



RIDGEBURY CRUDE TANKERS LLC

33 Riverside Ave
Westport CT 06880

QUARTERLY REPORT (UNAUDITED) – December 31, 2015

Westport, Connecticut, February 29, 2016

Ridgebury Crude Tankers reported operating results for the three and twelve month periods ended December 31, 2015.

Highlights:

- 4Q Suezmax / Aframax TCE: \$39,577 per day / \$31,400 per day
- 4Q on-hire performance: 99.1% on-hire days (Suez and Afra)
- RT Holdings 4Q EBITDA: \$29.1 million
- Ridgebury Crude 4Q EBITDA: \$22.8 million
- 1Q16 (Suezmax) 77% booked at TCE of approximately \$36,000 per day
- 2nd Aframax purchased for \$22.1 million using Excess Cash

RT Holdings

	Fourth Quarter			Full Year		
	Actual	Prior Year	Variance	Actual	Prior Year	Variance
Revenue	\$ 40.6	\$ 27.4	48%	\$ 165.6	\$ 67.4	146%
Operating Expenses	(9.8)	(9.9)		(38.9)	(33.1)	
SG&A	(1.7)	(2.4)		(6.2)	(6.3)	
EBITDA	\$ 29.1	\$ 15.1	93%	\$ 120.5	\$ 28.0	330%

Ridgebury Crude Tankers

	Fourth Quarter			Full Year		
	Actual	Prior Year	Variance	Actual	Prior Year	Variance
Revenue	\$ 29.5	\$ 17.3	70%	\$ 119.8	\$ 38.7	210%
Operating Expenses	(5.8)	(5.3)		(24.1)	(15.6)	
SG&A	(0.9)	(0.8)		(3.4)	(2.3)	
EBITDA	\$ 22.8	\$ 11.2	103%	\$ 92.3	\$ 20.8	344%

Operating Metrics

	Fourth Quarter			Full Year		
	Suezmax	Aframax	Total	Suezmax	Aframax	Total
Utilized Days	641.7	178.5	820.2	2536.7	715.5	3252.2
Off-Hire Days	2.3	5.5	7.8	18.3	14.5	32.8
Utilization	99.6%	97.0%	99.1%	99.3%	98.0%	99.0%
Net TC Rate \$/day	37,773	30,330		38,259	30,348	
Vessel Op costs \$/day	6,989	7,498		7,176	6,852	

Notes:

- 2014 figures include 7 Suezmax tankers; 2015 includes 7 Suezmax and 2 Aframax for full year
- Prior year is not full 12 months of operations; vessels began to deliver beginning in April 2014
- RT Holdings ("RTH") owns 2 Afra, 6 MR and 7 Suez tankers, plus a 36% equity investment in Ridgebury V4 (4 VLCCs)
- Ridgebury Crude Tankers LLC ("RCT" or "Ridgebury Crude") owns 7 Suezmax and 2 Aframax tankers.
- RT Holdings SG&A excludes non-cash equity compensation amounts

Summary

The fourth quarter of 2015 continued the trend of favorable market conditions in all of Ridgebury's vessel segments. High global oil production, low bunker fuel prices, strong refining margins and longer voyages contributed to strong tanker demand, against a backdrop of minimal fleet growth. These conditions produced the best charter rate environment since 2008.

Ridgebury Crude's fleet of Suezmax and Aframax tankers was well-positioned to take advantage of these conditions. All seven Suezmax vessels operated in the spot market throughout the year and delivered exceptional performance, with only 18 off-hire days (out of 2,555 total days) throughout the year. The two Aframax vessels, which were acquired on June 30 and December 30, 2015, also performed well operationally and financially.

Ridgebury Crude generated revenue of \$29.5 million and EBITDA of \$22.8 million for the quarter. For the fiscal year ended December 31, 2015, Ridgebury Crude generated revenue of \$119.8 million and EBITDA of \$92.3 million.

RT Holdings (consisting of the Suezmax, Aframax and MR fleets) generated fourth quarter revenue of \$40.6 million and EBITDA of \$29.1 million, with full year revenue of \$165.6 million and EBITDA of \$120.5 million.

