

NATIONAL HEALTH REALTY INC

Form SC 13E3

April 18, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13E-3
RULE 13e-3 TRANSACTION STATEMENT
(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)
NATIONAL HEALTH REALTY, INC.
(Name of the Issuer)
National HealthCare Corporation
National Health Realty, Inc.
(Name of Person(s) Filing Statement)
Common Stock, par value \$.01 per share
(Title of Class of Securities)
635905102
(CUSIP Number of Class of Securities)

Robert G. Adams
President and Chief Executive Officer
National HealthCare Corporation
100 Vine Street, Suite 1400
Murfreesboro, Tennessee 37130
(615) 890-2020

Donald K. Daniel
Senior Vice President & Controller
National Health Realty, Inc.
100 Vine Street, Suite 1402
Murfreesboro, Tennessee 37130
(615) 890-2020

(Name, Address and Telephone Number of Persons Authorized to Receive Notices and Communications on Behalf of Persons Filing Statement)

Copy to:

James J. Clark, Esq.
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Cahill Gordon & Reindel LLP
80 Pine Street
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Nashville, Tennessee 37219
(615) 244-6380

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A [17 CFR 240.14a-1 to 240.14b-2], Regulation 14-C [17 CFR 240.14c-1 to 240.14c-101] or Rule 13e-3(c) under the Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

Calculation of Filing Fee

Transaction valuation*	Amount of filing fee**
\$263,096,907.36	\$8,077.08

- * **Calculated solely for purposes of determining the filing fee.** The filing fee is based on the product of 11,186,093 (the number of shares of National Health Realty, Inc. common stock (fully diluted) that are to be acquired pursuant to the transaction reported hereby) and \$23.52 (the average of the high and low prices of National Health Realty, Inc. common stock reported on April 12, 2007).

 - ** The payment of the filing fee was calculated in accordance with Exchange Act Rule 0-11(b) by multiplying the transaction value of \$263,096,907.36 by 0.0000307.

 - x Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
Amount Previously Paid: \$5,086.71
Form or Registration No.: Registration Statement on Form S-4 (Registration No.)
Filing Party: National HealthCare Corporation
Date Filed: April 18, 2007
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INTRODUCTION

This Rule 13e-3 Transaction Statement on Schedule 13E-3 (this Transaction Statement) is being filed with the Securities and Exchange Commission (the SEC) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), by National Health Realty, Inc., a Maryland corporation (NHR), and National HealthCare Corporation, a Delaware corporation (NHC). NHR and NHC are sometimes referred to herein collectively as the Filing Persons of this Transaction Statement.

This Transaction Statement relates to the Agreement and Plan of Merger (the Merger Agreement), dated as of December 20, 2006 and amended by Amendment and Waiver No. 1 dated as of April 6, 2007, by and among Davis Acquisition Sub LLC, a Delaware limited liability company and an indirect subsidiary of NHC, NHC/OP, L.P., a Delaware limited partnership and a direct and indirect wholly-owned subsidiary of NHC, NHC, and NHR. Pursuant to the Merger Agreement, NHR will merge with and into Davis Acquisition Sub with Davis Acquisition Sub as the entity surviving the merger, and each outstanding common share of NHR not owned by Davis Acquisition Sub LLC, NHC/OP, L.P. or NHC will be converted into the right to receive one share of NHC s Series A Convertible Preferred Stock, plus \$9.00 in cash.

Concurrently with the filing of this Transaction Statement, NHR and NHC are filing with the SEC a joint proxy statement/prospectus on Form S-4 relating to the special meeting of the stockholders of NHR and the special meeting of the stockholders of NHC. At the NHC special meeting, stockholders of NHC will be asked to consider and vote upon a proposal to adopt an amended and restated certificate of incorporation of NHC, and to create and issue a series of preferred stock designated as Series A Convertible Preferred Stock, having a par value of \$.01 per share. At the NHR special meeting, stockholders of NHR will be asked to consider and vote upon approval of the merger.

