

Eagle Bulk Shipping Inc. has filed for bankruptcy protection...

Let's see what the reporting history shows!

Eagle Bulk Shipping Inc.

477 Madison Avenue
Suite 1405

Phone: (212) 785-2500

New York, NY 10022 United States

Ticker: [EGLE](#)

Filed for Bankruptcy on 8/6/2014
Case #14-12303, filed in the U.S. Bankruptcy Court for the Southern District of New York
(Manhattan)

Latest Financial Statements as of 3/31/2014

Business Summary

Eagle Bulk Shipping Inc. is engaged primarily in the ocean transportation of a range of major and minor bulk cargoes, including iron ore, coal, grain, cement and fertilizer, along worldwide shipping routes. The Company operates in the Handymax sector of the dry bulk industry, with particular emphasis on the Supramax class of vessels. The Company owns Supramax dry bulk vessel. Supramax dry bulk vessels range in size from 50,000 to 60,000 deadweight tons. These vessels have the cargo loading and unloading flexibility of on-board cranes while offering cargo carrying capacities approaching that of Panamax dry bulk vessels, which range in size from 60,000 to 100,000 deadweight tons and must rely on port facilities to load and offload their cargoes. On July 26, 2011 the Company sold its the Heron, a Supramax class of vessel.

(Source: 10-K)

Employees: 900 (as of 12/31/2013)

Federal Tax Id: 980453513

Credit Scores

FRISK® Score 2 8/6/2014
Probability of bankruptcy ranges: 4.00% - 9.99%
Z" Score -4.46 (Fiscal danger) 3/31/2014

Auditor Information

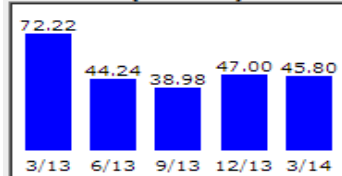
Last Audit: 12/31/2013
Auditors: PricewaterhouseCoopers LLP
Opinion: **Unqualified with Explanation**

DBT Index

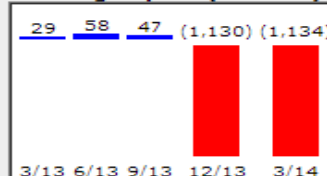
4/2014	5/2014	6/2014
9		

(Includes DBT Indexes from Subsidiaries)

Net Sales (millions)



Working Capital (millions)



Public companies often make consistent payments, right up to a bankruptcy ...
...the FRISK® proves to be a far more accurate indicator of financial risk...

First Quarter Results

Sales for the 3 months ended 3/31/2014 decreased 36.59% to \$45.80 million from last year's comparable period amount of \$72.22 million.

Gross profit margin decreased 55.47% for the period to \$19.38 million (42.32% of revenues) from \$43.52 million (60.26% of revenues) for the same period last year.

Selling, general and administrative expenses for the period remained flat at \$3.12 million.

Operating income for the period decreased 111.37% to (\$2.82) million compared with operating income of \$24.80 million for the same period last year.

Net income for the period decreased 1,743.77% to (\$22.59) million compared with net income of \$1.37 million for the same period last year.

Net cash from operating activities was \$165.41 thousand for the 3 month period, compared to net cash from operating activities of \$1.25 million for last year's comparable period.

Working capital at 3/31/2014 remained flat at (\$1.13) billion, and decreased 3,976.97% from \$29.26 million at the end of last year's same period.

Inventories decreased by \$2.88 million for the year-to-date period, compared to a \$636.19 thousand increase in the prior year's comparable period.

Accounts payable decreased by \$1.80 million for the year-to-date period, compared to a \$2.09 million decrease in the prior year's comparable period.