In 2015, Ridgebury Crude generated \$62.8 million in Cash Flow from Operations. Cash was applied to early repayment of bond principal (\$20 million) and to the purchase of additional vessels (\$44.5 million), strengthening the company's balance sheet with reduced debt and additional income-producing assets.

Outlook

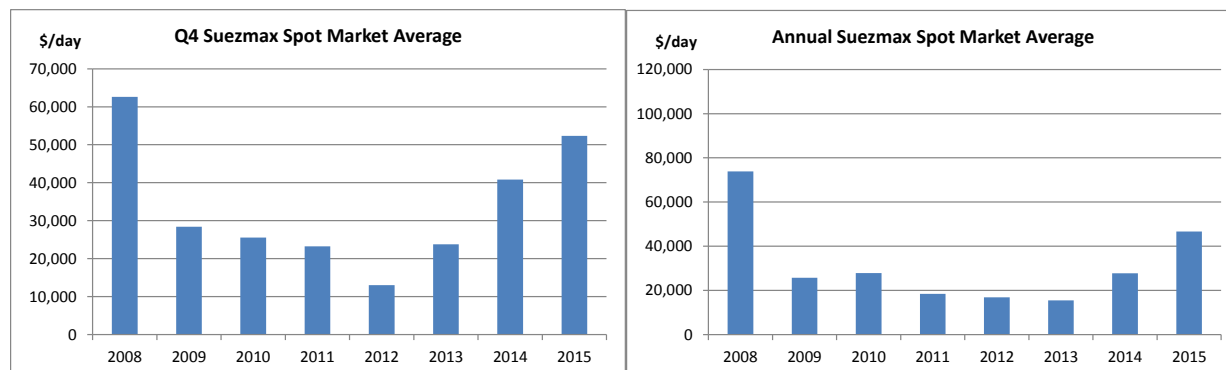
Although the fourth quarter was another strong period for the Suezmax and Aframax markets, the results during the winter period of 2015/2016 have been softer than expected, particularly following the counter-seasonal strength experienced during the summer of 2015. Management believes that the primary culprit has been a very benign winter in the Atlantic basin, reducing weather delays compared to prior years, and reducing demand for the production of winter diesel and heating oil. Thus, while December rates carried reasonably well into January bookings, the conditions for Suezmax tankers have softened into February and March. Although 77% of the quarter is booked at about \$36,000 per day for Suezmax, and \$30,000 for Aframax, the unfixed days appear likely to pull these averages down.

Management expects that conditions will strengthen as refineries shift back to meeting high seasonal demand for automotive gasoline, where demand growth continues to accelerate in both developed and emerging economies. According to the most recent IEA report, the oil market is likely to remain oversupplied through the second half of 2016, and global demand is expected to grow 1.2 million barrels per day in 2016 and 1.3 million barrels per day in 2017. This should generate continued favorable market conditions, although fleet growth will begin to accelerate later this year.

Management forecasts first quarter EBITDA of \$17 – \$20 million for Ridgebury Crude Tankers and \$22 - \$25 million for RT Holdings.

Suezmax Freight Market

The fourth quarter continued the trend of strong trading conditions for the Suezmax market. As has been the case throughout the year, average spot market rates were higher than for any comparable period since 2008.