The cross references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the preliminary joint proxy statement/prospectus of the information required to be included in response to the items of Schedule 13E-3. The information contained in the preliminary joint proxy statement/prospectus, including all annexes thereto, is incorporated in its entirety herein by this reference, and the responses to each Item in this Transaction Statement are qualified in their entirety by the information contained in the preliminary joint proxy statement/prospectus and the annexes thereto. As of the date hereof, the joint proxy statement/prospectus is in preliminary form and is subject to completion or amendment. All information contained in this Transaction Statement concerning any of the Filing Persons has been provided by such Filing Person and none of the Filing Persons takes responsibility for the accuracy of any information not supplied by such Filing Person.

Item 1: Summary Term Sheet.

Item 1001 of Regulation M-A:

The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers About the Merger

Summary

Item 2: Subject Company Information.

Item 1002 of Regulation M-A:

(a) *Name and Address.* The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary NHR

Information About the Companies NHR

(b) *Securities*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Voting Power and Voting by Management

(c) (d) *Trading Market and Price; Dividends*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary NHR

Summary Dividends and Distributions

Market Price and Dividend Information

Special Factors Dividends and Distributions

Description of NHC Capital Stock

(e) *Prior Public Offerings*. None.

(f) *Prior Stock Purchases*. None.

Item 3: Identity and Background of Filing Persons.

Item 1003 of Regulation M-A:

(a) - (c) *Name and Address; Business and Background of Entities; Business and Background of Natural Persons*. NHC is an affiliate of NHR because NHC and NHR share certain officers and directors. NHR is the subject company. Each officer and director of NHC and NHR is a United States citizen. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary NHR

Summary NHC

Summary Interests of NHC and NHR Management in the Merger

Special Factors Interests of NHC and NHR Management in the Merger

Information About the Companies

NHC Management

NHR Management

Item 4: Terms of the Transaction.

Item 1004 of Regulation M-A:

(a) *Material Terms*.

(1) *Tender offers*. Not applicable.

(2) *Mergers or Similar Transactions*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers About the Merger

Summary

Special Factors

Description of the Merger Agreement

The NHC Special Meeting Vote Required

The NHR Special Meeting Vote Required

Comparison of Stockholder Rights

Annex A Agreement and Plan of Merger

(c) *Different Terms*. None.

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(d) *Appraisal Rights*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers about the Merger

Summary Dissenters Rights

Special Factors Dissenters Rights

(e) *Provisions for Unaffiliated Security Holders*. There are no provisions in connection with this transaction to grant unaffiliated security holders access to the corporate files of NHR or NHC or to obtain counsel or appraisal services at the expense of NHR or NHC.

(f) *Eligibility for Listing or Trading*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Listing of NHC Series A Preferred Stock

Special Factors Listing of NHC s Series A Preferred Stock

Item 5: Past Contacts, Transactions, Negotiations and Agreements.

Item 1005 of Regulation M-A:

(a) *Transactions*. The information contained in the Annual Report of NHR on Form 10-K for the fiscal year ended December 31, 2006 under (i) the caption Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and (ii) Note 3 to the Notes to Consolidated Financial Statements is incorporated herein by reference.

The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

Where You Can Find More Information

(b)-(c) *Significant Corporate Events; Negotiations or Contacts*. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Background of the Merger

Annex A Agreement and Plan of Merger

Annex B Voting Agreement

(e) *Agreements Involving the Subject Company s Securities*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Voting Power and Voting by Management

Description of The Merger Agreement

The Voting Agreement

Annex A Agreement and Plan of Merger

Annex B Voting Agreement

Item 6: Purposes of the Transaction and Plans or Proposals.

Item 1006 of Regulation M-A

(b)-(c) *Use of Securities Acquired; Plans*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary

Special Factors Background of the Merger

Special Factors NHC's Reasons for, and Advantages of, the Merger

Special Factors NHR's Reasons for, and Advantages of, the Merger

Special Factors Effects of Completing the Merger

Description of the Merger Agreement Exchange of NHR Stock Certificates

The Voting Agreement

Annex A Agreement and Plan of Merger

Annex B Voting Agreement

Item 7: Purposes, Alternatives, Reasons and Effects in a Going-Private Transaction.

