

# GENCO SHIPPING & TRADING LTD

FORM 8-K  
(Current report filing)

Filed 11/20/2006 For Period Ending 11/17/2006

|             |   |
|-------------|---|
| Address     | 35 WEST 56TH STREET<br>NEW YORK, New York 10019 |
| Telephone   | (646) 443-8550                                  |
| CIK         | 0001326200                                      |
| Industry    | Water Transportation                            |
| Sector      | Transportation                                  |
| Fiscal Year | 12/31   |

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): November 17, 2006

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**GENCO SHIPPING & TRADING LIMITED**  
(Exact name of registrant as specified in its charter)

**Republic of the Marshall Islands**  
(State or other jurisdiction of  
incorporation or organization)

**000-5142**  
(Commission file number)

**98-043-9758**  
(I.R.S. employer  
identification no.)

**299 Park Avenue, 20<sup>th</sup> Floor**  
**New York, NY**  
(Address of principal executive offices)

**10171**  
(Zip code)

Registrant's telephone number, including area code: (646) 443-8550

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

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- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.01 . Completion of Acquisition or Disposition of Assets**

On November 17, 2006, Genco Shipping & Trading Limited (“the Company”) completed its acquisition of three drybulk vessels from affiliates of Franco Compania Naviera S.A. by taking delivery of the third such vessel, a 1998 Japanese-built Panamax vessel that is being named the Genco Surprise. The Company had entered into an agreement on July 10, 2006 for the acquisition of these vessels for an aggregate purchase price of \$81.25 million. The other two vessels, a 1999 Japanese-built Panamax vessel that was named the Genco Acheron and a 1994 Japanese-built Handymax vessel that was named the Genco Commander, were delivered earlier in November 2006. Genco financed the acquisition of the three vessels through borrowings under its existing revolving credit facility. With the addition of these three vessels, Genco’s fleet consists of seven Panamax, eight Handymax, and five Handysize drybulk carriers, with a total carrying capacity of approximately 1,029,000 dwt and an average fleet age of nine years.

**Item 7.01 Regulation FD Disclosure**

The full text of the Company’s press release, dated November 20, 2006, announcing the delivery of the third vessel and the completion of the acquisition, is attached as Exhibit 99.1 to this Current Report on Form 8-K. Pursuant to General Instruction B.2 of Form 8-K, all of the information contained in the accompanying Exhibit 99.1 shall be deemed to be “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and, therefore, shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended.

**Item 9. Financial Statements and Exhibits**

(c) Exhibits

| <u>Exhibit No .</u> | <u>Description</u>                     |
|---------------------|--|
| 99.1                | Press Release dated November 20, 2006. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Genco Shipping & Trading Limited has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENCO SHIPPING & TRADING LIMITED

/s/ John C. Wobensmith

John C. Wobensmith  
Chief Financial Officer,

Secretary and Treasurer

(Principal Financial and Accounting Officer)

DATE: November 20, 2006

## Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u>                     |
|--------------------|--|
| 99.1               | Press Release dated November 20, 2006. |



**CONTACT:**

John C. Wobensmith  
Chief Financial Officer  
Genco Shipping & Trading Limited  
(646) 443-8555

**Genco Shipping & Trading Limited  
Completes Three Vessel Acquisition**

*Takes Delivery of Panamax Drybulk Vessel*

NEW YORK, November 20, 2006 - Genco Shipping & Trading Limited (NASDAQ: GSTL) today announced that it has taken delivery of the Genco Surprise, a 1998-built Panamax vessel. The Company intends to commence a previously announced time charter for the Genco Surprise for twelve to fourteen months at a gross rate of \$25,000 per day upon delivery of the vessel to the charterer on or about November 23, 2006.

The Genco Surprise is the final vessel delivered under the Company's previously announced agreement to acquire three drybulk vessels for an aggregate purchase price of \$81.25 million. With the addition of its most recent Panamax vessel, Genco's fleet consists of seven Panamax, eight Handymax and five Handysize vessels with a carrying capacity of approximately 1,029,000 dwt and an average age of nine years.

Robert Gerald Buchanan, President, commented, "We are pleased to complete our three-vessel acquisition with the delivery of the Genco Surprise. This acquisition further demonstrates the disciplined approach employed by our Company in consolidating the drybulk industry. With pro forma liquidity of \$388 million as of September 30, 2006, we will continue to seek opportunities to expand our fleet in a prudent manner with a focus on earnings and cash flow accretion as well as return on capital."