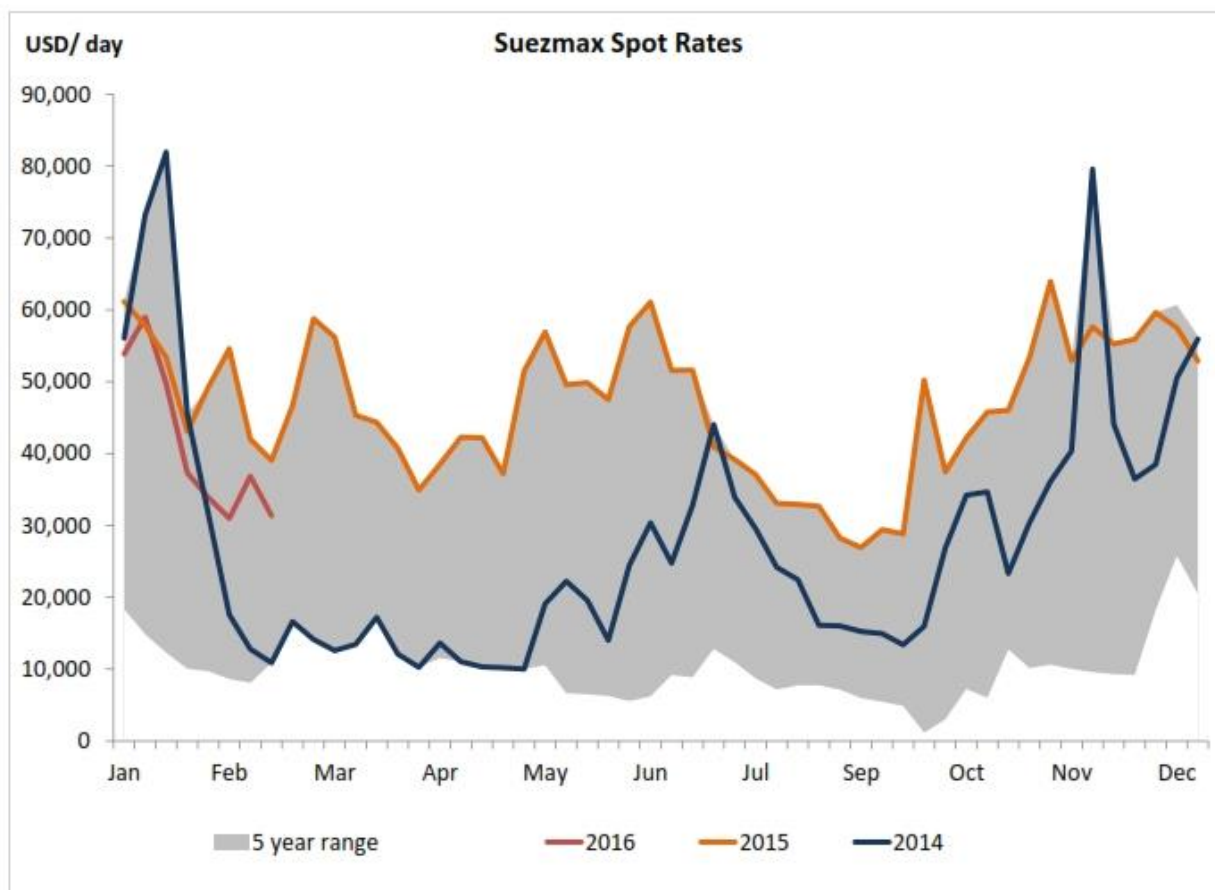
Source: Clarksons

Management believes that the strength of the market in 2015 was driven by the following factors:

- Oil supply: OPEC continuing to produce above quota
- Gasoline demand consistently stronger than forecast; upward revisions throughout the year
- Oil prices: higher TCE at a given freight rate, more arbitrage moves, lower fuel expense
- Fleet growth: Net growth of 9 ships in 2015 (2.0% on a fleet of 453)
- Longer Voyages: Strong growth in longer moves from the Atlantic basin to Asia
- Strategic petroleum reserve growth

As expected, the market strengthened throughout October and November, before plateauing at strong levels in December (see chart on page 4). Although solid, the market did not show the tightness that generated the spikes of November 2014 and January 2015. A significant factor was benign weather in Europe and North America, including a very late start to the Baltic ice season, fewer delays in the North Atlantic and Bosphorus Straits, as well as reduced demand for winter distillate.

Management feels that the market was somewhat less strong than might have appeared from the reported benchmark figures. This has been borne out by other companies that have reported results. Specifically, there were periods of very few actual fixtures (even while daily broker assessments continued to report the higher “last done” figure), and these periods were more than once followed by a flood of fixtures at lower levels. Thus, actual results from Ridgebury and other owners have generally trailed theoretical benchmarks. Ridgebury believes that its TCE result of \$39,600 per day on Suezmaxes and \$31,400 per day on Aframax was consistent with other top owners and pools.