Item 1013 of Regulation M-A:

(a)-(c) *Purposes; Alternatives; Reasons.* The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Recommendations of the Special Committees and the Boards of Directors

Summary NHC's and NHR's Reasons for the Merger

Special Factors Background of the Merger

Special Factors Recommendations of the NHC Special Committee and the NHC Board of Directors; Fairness of the Offer and the Merger

Special Factors NHC's Reasons for, and Advantages of, the Merger

Special Factors Recommendations of the NHR Special Committee and the NHR Board of Directors; Fairness of the Offer and the Merger

Special Factors NHR's Reasons for, and Advantages of, the Merger

Special Factors Alternatives to the Merger Considered by NHC and NHR

(d) *Effects.* The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers About the Merger

Summary Certain Material U.S. Federal Income Tax Consequences

Special Factors Effects of Completing the Merger

Special Factors Certain Material U.S. Federal Income Tax Consequences of the Merger

Description of The Merger Agreement

Description of NHC Capital Stock

Annex A Agreement and Plan of Merger

Item 8: Fairness of the Transaction.

Item 1014 of Regulation M-A:

(a)-(b) *Fairness; Factors Considered in Determining Fairness.* The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Recommendations of the Special Committees and the Boards of Directors

Special Factors Background of the Merger

Special Factors Recommendations of the NHC Special Committee and the NHC Board of Directors; Fairness of the Offer and the Merger

Special Factors NHC's Reasons for, and Advantages of, the Merger

Special Factors Opinion of NHC's Financial Advisor Avondale Partners, LLC

Special Factors Recommendations of the NHR Special Committee and the NHR Board of Directors; Fairness of the Offer and the Merger

Special Factors NHR s Reasons for, and Advantages of, the Merger

Special Factors Opinion of NHR s Financial Advisor 2nd Generation Capital, LLC

Annex D Fairness Opinion of Avondale Partners, LLC

Annex E Fairness Opinion of 2nd Generation Capital, LLC

(c) *Approval of Security Holders*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers About the Merger

Summary Vote Required to Approve the NHC Proposal and the NHR Proposal

The NHC Special Meeting Vote Required

The NHR Special Meeting Vote Required

Special Factors Approval of the Merger

(d)-(e) *Unaffiliated Representative; Approval of Directors*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary Vote Required to Approve the NHC Proposal and the NHR Proposal

Summary Recommendations of the Special Committees and the Boards of Directors

Special Factors Background of the Merger

Special Factors Recommendations of the NHC Special Committee and the NHC Board of Directors; Fairness of the Offer and the Merger

Special Factors Recommendations of the NHR Special Committee and the NHR Board of Directors; Fairness of the Offer and the Merger

Annex D Fairness Opinion of Avondale Partners, LLC

Annex E Fairness Opinion of 2nd Generation Capital, LLC

(f) *Other offers*. None.

Item 9: Reports, Opinions, Appraisals, and Negotiations.

Item 1015 of Regulation M-A:

(a)-(b) *Report, Opinion or Appraisal; Preparer and Summary of the Report, Opinion, or Appraisal*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

Special Factors Opinion of NHC's Financial Advisor Avondale Partners, LLC

Special Factors Opinion of NHR's Financial Advisor 2nd Generation Capital, LLC

Annex D Fairness Opinion of Avondale Partners, LLC

Annex E Fairness Opinion of 2nd Generation Capital, LLC

(c) *Availability of Documents*. The reports, opinions or appraisals referenced in this Item 9 will be made available for inspection and copying at the principal executive offices of NHC or NHR, as applicable, during their regular business hours by any interested holder of NHC common stock or NHR common stock, as applicable.

Item 10: Source and Amounts of Funds or Other Consideration.

Item 1007 of Regulation M-A:

(a) *Sources of Funds*. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Sources of Funds; Fees and Expenses

(b) *Conditions*. None.