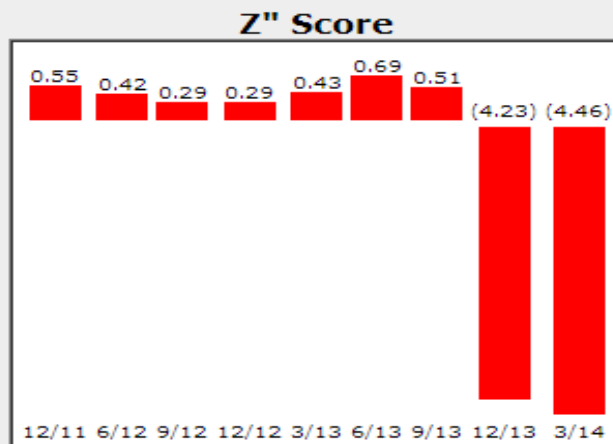
The Altman Z" signals early trouble brewing as far back as late 2011...

LEGEND:

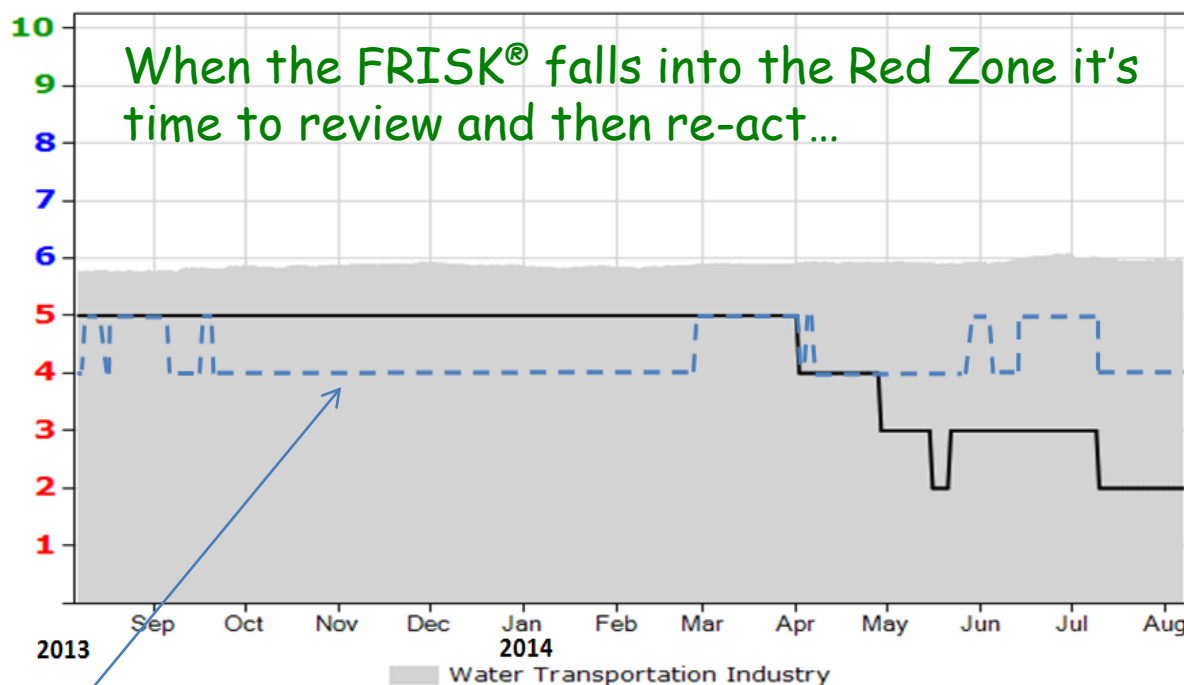
Financially sound: 2.60 or higher

Neutral: 1.10 to 2.60

Fiscal danger: less than 1.10



The current FRISK® score is 2 (probability of bankruptcy* 4.00% - 9.99%), below its 13-month average and below its industry average.



The FRISK® Score is reported on a 1 to 10 scale:

Note: at the end of July 2014, CreditRiskMonitor implemented a new and improved version of the FRISK® score. The new score is shown above in the solid black line. The dotted blue line was the previous version of the score.

	FRISK®	Probability of bankruptcy within 12 months	
		From	To
Best	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
Worst	1	9.99%	50.00%

CreditRiskMonitor

(845) 230-3000
info@crmz.com

...plus looking at our News Alerts you would have seen...