Source: Clarksons, Ridgebury

Management believes that demand will remain reasonably healthy in 2016. Although the IEA is forecasting a slowdown in the rate of growth, from 1.6 million b/d in 2015 to 1.2 million in 2016, the agency has consistently been behind the curve in estimating growth. Moreover, global growth reflects high demand in oil consuming countries and reduced or negative growth in oil producing countries, which is a favorable dynamic for tanker demand. OPEC production is forecast to increase approximately 1.2 million b/d primarily as a result of Iran’s market re-entry, even if Russia and Saudi Arabia maintain production at current levels. Declines in US shale production would also be beneficial for tanker demand.

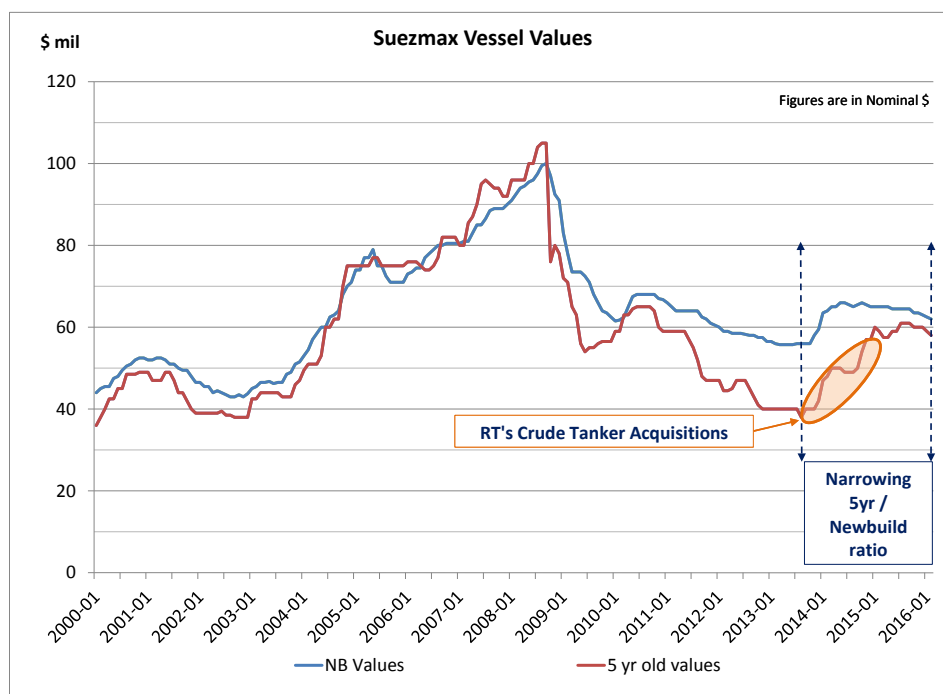
The supply side picture is more troubling. Although we have not seen major speculative orders backed by institutional capital (as occurred with dry bulk, offshore and product tankers), the cumulative effect of modest orders has brought the total orderbook to a level that raises concern. When Ridgebury Crude placed its bond in March 2014, management estimated that there were only 19 Suezmax tankers ordered and to be delivered in the ensuing two years, or less than 4% of the fleet. This dynamic has helped to underpin the strong market. Steady ordering throughout 2014 and 2015 has increased this figure to more than 22% of the fleet, with estimated deliveries of 36 vessels later in 2016 and about 50 vessels in 2017. In addition to the allure of a strong market and competitive newbuilding prices, owners were spurred to place orders in advance of more expensive “Tier III” environmental compliance costs,

which took effect on January 1, 2016. There have been no orders yet in 2016. Shipyards are seeking new orders aggressively, as they attempt to replace backlog lost through the collapse of the offshore and dry bulk markets. Although not at the extreme levels prior to 2008, nor at the levels of dry bulk in recent years, absorbing this additional fleet will be a challenge and will likely put pressure on rates in 2017.

Suezmax Asset Market

The sale and purchase market continues to be marked by an absence of activity, particularly for modern vessels. During the fourth quarter of 2015, four vessels between the ages of 15 and 21 years were sold, and no vessels of any age have been sold thus far in 2016. A significant factor is that the publicly-traded companies saw average share price declines from September through the end of January averaging 35% to 70%. Most of these companies trade at a discount to underlying net asset value, a dynamic that favors share repurchases over new equity issuance or vessel purchases.