(c) *Expenses*. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Sources of Funds; Fees and Expenses

(d) *Borrower Funds*. The information set forth in the preliminary joint proxy statement/prospectus under the following caption is incorporated herein by reference:

Special Factors Sources of Funds; Fees and Expenses

Item 11: Interest in Securities of the Subject Company.

Item 1008 of Regulation M-A:

(a) *Securities Ownership*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Summary NHR

Summary Interests of NHC and NHR Management in the Merger

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Information About the Companies

Summary Voting Power and Voting by Management

(b) *Securities Transactions*. None.

Item 12: The Solicitation or Recommendation.

Item 1012 of Regulation M-A:

(d)-(e) *Intent to Tender or Vote in a Going-Private Transaction; Recommendations of Others*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Questions and Answers about the Merger

Summary Voting Power and Voting by Management

The NHC Special Meeting

The NHR Special Meeting

Special Factors Recommendations of the NHC Special Committee and the NHC Board of Directors; Fairness of the Offer and the Merger

Special Factors NHC's Reasons for, and Advantages of, the Merger

Special Factors Recommendations of the NHR Special Committee and the NHR Board of Directors; Fairness of the Offer and the Merger

Special Factors NHR's Reasons for, and Advantages of, the Merger

Special Factors Interests of NHC and NHR Management in the Merger

The Voting Agreement

Item 13: Financial Statements.

Item 1010 of Regulation M-A:

(a) *Financial Information*. The information contained in the Consolidated Financial Statements included in NHR's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 is incorporated herein by reference.

The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Selected Historical Consolidated Financial Data of NHR

Comparative Share Data

NHR Ratio of Earnings to Fixed Charges

Where You Can Find More Information

(b) *Pro Forma Information*. Not applicable.

Item 14: Persons/Assets, Retained, Employed, Compensated or Used.

Item 1009 of Regulation M-A:

(a)-(b) *Solicitations or Recommendations; Employees and Corporate Assets*. The information set forth in the preliminary joint proxy statement/prospectus under the following captions is incorporated herein by reference:

Special Factors Background of the Merger

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Special Factors Recommendations of the NHC Special Committee and the NHC Board of Directors; Fairness of the Offer and the Merger

Special Factors Recommendations of the NHR Special Committee and the NHR Board of Directors; Fairness of the Offer and the Merger

Special Factors Interests of NHC and NHR Management in the Merger

The NHC Special Meeting Solicitation of Proxies

The NHR Special Meeting Solicitation of Proxies

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Item 15: Additional Information.

Item 1011(b) of Regulation M-A:

(b) *Other Material Information.* The information set forth in the preliminary joint proxy statement/prospectus, including all annexes thereto, is incorporated in its entirety herein by this reference.

Item 16: Exhibits.

- (a) The preliminary joint proxy statement/prospectus of NHC and NHR as filed with the SEC on Form S-4 by NHC on April 18, 2007, incorporated herein by reference
- (b) None
- (c)(1) Fairness Opinion of Avondale Partners, LLC, dated as of December 20, 2006, incorporated herein by reference to Annex D of the preliminary joint proxy statement/prospectus on Form S-4 filed by NHC with the SEC on April 18, 2007
- (c)(2) Fairness Opinion of 2nd Generation Capital, LLC, dated as of December 20, 2006, incorporated herein by reference to Annex E of the preliminary joint proxy statement/prospectus on Form S-4 filed by NHC with the SEC on April 18, 2007
- (d)(1) Agreement and Plan of Merger, dated as of December 20, 2006, by and among Davis Acquisition Sub, LLC, NHC/OP, LLC, NHC, and NHR (including Amendment and Waiver No. 1), incorporated herein by reference to Annex A of the preliminary joint proxy statement/prospectus of NHC and NHR on Form S-4 filed by NHC with the SEC on April 18, 2007
- (d)(2) Voting Agreement, dated December 20, 2006, between NHR and certain stockholders of NHC, and NHR and certain stockholders of NHC, incorporated herein by reference to Annex B of the preliminary joint proxy statement/prospectus of NHC and NHR on Form S-4 filed by NHC with the SEC on April 18, 2007
- (f) None
- (g) None

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information in this statement is true, complete and correct.