News Summary (<input checked="" type="radio"/> CRMZ selected <input type="radio"/> Moody's <input type="radio"/> Fitch <input type="radio"/> All) Next Page				
#	Date	Source	Headline	
1	8/6/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Bankruptcy or Receivership, Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arra</u>	i
2	8/6/2014	PR Newswire	<u>Eagle Bulk Shipping Inc. Reaches Agreement With Lenders To Significantly Reduce Debt And Strengthen Balance Sheet</u>	i
3	8/6/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Regulation FD Disclosure, Financial Statements and Exhibits</u>	i
4	7/17/2014	CRMZ News Service	<u>Eagle Bulk Shipping's Restructuring Deadline Pushed Into August</u>	i
5	7/16/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
6	7/2/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
7	7/1/2014	CRMZ News Service	<u>Eagle Bulk Skips Payment as Restructuring Talks Continue</u>	i
8	6/27/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Other Events, Financial Statements and Exhibits</u>	i
9	6/25/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
10	6/2/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
11	5/19/2014	CRMZ News Service	<u>Eagle Bulk's Lenders Extend Restructuring Deadline Again</u>	i
12	5/11/2014	CRMZ News Service	<u>Eagle Bulk Shipping Inc. -- updated financials available</u>	i
13	5/15/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
14	5/15/2014	CRMZ News Service	<u>Eagle Bulk Shipping Inc.: a Form 10-Q has been Filed with the SEC</u>	i
15	5/8/2014	QQ Transcriptions LLC	<u>Q3 2013 Eagle Bulk Shipping Inc. Earnings Conference Call - Final</u>	i
16	5/1/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
17	4/30/2014	CRMZ News Service	<u>Eagle Bulk Shipping Inc.: a Form 10-K/A has been Filed with the SEC</u>	i
18	4/17/2014	CRMZ News Service	<u>Eagle Bulk Extends Talks With Lenders to End of April</u>	i
19	4/15/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
20	4/2/2014	CRMZ News Service	<u>Eagle Bulk Shipping Inc. -- updated financials available</u>	i
21	3/31/2014	CRMZ News Service	<u>Eagle Bulk Shipping Inc. Receives Going Concern Opinion</u>	i
22	3/31/2014	CRMZ News Service	<u>Eagle Bulk Shipping Inc.: a Form 10-K has been Filed with the SEC</u>	i
23	3/20/2014	CRMZ News Service	<u>EAGLE BULK SHIPPING INC. FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>	i
24	11/15/2013	CRMZ News Service	<u>Eagle Bulk Shipping Inc. -- updated financials available</u>	i
25	11/14/2013	CRMZ News Service	<u>Eagle Bulk Shipping Inc.: a Form 10-Q has been Filed with the SEC</u>	i

Amendments to Waiver and Forbearance Agreement repeatedly extending the milestone requiring the Company and its Majority Lenders to agree on terms of a restructuring of the obligations o/s under the Company's Credit Agreement, and execution of a binding restructuring support agreement documenting such agreed-upon terms

The Company misses a scheduled interest payment, as it continues discussions with lenders to negotiate a debt-restructuring plan

Q1 10-Q filing - Net Loss of \$22.6MM

Entrance into Waiver and Forbearance Agreement with Majority Lenders, whereby the Lenders have agreed to waive any potential events of default, related to, among other things, any non-compliance with the leverage ratio or minimum interest coverage ratio covenants until June 30, 2014, subject to the Company's compliance with the agreed upon terms and milestones

The Company's independent auditors issue a going concern opinion

Annual Net Loss of \$70.5MM

Q3 10-Q filing - YTD Net Loss of \$39.3MM

...need more depth? Look at the Performance Ratios

Sharp dip in operating margin, leading to successive losses...

