, and in connection with the granting of security interest in the collateral under those agreements, Eagle Shipping entered into an Intercreditor Agreement, dated as of March 30, 2016 (the “Intercreditor Agreement”) among Eagle Shipping, the First Lien Agent and the Second Lien Agent. The Intercreditor Agreement governs the relative rights and priorities of the secured parties in respect of liens on the assets of Eagle Shipping and its subsidiaries securing the First Lien Facility and the Second Lien Facility.

The Company anticipates that after the reorganization, our availability under the First Lien Facility financial, together with cash generated from operations will be sufficient to fund the operations of our fleet, including our working capital, throughout 2016. However, if charter rates will operate at historically low levels, there is no assurance that our liquidity will be adequate to fund the Company’s operating needs.

Bankruptcy Filing

On August 6, 2014, the Company entered into a restructuring support agreement (the “Restructuring Support Agreement”) with lenders constituting the “Majority Lenders” (as such term is defined in the Credit Agreement) under its Credit Agreement (the “Consenting Lenders”), which contemplated a plan of reorganization through a balance sheet restructuring of the Company’s obligations upon the terms specified therein. On the same day, the Company filed a voluntary prepackaged case (the “Prepackaged Case”) under chapter 11 of title 11 of the United States Code (the

“Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”). The Prepackaged Case was filed only in respect of the parent company, Eagle Bulk Shipping Inc., but not any of its subsidiaries. Through the Prepackaged Case, the Company sought to implement a balance sheet restructuring pursuant to the terms of its prepackaged plan of reorganization filed with the Court (the “Plan”). The Company continued to operate its business as a “debtor in possession” under the jurisdiction of the Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Court.

The commencement of the Prepackaged Case constituted an event of default that accelerated the Company’s obligations under the Credit Agreement, subject to an automatic stay of any action to collect, assert or recover a claim against the Company and the application of the applicable provisions of the Bankruptcy Code.

As part of the Prepackaged Case, the Company obtained debtor-in-possession financing (the “DIP Loan Facility”), as further described below, pursuant to authorization from the Court. The Company funded its ongoing operations during the pendency of the Prepackaged Case through available borrowings under the DIP Loan Facility as well as cash generated from operations.

Subsequent to the filing of the Prepackaged Case, the Company received approval from the Court to continue using its existing cash management system and to pay or otherwise honor certain pre-petition obligations generally designed to stabilize the Company’s operations, such as certain employee wages, salaries and benefits, certain taxes and fees, customer obligations, obligations to logistics providers and pre-petition amounts owed to certain critical vendors. The Company continued to honor payments to vendors and other providers in the ordinary course of business for goods and services received after the filing date of the Prepackaged Case. The Company retained legal and financial professionals to advise the Company in connection with the Prepackaged Case and certain other professionals to provide services and advice in the ordinary course of business.

On September 22, 2014, the Court entered an order (the “Confirmation Order”) confirming the Plan. On October 15, 2014 (the “Effective Date”), the Company completed its balance sheet restructuring and emerged from Chapter 11 through a series of transactions contemplated by the Plan, and the Plan became effective pursuant to its terms.

Key components of the Plan included:

Entry into a new senior secured credit facility (the “Exit Financing Facility”) as of October 9, 2014, in the amount of \$275 million (inclusive of a \$50 million revolving credit facility).

The cancellation of all outstanding equity interests in the Company as of the Effective Date, with the current holders of such equity interests (other than the Consenting Lenders on account of certain warrants held by them or shares of common stock received upon conversion of such warrants) receiving (i) shares of the reorganized Company’s common stock (“New Eagle Common Stock”) equal to 0.5% of the total number of shares of New Eagle Common Stock issued and outstanding on the Effective Date (subject to dilution by the New Eagle Equity Warrants (as

defined below) and the Management Incentive Program (as defined below)), and (ii) an aggregate of 3,045,327 New Eagle Equity Warrants. Each New Eagle Equity Warrant will have a 7-year term (commencing on the Effective Date) and will be exercisable for one share of New Eagle Common Stock (subject to adjustment as set forth in the New Eagle Equity Warrant Agreement and dilution by the Management Incentive Program).