Dated: April 18, 2007

NATIONAL HEALTH REALTY, INC.

By: /s/ Robert G. Adams

Robert G. Adams

President

NATIONAL HEALTHCARE CORPORATION

By: /s/ R. Michael Ussery

R. Michael Ussery

Senior Vice President

EXHIBIT INDEX

Exhibit Number	Description
(a)	The preliminary joint proxy statement/prospectus of NHC and NHR as filed with the SEC on Form S-4 by NHC on April 18, 2007, incorporated herein by reference
(b)	None
(c)(1)	Fairness Opinion of Avondale Partners, LLC, dated as of December 20, 2006, incorporated herein by reference to Annex D of the preliminary joint proxy statement/prospectus on Form S-4 filed by NHC with the SEC on April 18, 2007
(c)(2)	Fairness Opinion of 2nd Generation Capital, LLC, dated as of December 20, 2006, incorporated herein by reference to Annex E of the preliminary joint proxy statement/prospectus on Form S-4 filed by NHC with the SEC on April 18, 2007
(d)(1)	Agreement and Plan of Merger, dated as of December 20, 2006, by and among Davis Acquisition Sub, LLC, NHC/OP, LLC, NHC, and NHR (including Amendment and Waiver No. 1), incorporated herein by reference to Annex A of the preliminary joint proxy statement/prospectus of NHC and NHR on Form S-4 filed by NHC with the SEC on April 18, 2007
(d)(2)	Voting Agreement, dated December 20, 2006, between National HealthCare Corporation and certain stockholders of NHC, and NHR and certain stockholders of NHR, incorporated herein by reference to Annex B of the preliminary joint proxy statement/prospectus of NHC and NHR on Form S-4 filed by NHC with the SEC on April 18, 2007
(f)	None
(g)	None

Schedule 13D

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CUSIP No. Y2685T115

1	Names of Reporting Persons Victor Khosla
	I.R.S. Identification No. Of Above Person (Voluntary)
2	Check the Appropriate Box if a Member of a Group (a) <input type="radio"/> (b) <input type="radio"/>
3	SEC Use Only
4	Source of Funds Not Applicable
5	Check Box if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="radio"/>
6	Citizenship or Place of Organization United States
	7 Sole Voting Power 0
Number of Shares Beneficially Owned by Each Reporting Person With	8 Shared Voting Power 12,633,679 (1)
	9 Sole Dispositive Power 0
	10 Shared Dispositive Power 12,633,679 (1)
11	Aggregate Amount Beneficially Owned by Each Reporting Person 12,633,679 (1)
12	Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares <input type="radio"/>
13	Percent of Class Represented by Amount in Row (9) 17.2% (2)
14	Type of Reporting Person OO

(1) Consists of (i) 3,995,595 shares beneficially owned by Strategic Value Partners, LLC as the investment manager of Strategic Value Master Fund, Ltd. and (ii) 3,537,648 shares beneficially owned by SVP Special Situations III LLC as the investment manager of Strategic Value Special Situations Master Fund III, L.P., 1,005,475 shares beneficially owned by SVP Special Situations III-A LLC as the investment manager of Strategic Value Opportunities Fund, L.P. and 4,094,961 shares beneficially owned by SVP Special Situations II LLC as the investment manager of Strategic Value Special Situations Master Fund II, L.P. which also may be deemed to be beneficially owned by Strategic Value Partners, LLC as the managing member of each such investment manager entity. Mr. Khosla is the sole member of Midwood Holdings, LLC, which is the