Performance Ratios - Sequential Quarters (Thousands of U.S. Dollars)					
Period Ended	3 mos 3/31/2014	3 mos 12/31/2013	3 mos 9/30/2013	3 mos 6/30/2013	3 mos 3/31/2013
Net Sales \$	\$45,795	\$46,999	\$38,978	\$44,240	\$72,222
% change	-2.56%	20.58%	-11.89%	-38.74%	68.73%
Gross Margin \$	\$19,381	\$22,571	\$9,491	\$16,005	\$43,523
% change	-14.13%	137.81%	-40.70%	-63.23%	209.33%
% of sales	42.32%	48.03%	24.35%	36.18%	60.25%
change as % of incremental sales	n/m	163.07%	n/m	n/m	100.12%
SG&A \$	\$3,123	\$5,148	\$2,946	\$4,816	\$3,116
% change	-39.34%	74.75%	-38.53%	54.56%	-75.13%
% of sales	6.82%	10.95%	7.56%	10.89%	4.31%
change as % of incremental sales	n/m	27.45%	n/m	n/m	-31.99%
Operating margin \$	(\$2,820)	(\$2,061)	(\$9,257)	\$17,659	\$24,802
% change	-36.83%	77.74%	-152.42%	-28.80%	329.97%
% of sales	-6.16%	-4.39%	-23.75%	39.92%	34.34%
change as % of incremental sales	n/m	89.71%	n/m	n/m	120.97%
EBITDA \$	\$15,594	\$8,595	\$2,000	\$36,356	\$40,364
% change	81.43%	329.75%	-94.50%	-9.93%	-24.05%
% of sales	34.05%	18.29%	5.13%	82.18%	55.89%
change as % of incremental sales	n/m	82.22%	n/m	n/m	-43.45%
Pre-tax income \$	(\$22,590)	(\$31,227)	(\$37,630)	(\$3,039)	\$1,374
% change	27.66%	17.02%	-1,138.24%	-321.18%	104.24%
% of sales	-49.33%	-66.44%	-96.54%	-6.87%	1.90%
change as % of incremental sales	n/m	79.83%	n/m	n/m	114.88%
Net income (loss) \$	(\$22,590)	(\$31,227)	(\$37,630)	(\$3,039)	\$1,374
% change	27.66%	17.02%	-1,138.24%	-321.18%	104.24%
% of sales	-49.33%	-66.44%	-96.54%	-6.87%	1.90%
change as % of incremental sales	n/m	79.83%	n/m	n/m	114.88%
Depreciation expense \$	\$19,078	\$19,484	\$19,366	\$19,160	\$18,937
% of sales	41.66%	41.46%	49.68%	43.31%	26.22%
% of capital expenses	92,917.46%	61,977.14%	51,175.90%	41,749.19%	37,877.70%
% of PP&E, net (annualized)	4.68%	4.73%	4.64%	4.54%	4.44%
Capital expenditures \$	\$21	\$31	\$38	\$46	\$50
% change	-32.26%	-18.42%	-17.39%	-8.00%	433.33%
% of PP&E, net (annualized)	0.01%	0.01%	0.01%	0.01%	0.01%
% of working capital (annualized)	-0.01%	-0.02%	0.29%	0.42%	1.02%
Interest coverage ratio	0.79	0.41	0.10	1.76	1.97
% change	92.25%	325.08%	-94.51%	-10.58%	146.39%
Free cash flow \$	\$145	(\$43)	(\$1,894)	\$219	\$1,199
% change	437.21%	97.73%	-964.84%	-81.73%	-44.21%
Source:	10-Q 5/15/2014	10-K 3/31/2014	10-Q 11/14/2013	10-Q 8/12/2013	10-Q 5/15/2013

...need more depth? Look at the Leverage Ratios

Adverse debt to equity ratio...