The following table reflects the employment of Genco's fleet after giving effect to the delivery of the Genco Surprise:

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### Fleet List

|    | <u>Vessel</u>    | <u>Vessel Type</u> | <u>Expiration Date <sup>(1)</sup></u>      | <u>Time Charter Rates <sup>(2)</sup></u> |
|----|------------------|--------------------|--|--|
| 1  | Genco Beauty     | Panamax            | February 2007                              | \$ 29,000                                |
| 2  | Genco Knight     | Panamax            | February 2007                              | \$ 29,000                                |
| 3  | Genco Leader     | Panamax            | Spot <sup>(3)</sup>                        | N/A                                      |
| 4  | Genco Trader     | Panamax            | Spot <sup>(3)</sup>                        | N/A                                      |
| 5  | Genco Vigour     | Panamax            | December 2006                              | \$ 29,000                                |
| 6  | Genco Acheron    | Panamax            | January 2007                               | \$ 28,500                                |
| 7  | Genco Surprise   | Panamax            | 12 to 14 months from charter delivery date | \$ 25,000                                |
| 8  | Genco Muse       | Handymax           | September 2007                             | \$ 26,500 <sup>(4)</sup>                 |
| 9  | Genco Marine     | Handymax           | March 2007                                 | \$ 18,000 <sup>(5)</sup>                 |
| 10 | Genco Prosperity | Handymax           | March 2007                                 | \$ 23,000                                |
| 11 | Genco Carrier    | Handymax           | December 2006                              | \$ 24,000                                |
| 12 | Genco Wisdom     | Handymax           | January 2007                               | \$ 24,000                                |
| 13 | Genco Success    | Handymax           | January 2007                               | \$ 23,850                                |
|    |                  |                    | January 2008                               | \$ 24,000 <sup>(6)</sup>                 |
| 14 | Genco Glory      | Handymax           | December 2006                              | \$ 18,250                                |
| 15 | Genco Commander  | Handymax           | October 2007                               | \$ 19,750                                |
| 16 | Genco Explorer   | Handysize          | July 2007                                  | \$ 13,500                                |
| 17 | Genco Pioneer    | Handysize          | August 2007                                | \$ 13,500                                |
| 18 | Genco Progress   | Handysize          | August 2007                                | \$ 13,500                                |
| 19 | Genco Reliance   | Handysize          | July 2007                                  | \$ 13,500                                |
| 20 | Genco Sugar      | Handysize          | July 2007                                  | \$ 13,500                                |

(1) The dates presented on this table represent the earliest dates that our charters may be terminated. Except with respect to the Genco Trader and Genco Leader charters, under the terms of the contracts, charterers are entitled to extend time charters from two to four months in order to complete the vessel's final voyage plus any time the vessel has been off-hire.

(2) Time charter rates presented are the gross daily charterhire rates before the payments of brokerage commissions ranging from 1.25% to 5% to third parties. In a time charter, the charterer is responsible for voyage expenses such as bunkers, port expenses, agents' fees and canal dues.

(3) The Genco Trader and Genco Leader entered into the Baumarine Pool arrangement in December 2005 and February 2006, respectively.

(4) Since this vessel was acquired with an existing time charter at an above market rate, the Company allocates the purchase price between the vessel and a deferred asset for the value assigned to the above market charterhire. This deferred asset is amortized as a reduction to voyage revenues over the remaining term of the charter, resulting in a daily rate of approximately \$21,500 recognized as revenue. For cash flow purposes, the Company will continue to receive \$26,500 per day less commissions.

(5) The time charter rate was \$26,000 until March 2006 and \$18,000 thereafter. For purposes of revenue recognition, the charter contract is reflected on a straight-line basis in accordance with GAAP.

(6) The Company extended the time charter for an additional eleven to thirteen months at a rate of \$24,000 per day, less a 5% third party brokerage commission. The time charter would commence February 1, 2007 following the expiration of the vessel's current time charter in January 2007. The extension is subject to completion of definitive agreements acceptable to both Genco and Korea Line Corporation.

### About Genco Shipping & Trading Limited

Genco Shipping & Trading Limited transports iron ore, coal, grain, steel products and other drybulk cargoes along worldwide shipping routes. Currently, Genco Shipping & Trading Limited owns a fleet of 20 drybulk vessels, consisting of seven Panamax, eight Handymax and five Handysize vessels, with a carrying capacity of approximately 1,029,000 dwt.

### "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on management's current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following:

(i) changes in demand or rates in the drybulk shipping industry; (ii) changes in the supply of or demand for drybulk products, generally or in

particular regions; (iii) changes in the supply of drybulk carriers including

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newbuilding of vessels or lower than anticipated scrapping of older vessels; (iv) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (v) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, repairs, maintenance and general and administrative expenses; (vi) the adequacy of our insurance arrangements; (vii) changes in general domestic and international political conditions; (viii) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; and other factors listed from time to time in our public filings with the Securities and Exchange Commission including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2005, our Quarterly Reports on Form 10-Q, and our reports on Form 8-K. Our ability to pay dividends in any period will depend upon factors including the limitations under our loan agreements, applicable provisions of Marshall Islands law and the final determination by the Board of Directors each quarter after its review of our financial performance. The timing and amount of dividends, if any, could also be affected by factors affecting cash flows, results of operations, required capital expenditures, or reserves. As a result, the amount of dividends actually paid may vary.

The pro forma liquidity figure of \$388 million, displayed above, consists of the undrawn amount of our credit facility of \$338 million plus pro forma cash of \$50.3 million which takes into effect the payment of dividends of \$15.3 million on or about November 30, 2006 to all shareholders of record as of November 16, 2006 as well as the payment for our three new vessels of \$81.25 million.

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