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managing member of Strategic Value Partners, LLC and is also the indirect majority owner and control person of Strategic Value Partners, LLC, SVP Special Situations III LLC, SVP Special Situations III-A LLC and SVP Special Situations II LLC. As a result of the discussions described in Item 4 below, the Reporting Person may be deemed to be a member of a group for purposes of Section 13(d) of the Act. The Reporting Person disclaims beneficial ownership of the 22,761,625 shares of Common Stock reported as beneficially owned by Centerbridge (as defined below) in filings with the Commission and the 10,240,593 shares of Common Stock reported as beneficially owned by Apollo (as defined below) in filings with the Commission, and such shares are not included in the number of shares reported as beneficially owned by the Reporting Persons on these cover pages. In addition, the Reporting Persons disclaim beneficial ownership of the securities reported herein and neither the filing of this Statement on Schedule 13D nor any of its contents shall be deemed to constitute an admission by any Reporting Person that it is the beneficial owner of any of the Common Shares referred to herein for purposes of Section 13(d) of the Act, or for any other purpose, and such beneficial ownership is expressly disclaimed by the Reporting Persons.

(2) Based on 73,544,994 shares of Common Stock outstanding as of May 10, 2016, as reported in the Issuer's Form 10-Q for the period ended March 31, 2016 filed with the Securities and Exchange Commission on May 10, 2016.

Schedule 13D

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AMENDMENT NO. 4 TO SCHEDULE 13D

Reference is hereby made to the statement on Schedule 13D filed with the Securities and Exchange Commission on behalf of the Reporting Persons with respect to the Common Stock of the Issuer on July 22, 2015, Amendment No. 1 thereto filed on November 12, 2015, Amendment No. 2 thereto filed on February 18, 2016, and Amendment No. 3 thereto filed on May 13, 2016 (as so amended, the Schedule 13D). Terms defined in the Schedule 13D are used herein as so defined.

Item 2. Identity and Background.

Item 2 is hereby amended and supplemented with the following:

The shares of Common Stock reported herein as beneficially owned by SVP Special Situations III-A LLC (SVP III-A) are directly held by Strategic Value Opportunities Fund, L.P., a Cayman Islands exempted limited partnership. SVP III A is the investment manager of, and exercises investment discretion over, Strategic Value Opportunities Fund, L.P. Strategic Value Partners, LLC is the managing member of SVP III-A. SVP III A is indirectly majority owned and controlled by Mr. Khosla.

Item 4. Purpose of Transaction.

Item 4 is hereby amended and supplemented with the following:

The Reporting Persons have discussed financing options with the Issuer, its existing or potential lenders, and other sources of potential financing of the Issuer, including an equity financing and a new credit facility. On June 8, 2016, the Funds delivered to the Issuer an equity financing commitment letter (the Commitment Letter). Pursuant to the terms of the Commitment Letter, the Reporting Persons have agreed to purchase, or cause an assignee to purchase, \$17,302,277 of equity securities of the Issuer, at or immediately prior to the closing of a private placement (Private Placement). The Reporting Persons' obligations under the Commitment Letter are subject to certain conditions, including that affiliates of Apollo Global Management, LLC and affiliates of Centerbridge Partners, L.P. fund their equity financing commitments set forth in Exhibit A of the Commitment Letter.

The Reporting Persons' obligations under the Commitment Letter will terminate on June 30, 2016. To the extent that the Reporting Persons acquire additional Common Stock or other equity securities of the Issuer, pursuant to the terms of the Commitment Letter or otherwise, such securities will be acquired for investment purposes and in the ordinary course of the Reporting Persons' investment business.

Schedule 13D

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: June 8, 2016

STRATEGIC VALUE PARTNERS, LLC

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

SVP SPECIAL SITUATIONS II LLC

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

SVP SPECIAL SITUATIONS III LLC

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

SVP SPECIAL SITUATIONS III-A LLC

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

/s/ Victor Khosla
Victor Khosla

STRATEGIC VALUE MASTER FUND, LTD.

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND II, L.P.

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND III, L.P.

STRATEGIC VALUE OPPORTUNITIES FUND, L.P.