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3/31/2014	12/31/2013	9/30/2013	6/30/2013	3/31/2013
Total debt \$	\$1,181,382	\$1,174,044	\$1,166,591	\$1,159,332	\$1,152,040
% change	0.63%	0.64%	0.63%	0.63%	0.63%
Stockholders' equity \$	\$506,783	\$531,195	\$562,159	\$600,735	\$599,113
% change	-4.60%	-5.51%	-6.42%	0.27%	0.83%
Total debt to equity ratio	2.33	2.21	2.08	1.93	1.92
% change	5.47%	6.51%	7.53%	0.36%	-0.20%
Tangible net worth \$	\$506,783	\$531,195	\$562,159	\$600,734	\$599,113
% change	-4.60%	-5.51%	-6.42%	0.27%	0.83%
Total debt to tangible net worth	2.33	2.21	2.08	1.93	1.92
% change	5.47%	6.51%	7.53%	0.36%	-0.20%
Total assets \$	\$1,705,522	\$1,723,414	\$1,754,190	\$1,784,653	\$1,776,582
% change	-1.04%	-1.75%	-1.71%	0.45%	-0.70%
Total debt to assets ratio	0.69	0.68	0.67	0.65	0.65
% change	1.69%	2.44%	2.37%	0.17%	1.34%
Net tangible assets \$	\$1,705,522	\$1,723,414	\$1,754,190	\$1,784,653	\$1,776,582
% change	-1.04%	-1.75%	-1.71%	0.45%	-0.70%
Short-term debt \$	\$1,181,382	\$1,174,044	n/a	n/a	n/a
% change	0.63%	n/a	n/a	n/a	n/a
Short-term debt % of total debt	100.00%	100.00%	n/a	n/a	n/a
Short-term debt % of working capital	-104.14%	-103.87%	n/a	n/a	n/a
% change	0.26%	n/a	n/a	n/a	n/a
Total liabilities \$	\$1,198,739	\$1,192,219	\$1,192,031	\$1,183,918	\$1,177,469
% change	0.55%	0.02%	0.69%	0.55%	-1.46%
Total liabilities to equity ratio	2.37	2.24	2.12	1.97	1.97
% change	5.39%	5.84%	7.60%	0.27%	-2.27%
Total liabilities to tangible net worth ratio	2.37	2.24	2.12	1.97	1.97
% change	5.39%	5.84%	7.60%	0.27%	-2.27%
Source:	10-Q 5/15/2014	10-K 3/31/2014	10-Q 11/14/2013	10-Q 8/12/2013	10-Q 5/15/2013

Failure often follows, when debt is reclassified from long-term to short-term, due to a company's non-compliance with covenants...

...need more depth? Look at the Liquidity Ratios and Rates of Return

Substantial decline in working capital due to reclassification of debt...

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3/31/2014	12/31/2013	9/30/2013	6/30/2013	3/31/2013
Current assets \$	\$64,313	\$61,931	\$72,484	\$82,470	\$53,268
% change	3.85%	-14.56%	-12.11%	54.82%	21.62%
% of short-term debt	5.44%	5.28%	n/a	n/a	n/a
Current liabilities \$	\$1,198,739	\$1,192,219	\$25,440	\$24,586	\$24,008
% change	0.55%	4.586.40%	3.47%	2.41%	-29.37%
Working capital \$	(\$1,134,426)	(\$1,130,288)	\$47,044	\$57,884	\$29,261
% change	-0.37%	-2,502.62%	-18.73%	97.82%	198.25%
% of sales (annualized)	-619.29%	-601.23%	30.17%	32.71%	10.13%
Cash \$	\$31,543	\$33,500	\$42,036	\$53,561	\$25,539
% change	-5.84%	-20.31%	-21.52%	109.72%	39.43%
% of short-term debt	2.67%	2.85%	n/a	n/a	n/a
Cash ratio	0.03	0.03	1.65	2.18	1.06
% change	-6.41%	-98.30%	-24.15%	104.78%	97.40%
Quick assets \$	\$45,265	\$44,697	\$53,180	\$66,534	\$36,294
% change	1.27%	-15.95%	-20.07%	83.32%	31.40%
% of short-term debt	3.83%	3.81%	n/a	n/a	n/a
Quick ratio	0.04	0.04	2.09	2.71	1.51
% change	0.80%	-98.21%	-22.75%	79.00%	86.02%
Current ratio	0.05	0.05	2.85	3.35	2.22
% change	3.47%	-98.18%	-15.06%	51.18%	72.19%
Source:	10-Q 5/15/2014	10-K 3/31/2014	10-Q 11/14/2013	10-Q 8/12/2013	10-Q 5/15/2013

Extremely low cash and quick ratios...