Broker-assessed values for second hand vessels softened slightly during the quarter, as did newbuilding prices. With no vessels changing hands, prices remain largely theoretical, and the softening reflects the continuing bid-ask price gap and the perception that sellers will need to meet buyers' price ideas rather than vice versa. Given the growing urgency from shipyards to secure orders, we expect that tanker newbuilding prices will remain under pressure, which will also affect second hand values.



Source: Clarksons

Ridgebury Crude Tankers – Preliminary Unaudited Financial Performance

Results from Operations

Total fourth quarter revenue for Ridgebury Crude was \$29.5 million, an increase of 70% compared to the same period of 2014 on improved Suezmax rates and the addition of the two Aframax vessels. Revenue of \$24.2 million from the seven Suezmax vessels reflected 641.7 revenue days and a net daily pool distribution of \$37,800, both figures roughly in line with the prior quarter and up 36.7% from 2014. Revenue of \$5.3 million from two Aframax vessels reflected 178.5 revenue days at \$30,300 per day (net of pool fees and commissions).

For the full year 2015, total revenue of \$119.8 million represented Suezmax vessel revenue of \$97.9 million and Aframax revenue of \$21.9 million. Suezmax TCE for the full year was approximately \$41,222 per ship per day (generating distributions to Ridgebury of \$38,500 per day net of pool management fees and all broker commissions), while Aframax TCE was approximately \$31,800 per day (generating distributions to Ridgebury of \$30,350 per day).

Fleet performance was again solid, based on tight cost management combined with high on-hire performance. During the fourth quarter the seven Suezmax tankers were on hire for 641.7 out of a possible 644 days, reflecting an on-hire performance of 99.6%. Operating cost was below budget, and for the second consecutive quarter was also below \$7,000 per day.

For the full year, operating cost on the Suezmax fleet was \$7,175 per day, a reduction of 8% compared to \$7,800 per day in 2014, when the figure included the effect of initial takeover and upgrading costs. The Suezmax fleet experienced a total of 18.3 off-hire days out of 2,555, an on-hire performance of 99.3%.

The Aframax vessels performed well also, with total off-hire of 5.5 days during the quarter and 14.5 days during the year, an on-hire performance of 98% that included one scheduled intermediate survey.

Management expects operating expenses to remain well-controlled in 2016. Although insurance premiums will increase, most other expense categories should remain stable, for an expected operating expense increase of approximately 1%-2%. The Ridgebury Mary Selena is scheduled for dry dock and second special survey during the third quarter, which should require about 20 days and \$1.5 million.

EBITDA was approximately \$22.8 million for the quarter, with net income of \$14.7 million after depreciation, amortization and bond interest. For the full year, EBITDA was \$92.3 million and net income was \$59.5 million.

Balance Sheet Items

As of December 31, Ridgebury Crude Tankers had \$17.7 million in cash (including \$7.5 million restricted cash), reflecting the use of \$23.2 million related to the purchase of the *Ridgebury Alice M*, a 2003 Sumitomo-built Aframax. The purchase price was \$22.1 million, plus related working capital.

Fixed Assets increased during the year by approximately \$30 million, reflecting approximately \$44.5 million from the addition of the two purchased Aframax tankers, offset by vessel depreciation of \$15.5 million.

Current liabilities primarily reflected accrued interest in advance of the next semi-annual bond interest payment on March 20, 2016.

The Senior Secured Bond outstanding balance remained \$190 million, the same as September 30 and down from \$210 million at the beginning of the year. Ridgebury Crude is permitted to make a final redemption of \$10 million at par on September 20, 2016. Ridgebury Crude has no other financial debt.

Cash Flow

Ridgebury Crude generated cash flow from operations of approximately \$16.9 million and \$62.8 million for the fourth quarter and full year 2015 respectively.

For the full year 2015, cash was used for the redemption of \$20 million principal amount of bonds and the purchase of two Aframax tankers, the Ridgebury Sally B and Ridgebury Alice M, for \$42.1 million (plus \$2.4 million associated working capital). Depending on market conditions, Ridgebury Crude expects to purchase an additional vessel with Excess Cash during the first half of 2016.

Outlook

Ridgebury expects to report solid but slightly lower results for the first quarter 2016. Although the quarter is 77% booked at TCE rates averaging \$36,000 per day, conditions have weakened in recent weeks and management expects this figure to soften. Management currently estimates first quarter EBITDA between \$17 and \$20 million.