June 8, 2016

Genco Shipping & Trading Limited

299 Park Avenue, 12th Floor

New York, NY 10171

Re: Equity Financing Commitment

Gentlemen:

This letter agreement (this Agreement) sets forth the commitment of the entities listed on Exhibit A hereto (each such entity being an Investor) to purchase, or cause an assignee permitted by paragraph 2 of this Agreement to purchase, equity securities of Genco Shipping & Trading Limited, a Marshall Islands corporation (Genco), at or immediately prior to the closing (the Closing) of a private placement of equity securities of Genco (the Private Placement) on the terms and conditions set forth herein and such other terms and conditions as are satisfactory to each Investor in its sole discretion. The Investor acknowledges and agrees that the Private Placement will be a private placement under the Securities Act of 1933, as amended, for which the investor will give customary representations and warranties.

1. On the terms and conditions set forth herein and such other terms and conditions for the Private Placement as are satisfactory to each Investor in its sole discretion, each Investor hereby commits to purchase, or cause an assignee permitted by paragraph 2 of this Agreement to purchase, directly or indirectly, at or immediately prior to the Closing the minimum dollar amount of equity securities of Genco set forth opposite such Investor's name on Exhibit A to this Agreement (such Investor's Commitment). Each Investor will fund the Commitment at or immediately prior to the Closing. Such equity securities shall consist of equity securities of the same class of securities and at the same per-security price as Genco issues to purchasers in the Private Placement.

2. This Agreement and the obligation of each Investor to fund its Commitment, or cause its Commitment to be funded, shall automatically and immediately terminate after 11:59 p.m. on June 30, 2016. Paragraphs 2, 3, 4 and 8 shall remain in full force and effect, notwithstanding any termination of this Agreement. The Commitments set forth herein shall not be assignable by Genco without the applicable Investor's prior written consent, and the granting of such consent in a given instance shall be solely in the discretion of such Investor and, if granted, shall not constitute a waiver of this requirement as to any subsequent assignment. The obligations of an Investor hereunder shall not be assignable by such Investor without Genco's prior written consent, and the granting of such consent in a given instance shall be solely in the discretion of Genco and, if granted, shall not constitute a waiver of this requirement as to any subsequent assignment; provided that an Investor may assign one or more portions of its Commitment to any of its Affiliates and/or to any fund or entity advised by such Investor or its Affiliates; provided further, that no such assignment by an Investor shall relieve such Investor of any of its obligations hereunder. For purposes hereof, Affiliates, in relation to a person or entity, means any other person or entity which, directly or indirectly, controls, or is controlled by, or is under common control with, such person or entity; and control means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a person, whether through the ownership of securities or partnership or other ownership interest, by contract or otherwise. Any transfer or assignment

in violation of the preceding three sentences shall be null and void. This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto.

3. This Agreement is solely for the benefit of the parties hereto and is not intended to, nor does it, confer any benefits on, or create any rights or remedies in favor of, any other person or entity.

4. Each party acknowledges and agrees that (a) this Agreement is not intended to, and does not, create any agency, partnership, fiduciary or joint venture relationship between or among any of the parties hereto and neither this Agreement nor any other document or agreement entered into by any party hereto relating to the subject matter hereof shall be construed to suggest otherwise and (b) the obligations of the Investor under this Agreement are solely contractual and not fiduciary in nature.

5. The funding of the Commitment of each Investor under this Agreement shall be subject to the satisfaction or waiver by such Investor, prior to the Closing, of the following conditions:

(a) There shall not have occurred any event, occurrence, revelation or development of a state of circumstances or facts since the date hereof which, individually or in the aggregate, has had a material adverse effect on Genco's financial condition, business, assets or results of operation.

(b) No applicable law or regulation shall prohibit the funding of the Commitment or the consummation of the Private Placement, and a customary legal opinion on the validity and legality of the securities shall have been delivered to the Investor.

(c) All actions by or in respect of, or filings with, any governmental or regulatory authority required as of the date of funding of the Commitment to permit such funding and the consummation of the Private Placement shall have been taken, made or obtained.

(d) Concurrently with such funding, affiliates of Centerbridge Partners, L.P. and Apollo Global Management, LLC shall fund their Commitments for the Private Placement by purchasing equity securities of the same class and at the same per-security price and upon the same terms and conditions as the securities purchased by the Investor.