Rates of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 3/31/2014	3 mos 12/31/2013	3 mos 9/30/2013	3 mos 6/30/2013	3 mos 3/31/2013
Return on equity	-4.25%	-5.55%	-6.26%	-0.51%	0.23%
% change	23.44%	11.32%	-1,134.77%	-319.33%	104.44%
Return on net tangible equity	-4.25%	-5.55%	-6.26%	-0.51%	0.23%
% change	23.44%	11.32%	-1,134.77%	-319.33%	104.44%
Return on total assets	-1.32%	-1.80%	-2.13%	-0.17%	0.08%
% change	26.63%	15.55%	-1,145.87%	-321.40%	104.28%
Return on net tangible assets	-1.32%	-1.80%	-2.13%	-0.17%	0.08%
% change	26.63%	15.55%	-1,145.87%	-321.40%	104.28%
Source:	10-Q 5/15/2014	10-K 3/31/2014	10-Q 11/14/2013	10-Q 8/12/2013	10-Q 5/15/2013

Negative rates of return...

...need more depth? Look at the Peer Analysis

Peer Analysis

Calendar Year/Quarter: 2014.1 ▼

Peer Group: Sector: Transportation, Industry: Water Transportation ▼

Refresh

[Sector: Transportation] [Industry: Water Transportation] [Calendar Year/Quarter: 2014.1]

Businesses in Peer Group: 723	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings:						
ZScore -- Current Quarter	241	252	(4.46)	(140.35)	1.84	121.86
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	57	94	45,795.00	21.00	73,444.00	11,736,000.00
Gross Margin % of Sales -- Current Quarter	65	265	42.32	(3,386.89)	19.34	143.04
Gross margin % of Sales -- TTM	70	268	38.32	(200.37)	19.19	99.06
SG&A % of Sales -- Current Quarter	106	249	6.82	0.00	7.90	3,114.29
SG&A % of Sales -- TTM	146	259	9.11	0.06	8.31	1,028.15
Operating Margin % of Sales -- Current Quarter	225	280	(6.16)	(3,954.60)	4.46	293.42
Operating Margin % of Sales -- TTM	171	282	2.00	(666.58)	4.37	3,088.52
EBITDA Margin % of Sales -- Current Quarter	57	260	34.05	(3,627.65)	10.96	550.08
EBITDA Margin % of Sales -- TTM	45	282	35.53	(626.00)	10.51	3,088.52
Net Profit Margin % of Sales -- Current Quarter	265	280	(49.33)	(4,003.33)	1.74	476.67
Net Profit Margin % of Sales -- TTM	263	282	(53.68)	(701.00)	2.24	3,709.26
Pre-tax Income % of Sales -- Current Quarter	263	280	(49.33)	(8,593.33)	2.67	473.26
Effective Tax Rate	101	276	0.00	(879.39)	5.03	201.60
Depreciation % Of Prop/Plant/Equipment	42	224	4.68	1.94	6.93	1,685.41
CapitalExpense % Of Prop/Plant/Equipment	4	189	0.01	0.00	5.12	240.53
Interest Coverage -- Current Quarter	180	243	0.79	(622.85)	2.74	2,285.71
Interest Coverage -- TTM	196	276	0.76	(1,806.38)	2.88	1,866.24
Liquidity ratios:						
Cash Ratio	254	274	0.03	0.00	0.40	49.54
Quick Ratio	255	260	0.04	0.01	0.80	66.22
Current Ratio	275	276	0.05	0.02	1.25	71.79
Efficiency ratios:						
Accounts Receivable Turnover	62	275	14.70	(22.11)	7.71	1,035.36
Days Sales Outstanding	71	281	24.83	(1,956.70)	45.05	13,552.78
% Inventory Financed by Vendors -- Current Quarter	181	210	68.57	1.64	231.44	71,972.20
% Inventory Financed by Vendors -- TTM	193	225	67.54	1.94	229.26	22,924.25
Inventory Turnover (annualized) -- Current Quarter	138	240	12.93	0.00	17.28	6,644.88
Inventory Turnover -- TTM	161	244	10.24	0.00	17.31	18,658.47
Days Sales in Inventory	138	230	28.23	0.05	20.14	2,099.30
Inventory to Working Capital	222	228	(0.01)	(11.05)	0.06	27.00
Accounts Payable Turnover (annualized) -- Current Quarter	23	255	19.14	0.00	6.77	270.06
Accounts Payable Turnover -- TTM	52	260	14.15	0.00	7.23	251.74
Leverage & debt coverage:						
Total Debt to Equity Ratio	200	253	2.33	0.00	1.03	19,051.00
Debt to Tangible Equity Ratio	188	250	2.33	0.00	1.05	19,051.00
Total Debt to Assets Ratio	239	264	0.69	0.00	0.41	3.89
Short-Term Debt % of Total Debt	240	248	100.00	0.00	25.53	100.00
Short-Term Debt % of Working Capital	222	248	(104.14)	(4,350.80)	15.76	13,100.00
Liabilities to Net Worth Ratio	166	265	2.37	0.01	1.66	19,873.00
Total Liabilities to Equity Ratio	174	268	2.37	0.01	1.59	19,873.00
TTM = trailing 12 months N/A = Not Available	<div>Green - Ranked in Upper Quartile of Peer Group</div> <div>White - Ranked in the Middle Two Quartiles of Peer Group</div> <div>Red - Ranked in Lower Quartile of Peer Group</div> <div>Grey - Data is Not Available</div>					