The extinguishment of all loans and other obligations under the Credit Agreement as of the Effective Date, with the current holders thereof receiving (i) shares of New Eagle Common Stock equal to 99.5% of the total number of shares of New Eagle Common Stock issued and outstanding on the Effective Date, subject to dilution by the New Eagle Equity Warrants and the Management Incentive Program, and (ii) a cash distribution as contemplated by the Plan. On the Effective Date, the Credit Agreement was terminated, and the liens and mortgages thereunder were released.

All claims of unsecured creditors of Eagle Bulk Shipping Inc. were unaffected and will be paid in full in the ordinary course of business.

The establishment of a Management Incentive Program (the “Management Incentive Program”) that provides senior management and certain other employees of the reorganized Company with 2% of the New Eagle Common Stock (on a fully diluted basis) on the Effective Date, and two tiers of options to acquire 5.5% of the New Eagle Common Stock (on a fully diluted basis) with different strike prices based on the equity value for the reorganized Company and a premium to the equity value, each of the foregoing to vest generally over a four year schedule through 25% annual installments commencing on the first anniversary of the Effective Date. The Management Incentive Program also provides for the reservation of certain additional shares for future issuance thereunder, as further described in the Plan.

The Plan also provided for certain releases of various parties by certain holders of claims against and equity interests in the Company.

Exit Financing Facility

On October 9, 2014, Eagle Bulk Shipping Inc., as borrower, and certain of its subsidiaries, as guarantors, entered into the Exit Financing Facility with certain lenders (the “Exit Lenders”). The Exit Financing Facility is in the amount of \$275 million, including a \$50 million revolving credit facility of which \$40 million has been drawn as of December 31, 2015, and matures on October 15, 2019. A fee of \$5.5 million was paid to the lenders in connection with the Exit Financing Facility. Amounts drawn under the Exit Financing Facility bear interest at a rate of LIBOR plus a margin ranging between 3.50% and 4.00% per annum. The revolving credit facility is subject to an annual commitment fee of 40% of the margin on the undrawn portion of the facility. The Exit Financing Facility is described further in Note 7 below.

Registration Rights Agreement

On the Effective Date, and in accordance with the Plan, the Company entered into the Registration Rights Agreement with certain parties that received shares of New Eagle Common Stock under the Plan. The Registration Rights Agreement provided such parties with demand and piggyback registration rights.

New Eagle Equity Warrant Agreement

On the Effective Date, and in accordance with the Plan, the Company issued new equity warrants (the “New Eagle Equity Warrants”) were issued pursuant to the terms of the New Eagle Equity Warrant Agreement (the “New Eagle Equity Warrant Agreement”). Each New Eagle Equity Warrant has a 7-year term (commencing on the Effective Date) and are exercisable for one share of New Eagle Common Stock (subject to adjustment as set forth in the New Eagle Equity Warrant Agreement and dilution by the Management Incentive Program). The New Eagle Equity Warrants are exercisable at an exercise price of \$27.82 per share (subject to adjustment as set forth in the New Eagle Equity Warrant Agreement). The New Eagle Equity Warrant Agreement contains customary anti-dilution adjustments in the event of any stock split, reverse stock split, stock dividend, reclassification, dividend or other distributions (including, but not limited to, cash dividends), or business combination transaction.

FRESH START ACCOUNTING

Financial Statement Presentation

Upon the Company's emergence from the Chapter 11 Cases on October 15, 2014, the Company adopted fresh-start accounting in accordance with provisions of ASC 852, *Reorganizations* ("ASC 852"). Upon adoption of fresh-start accounting, the Company's assets and liabilities were recorded at their fair value as of October 15, 2014, the fresh-start reporting date. The fair values of the Company's assets and liabilities in conformance with ASC 805, *Business Combinations*, as of that date differed materially from the recorded values of its assets and liabilities as reflected in its historical consolidated financial statements. In addition, the Company's adoption of fresh-start accounting may materially affect its results of operations following the fresh-start reporting date, as the Company will have a new basis in its assets and liabilities. Consequently, the Company's historical financial statements may not be reliable indicators of its financial condition and results of operations for any period after it adopted fresh-start accounting. As a result of the adoption of fresh-start reporting, the Company's balance sheets and consolidated statements of operations subsequent to October 15, 2014 will not be comparable in many respects to our consolidated balance sheets and consolidated statements of operations prior to October 15, 2014.