(e) All terms and conditions of, including without limitation the size of the offering, and definitive documentation for, the Private Placement shall be acceptable to each Investor in its sole discretion.

6. The Investor hereby represents and warrants with respect to itself to Genco that (a) it has all limited partnership, limited liability company, corporate or other organizational power and authority to execute, deliver and perform this Agreement; (b) the execution, delivery and performance of this Agreement by the Investor has been duly and validly authorized and approved by all necessary limited partnership, limited liability company, corporate or other organizational action by it; (c) this Agreement has been duly and validly executed and delivered by it and, assuming due and valid authorization, execution and delivery by the other parties hereto, constitutes a valid and legally binding obligation of it; enforceable against it in accordance with the terms of this Agreement except as such enforceability may be limited under applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect affecting the enforcement of creditors' rights generally, or by general principles of equity; (d) it has and will have for so long as this Agreement shall remain in effect uncalled capital commitments or otherwise will have available funds sufficient to fund the amount of its Commitment when and as required hereunder; and (e) all consents, approvals, authorizations, permits of, filings with and

notifications to, any governmental authority or other third party necessary for the due execution, delivery and performance of this Agreement by the Investor have been obtained or made and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or other third party is required in connection with the execution, delivery or performance of this Agreement.

7. This Agreement may not be amended or otherwise modified without the prior written consent of Genco and the Investor.

8.

(a) THE AGREEMENT AND ALL ACTIONS (WHETHER AT LAW, IN CONTRACT OR IN TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT, OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the New York State courts located in the City and County of New York and the United States District Court for the Southern District of New York for the purpose of any action arising out of or relating to this Agreement, and each of the parties hereto irrevocably agrees that all claims in respect of such action may be heard and determined exclusively such courts. Each of the parties hereto agrees that a final judgment in any action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. Each of the parties hereto irrevocably consents to the service of any summons and complaint and any other process in any other action relating to the Commitment or this Agreement, on behalf of itself or its property, by the personal delivery of copies of such process to such party. Nothing in this paragraph 8(a) shall affect the right of any party hereto to serve legal process in any other manner permitted by applicable law.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION, DIRECTLY OR INDIRECTLY, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH 8(b).

9. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments or waivers hereto or thereto, to the extent signed and delivered by means of a facsimile machine or by e-mail delivery of a .pdf format data file, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same

binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or e-mail delivery of a .pdf format data file to deliver a signature to this Agreement or any amendment hereto or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or e-mail delivery of a .pdf format data file as a defense to the formation of a contract and each party hereto forever waives any such defense.

10. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement

11. The obligations of the Investors hereunder shall be several and not joint.

[Signature page follows.]

If this Agreement is agreeable to you, please so indicate by signing in the space indicated below.

Very truly yours,

STRATEGIC VALUE MASTER FUND, LTD.
By: Strategic Value Partners, LLC, its Investment Manager

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND II, L.P.
By: SVP Special Situations II, LLC, its Investment Manager

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND III, L.P.
By: SVP Special Situations III, LLC, its Investment Manager

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

STRATEGIC VALUE OPPORTUNITIES FUND, L.P.
By: SVP Special Situations III-A, LLC, its Investment Manager

By: /s/ James Dougherty
Name: James Dougherty
Title: Fund Chief Financial Officer

Signature Page to Equity Commitment Letter

Accepted and agreed as of the date first set forth above:

GENCO SHIPPING & TRADING LIMITED

By:
Name:
Title:

Signature Page to Equity Commitment Letter

Exhibit A

Investor Name		Commitment
STRATEGIC VALUE MASTER FUND, LTD., a Cayman limited company	\$	5,472,110.86
STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND II, L.P., a Cayman limited partnership	\$	5,608,196.16
STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND III, L.P., a Cayman limited partnership	\$	4,844,935.99
STRATEGIC VALUE OPPORTUNITIES FUND, L.P., a Cayman limited partnership	\$	1,377,034.13

Signature Page to Equity Commitment Letter