Bottom quartile in majority of Leverage & debt coverage ratios, and all of Liquidity ratios vs. Water Transportation Peers

In the MD&A issued in March, the Company states that it has received waivers for the violation of the maximum leverage ratio covenant as of December 31, 2013, and expected violation of the maximum leverage ratio and minimum interest coverage ratio covenants at March 31, 2014, within its Credit Facility. The waivers expire on June 30, 2014 and are subject to the Company's compliance with certain terms, including an agreement with its Majority Lenders on the terms of a restructuring of obligations outstanding under its Credit Agreement. The Company warns that if it cannot comply with such terms and reach an agreement with the Majority Lenders, the lenders can accelerate its indebtedness, which raises substantial doubt about the Company's ability to continue as a going concern...

...and in August, the Company files for bankruptcy...

CreditRiskMonitor (CRMZ)

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Filed for Bankruptcy on 8/6/2014
Case #14-12303, filed in the U.S. Bankruptcy Court for the Southern District of New York (Manhattan)

Management Discussion and Analysis

For the period ended 12/31/2013

On March 19, 2014, the Company received waivers for the violation of the maximum leverage ratio covenant as of December 31, 2013 and the expected violation of the maximum leverage ratio and minimum interest coverage ratio covenants at March 31, 2014 (the "Waivers"). The Waivers expire on June 30, 2014 and do not cover prospective violations for any covenant measurement date or period after March 31, 2014. The Waivers are subject to the Company's compliance with the terms, conditions and milestones as set forth in the Waivers, including, but not to limited to the following: (i) the Company must reach an agreement on or before April 15, 2014 with lenders, collectively holding more than 66.67% of the revolving and term loans outstanding under the Credit Agreement (the "Majority Lenders"), on the terms of a restructuring of the obligations outstanding under the Credit Agreement (a "Restructuring") and (ii) the Company and the Majority Lenders must execute a binding restructuring support agreement or similar agreement documenting such agreed-upon restructuring terms (a "Restructuring Support Agreement"), including milestones for the commencement, implementation and closing of the Restructuring. In addition, no event of default may occur under the Restructuring Support Agreement once agreed. Furthermore, no Event of Default (as defined in the Credit Agreement) may occur other than the potential events of default specifically waived pursuant to the Waiver. There can be no assurance that the Company will be able to comply with such terms, conditions and milestones, particularly those that are outside of the Company's exclusive control. If the Company cannot comply with such terms and reach an agreement with the Majority Lenders in the time frames provided, our lenders could accelerate our indebtedness and foreclose their liens on our vessels, which causes us to conclude that there is substantial doubt about our ability to continue as a going concern.