Under ASC 852, fresh-start accounting is required upon emergence from Chapter 11 if (i) the value of the assets of the emerging entity immediately before the date of confirmation is less than the total of all post-petition liabilities and allowed claims; and (ii) holders of existing voting shares immediately before confirmation receive less than 50% of the voting shares of the emerging entity. Accordingly, the Company qualified for and adopted fresh-start accounting as of the Effective Date. Adopting fresh-start accounting results in a new reporting entity with no beginning retained earnings or deficits. The cancellation of all existing shares outstanding on the Effective Date and issuance of new shares of the reorganized entity caused a change of control of the Company under ASC 852.

Fresh-start accounting also requires that the reporting entity allocate the reorganization value to its assets and liabilities in relation to their fair values upon emergence from Chapter 11. The Company's valuation of the reorganized Company dated as of July 15, 2014, which was included in the Disclosure Statement related to the Plan, the post-confirmation estimated enterprise value of the Company to be in a range between \$850 million and \$950 million which was approved by the court, given the approximately \$225 million of debt projected to be on the balance sheet of the Company under the Exit Financing Facility on the Effective Date, the implied equity value of the Company was estimated at approximately \$625 million to \$725 million. As part of determining the reorganization value on October 15, 2014, the Company estimated the enterprise value of the Successor Company to be \$857 million and the reorganization value to be \$925 million. The reorganization value includes the enterprise value, cash, current liabilities and fair value below contract value of time charters contract.

The following fresh-start balance sheet illustrates the financial effects on the Company of the implementation of the Plan and the adoption of fresh-start reporting. This fresh-start balance sheet reflects the effect of the completion of the transactions included in the Plan, including the issuance of equity and the settlement of old indebtedness.

The effects of the Plan and fresh-start reporting on the Company's consolidated balance sheet are as follows:

	Predecessor	Reorganization	Fresh Start	Successor
	At October 15,	Adjustments⁽¹⁾	Adjustments	At October
	2014			16,
				2014
ASSETS:				
Current assets:				
Cash and cash equivalents	\$28,144,072	\$7,904,632	\$-	\$36,048,704
Accounts receivable, net	13,723,326	-	-	13,723,326
Prepaid expenses	3,650,965	139,537	(534,217)	3,256,285
Inventories	8,668,803	-	-	8,668,803
Investment	13,585,444	-	-	13,585,444
Other assets	5,704,808	-	-	5,704,808
Total current assets	73,477,418	8,044,169	(534,217)(k)	80,987,370
Noncurrent assets:				
Vessels and vessel improvements	1,581,232,547	-	(738,607,547)(n)	842,625,000
Other fixed assets	457,510	-	(211,688)(m)	245,822
Restricted cash	66,243	-	-	66,243
Deferred drydock costs	5,108,002	-	(5,108,002)(l)	-
Deferred financing costs	300,000	275,000	-	575,000
Other assets	2,943,540	-	(2,515,944)(k)	427,596
Total noncurrent assets	1,590,107,842	275,000	(746,443,181)	843,939,661
Total assets	\$1,663,585,260	\$8,319,169	\$(746,977,398)	\$924,927,031
LIABILITIES & STOCKHOLDERS' EQUITY				
Current liabilities not subject to compromise:				
Accounts payable	\$13,567,585	\$-	\$-	\$13,567,585
Accrued interest	121,666	(106,597)	-	15,069
Other accrued liabilities	12,617,380	(3,470,809)	-	9,146,571
Unearned charter hire revenue	2,617,419	-	-	2,617,419
Fair value below contract value	-	-	1,550,382 (o)	1,550,382
Debt-In-Possession loan	25,000,000	(25,000,000)	-	-
Term loans	-	15,625,000 (a)	-	15,625,000
Total current liabilities not subject to compromise	53,924,050	(12,952,406)	1,550,382	42,522,026
Non-Current liabilities not subject to compromise:				
Long-term debt	-	203,875,000 (a)	-	203,875,000
Fair value below contract value	-	-	5,012,116 (o)	5,012,116
	-	203,875,000	5,012,116	208,887,116

Total non-current liabilities not
subject to compromise

Liabilities subject to compromise:

Term loans	1,129,478,741	(1,129,478,741)(c),(h)	-	-
Payment-in-kind loans	62,423,569	(62,423,569)(i)	-	-
Accrued interest	15,102,925	(15,102,925)(j)	-	-
Total Liabilities subject to compromise	1,207,005,235	(1,207,005,235)	-	-
Total liabilities	1,260,929,285	(1,016,082,641)	6,562,498	251,409,142
Commitment and contingencies				
Stockholders' equity:				
Predecessor Preferred stock	-	-	-	-
Predecessor Common stock	185,537	(185,537)	-	-
Predecessor Additional paid-in capital	767,878,482	(767,878,482)	-	-
Successor Common stock	-	375,045	-	375,045
Successor Additional paid-in capital	-	673,142,844	-	673,142,844
Retained (deficit) earnings	(365,176,049)	1,118,947,940	(753,771,891)	-
Accumulated other comprehensive loss	(231,995)	-	231,995	-
Total stockholders' equity	402,655,975	1,024,401,810	(753,539,896)	673,517,889
Total liabilities and stockholders' equity	\$1,663,585,260	\$8,319,169	\$(746,977,398)	\$924,927,031

(1) Reorganization adjustments: This column represents amounts recorded on the Effective Date for the implementation of the Plan, including the settlement of Liabilities subject to comprise and related payments, the issuance of new shares of common and new warrants, repayment of DIP facility and cancellation of Predecessor's common stock.

*Cash proceeds at emergence (net of cash payments)

Cash at hand before emergence	\$28,144,072	
Amount borrowed under the exit financing facility	225,000,000	(a)
Less discount on exit financing	(5,500,000)	(a)
Repayment of DIP facility	(25,000,000)	(b)
Repayment of old debt	(182,603,425)	(c)
Repayment of the accrued interest on DIP facility	(106,597)	(d)
Payment of deferred financing costs on exit financing	(275,000)	(e)
Payment of administrative fees, insurance expenses	(139,537)	(f)
Payment of legal fees relating to restructuring	(3,470,809)	(g)
Beginning cash balance for the successor	\$36,048,704	

This entry records our exit financing facility of \$225 million less the debt discount of \$5.5 million which is presented net with the debt balance.

*The below entry records retirement of Liabilities Subject to Compromise, and fresh start accounting adjustments

Settlement of old term loan	\$1,129,478,741	(h)
Settlement of PIK loan	62,423,569	(i)
Settlement of accrued interest on the debt	15,102,925	(j)
Cash settlement of old debt	(182,603,425)	(c)
Issuance of New Eagle Common Stock	(654,306,488)	
Issuance of new warrants	(19,211,401)	
Gain on settlement on Liabilities Subject to Compromise	\$350,883,921	

This entry records a gain of \$350.9 million on extinguishment of the obligations pursuant to implementation of the Plan. On the Effective Date, and in accordance with the Plan, the Company issued 3,045,327 of New Eagle Equity Warrants. Each New Eagle Equity Warrant has a 7-year term and an exercise price of \$27.82 per share. The fair value of the New Eagle Equity Warrant was estimated on the Effective date using the Black-Scholes pricing model. The weighted average assumptions used included a risk free interest rate of 1.79%, an expected stock price volatility factor of 50% and a dividend rate of 0%. The aggregate fair value of the New Eagle Warrants was \$19.2 million on the Effective date.

*Fresh Start Adjustments

Write down Predecessor Directors' and Officers' insurance	\$(3,050,161)	(k)
Write down of deferred drydocking costs	(5,108,002)	(l)
Write down of leasehold improvements	(211,688)	(m)
Write down of vessel costs and accumulated depreciation	(738,607,547)	(n)
Record fair value of below market time charter contract	(6,562,498)	(o)
Total loss recorded as a result of Fresh Start Accounting	\$(753,539,896)	

This entry records the adjustment for fresh start accounting to report assets and liabilities at their estimated fair value including the write down of vessel, Directors' and Officers' insurance, Deferred drydocking costs and leasehold improvements to its fair value at the effective date. We also recorded a loss of \$6.6 million to reflect the fair value of charter contract below market value at the effective date.

*Total Gain recorded in Statement of Operations due to Restructuring and fresh start accounting adjustments

Gain on settlement on Liabilities Subject to Compromise	\$350,883,921
Total loss recorded as a result of Fresh Start Accounting	(753,539,896)
Net impact on Retained earnings	\$(402,655,975)

The total impact on Retained earnings reflects the cumulative impact of fresh start adjustments as discussed above. The net loss on fresh start adjustment has been included in Reorganization items, net in the Statement of Operations.

Note 2. Significant Accounting Policies:

(a)

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

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