Other Significant Events

On December 30, 2015, Ridgebury utilized Excess Cash (defined in the Bond Agreement as cash in the company's Reserve Account in excess of \$12.5 million) to purchase a second Aframax 2003-built tanker, the *Ridgebury Alice M*. A sister vessel to the *Ridgebury Sally B* acquired on June 30, 2015, the purchase price was \$22.1 million, equal to 85% of the average valuation of two independent appraisals.

RIDGEBURY CRUDE TANKERS LLC
SUMMARY UNAUDITED FINANCIAL INFORMATION
(In US Dollars)

SUMMARY CONSOLIDATED STATEMENTS OF INCOME	3 months ended 31-Dec-15	Year ended 31-Dec-15
Revenues		
Net pool revenues	29,458,557	119,806,899
Time charter revenues	-	-
Voyage charter revenues	-	-
Total revenues	<u>29,458,557</u>	<u>119,806,899</u>
Operating expenses		
Voyage expenses	(18,543)	787,007
Vessel operating expense	5,829,919	23,293,077
General and administrative	895,518	3,417,742
Depreciation and amortization	3,933,549	15,728,447
Total operating expenses	<u>10,640,443</u>	<u>43,226,273</u>
Income from operations	18,818,114	76,580,626
Interest expense and financing cost	4,134,631	17,118,383
Net income (loss)	<u><u>14,683,483</u></u>	<u><u>59,462,243</u></u>

SUMMARY BALANCE SHEET	Balances at Dec 31, 2015
Assets	
Cash	10,162,783
Accounts receivable	7,089,629
Prepaid expenses, including pool working capital	8,713,773
Bunkers and lubes inventory	1,116,948
Total current assets	<u>27,083,133</u>
Vessels and equipment, net	300,477,530
Deferred drydock costs, net	801,678
Deferred financing costs, net	2,170,346
Restricted Cash	7,500,000
Total assets	<u><u>338,032,687</u></u>
Liabilities and members equity	
Accounts payable and accrued interest	4,112,797
Senior secured bond	190,000,000
Members equity	143,919,890
Total liabilities and equity	<u><u>338,032,687</u></u>

RIDGEBURY CRUDE TANKERS LLC
SUMMARY UNAUDITED FINANCIAL INFORMATION
(In US Dollars)

SUMMARY CASH FLOWS	3 months ended Dec 31, 2015	Year ended Dec 31, 2015
Cash flow provided by/(used in) operating activities		
Net operating cash flow	16,903,943	62,831,605
Cash flow provided by/(used in) investing activities		
Additions to vessels and equipment		(121,544)
Acquisition of subsidiary	(23,153,065)	(44,435,475)
Cash flow provided by/(used in) financing activities		
Contributions from members	-	-
Repayment of senior secured bond	-	(20,000,000)
Deferred financing costs	-	-
Net cash flow provided by/(used in) financing activities	-	(20,000,000)
Net increase in cash	(6,249,122)	(1,725,414)
Cash balance beginning	16,411,905	11,888,197
Cash balance ending	<u>10,162,783</u>	<u>10,162,783</u>

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FORWARD LOOKING STATEMENTS

This earnings release contains forward-looking statements which reflect management's views with respect to future events and performance, and which are based on a number of assumptions as well as market information and analysis derived from third parties. These forward-looking statements include statements regarding tanker market fundamentals, global oil supply and demand fundamentals, changing trading patterns, future vessel supply and scrapping. Factors that could cause Ridgebury Crude's results to differ materially from management's forward-looking statements include the following: changes to global demand for oil and refined products; changes to global oil production; location of oil production and demand; changing industry regulation; changing environmental laws; higher or lower levels of new vessel ordering and vessel scrapping; vessel design innovations that make Ridgebury Crude's vessels less competitive; changes to laws and regulations; changes to interest rates and financial markets; unforeseen offhire, drydocking or other expenses; pool underperformance; counterparty non-performance or default; and security risks and war. RCT expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Ridgebury Crude's expectations with respect thereto or any change in events, conditions, or circumstances on which any such statement is based.