Navios Maritime Acquisition CORP
Form 20-F
April 15, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2008

OR

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

OR

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

Date of event requiring this shell company report

For the transition period from to

Commission file number
001-34104

Navios Maritime Acquisition Corporation
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant s Name into English)

Republic of Marshall Islands
(Jurisdiction of incorporation or organization)

85 Akti Miaouli Street
Piraeus, Greece 185 38
(011) +30-210-4595000

(Address of principal executive offices)

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., (212) 935-3000,
(212) 983-3115, The Crysler Center, 666 Third Avenue, New York, New York 10017
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Units	New York Stock Exchange LLC
Warrants	New York Stock Exchange LLC
Common Stock	New York Stock Exchange LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act. **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:

1,928,761 Units
37,296,239 Warrants
29,696,239 shares of Common Stock

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer x

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 o Item 18 x

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes x No o

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FORWARD-LOOKING STATEMENTS

This Annual Report should be read in conjunction with the financial statements and accompanying notes included herein.

Statements included in this annual report which are not historical facts (including our statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, and the markets in which we operate as described in this annual report. In some cases, you can identify the forward-looking statements by the use of words such as may, could, should, would, expect, plan, anticipate, intend, forecast, believe, estimate, potential, continue or the negative of these terms or other comparable terminology.

Forward-looking statements appear in a number of places and include statements with respect to, among other things:

changing interpretations of generally accepted accounting principles;

outcomes of litigation, claims, inquiries or investigations;

continued compliance with government regulations;

statements about industry trends;

general economic conditions; and

geopolitical events and regulatory changes.

The forward-looking statements contained in this Annual Report on Form 20-F are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated.

The risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data

On March 18, 2008, Navios Maritime Acquisition Corporation (sometimes referred to herein as Navios Acquisition , the Company , we or us) issued 8,625,000 sponsor units, or the Sponsor Units, to its sponsor, Navios Maritime Holdings Inc. (Navios Holdings), a publicly traded New York Stock Exchange company, for $25,000 in cash, at a purchase price of approximately $0.003 per unit, of which 825,000 Sponsor Units were subject to mandatory forfeiture to the extent the underwriters over-allotment option was not exercised in full. However, such Sponsor Units were not forfeited, as the underwriters fully exercised their over-allotment option. Each Sponsor Unit consists of one share of common stock and one warrant.

On June 11, 2008, Navios Holdings transferred an aggregate of 290,000 Sponsor Units to our officers and directors.

On June 16, 2008, Navios Holdings returned to us an aggregate of 2,300,000 Sponsor Units, which we have cancelled. Accordingly, our initial stockholders own 6,325,000 Sponsor Units.

On July 1, 2008, we closed our initial public offering of 25,300,000 units, referred to herein as the Initial Public Offering, including 3,300,000 units issued upon the full exercise of the underwriters over-allotment option. Each unit consists of one share of common stock and one warrant that entitles the holder to purchase one share of common stock. The units were sold at an offering price of $10.00 per unit, generating gross proceeds to the Company of $253.0 million. Simultaneously with the closing of the Initial Public Offering, we consummated a private placement of 7,600,000 warrants at a purchase price of $1.00 per warrant to our sponsor, Navios Holdings, referred to herein as the Private Placement. The Initial Public Offering and the Private Placement generated gross proceeds to the Company in an aggregate amount of $260.6 million.

As of December 31, 2008, the trust account established in connection with our Initial Public Offering, referred to herein as the Trust Account, had a balance of $252.2 million, including short-term investments.

The selected financial and operating data, presented in the table below, are derived from our financial statements included in this report. We were formed on March 14, 2008.

	Period from March 14, 2008 to December 31, 2008

Statement of Operations Data		
Revenue	$	
General and administrative expenses		(60,000)
Formation and administrative costs		(332,771)
Loss from operations	$	(392,771)
Interest income		1,435,550
Other income		4,405
Net income (loss)	$	1,047,184
Net income per common share (excluding shares subject to possible redemption), basic	$	0.08

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		Period from March 14, 2008 to December 31, 2008
Weighted average number of common shares (excluding shares subject to possible redemption), basic		12,801,234
Net income per common share (excluding shares subject to possible redemption), diluted	$	0.06
Weighted average number of common shares (excluding shares subject to possible redemption), diluted		18,075,777
Net income per common share for shares subject to possible redemption	$	0.00
Weighted average number of common shares subject to possible redemption		10,119,999
Balance Sheet Data (at period end)		
Current assets, including cash	$	252,258,159
Long term liabilities, deferred underwriters fees		8,855,000
Common stock subject to redemption, 10,119,999 shares at redemption value, $9.91 per share		100,289,190
Total liabilities and stockholders equity		252,258,159
Cash Flow Data		
Net cash provided by operating activities	$	1,467,518
Net cash used in investing activities		(252,201,007)
Net cash provided by financing activities		250,735,504

Risk Factors

Risks associated with our business

We are a development stage company with no operating history and, accordingly, you will not have any basis on which to evaluate our ability to achieve our business objectives.

We are a blank check company with no operating results to date other than completing our Initial Public Offering. Since we do not have an operating history, you will have no basis upon which to evaluate our ability to achieve our business objectives, which is to acquire one or more assets or operating businesses in the marine transportation and logistics industries. We have not conducted any discussions and we have no plans, arrangements or understandings with any prospective acquisition candidates. We will not generate any revenues until, at the earliest, after the consummation of a business combination. We cannot assure you as to when, or if, a business combination will occur.

Since we are a foreign private issuer, we are not subject to certain Securities and Exchange Commission, or SEC, regulations that companies incorporated in the United States would be subject to.

We are a foreign private issuer within the meaning of the rules promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. As such, we are exempt from certain provisions applicable to United States public companies including:

the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;

the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;

the provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information; and the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short-swing trading transaction (i.e., a purchase and sale, or sale and purchase, of the issuer s equity securities within less than six months).

Because of these exemptions, our stockholders will not be afforded the same protections or information generally available to investors holding shares in public companies organized in the United States. In particular, because we are exempt from the rules under the Exchange Act relating to proxy statements, at the time we seek approval from our stockholders of our initial business combination, we do not expect to file preliminary proxy solicitation materials regarding our initial business combination with the SEC and, accordingly, such materials will not be reviewed by the SEC. However, we will file with the SEC any final proxy solicitation materials that we deliver to our stockholders.

You will not be entitled to protections normally afforded to investors of blank check companies.

Since both the net proceeds of $250.8 million from our Initial Public Offering and the Private Placement, are intended to be used to consummate a business combination with a target business that has not been identified, we may be deemed to be a blank check company under the United States securities laws. However, since we have net tangible assets in excess of $5.0 million, we have to file a Report of Foreign Private Issuer on Form 20-F with the SEC, including an audited balance sheet demonstrating all facts that have taken place through December 31, 2008.

We are exempt from rules promulgated by the SEC to protect investors of blank check companies including Rule 419 under the Securities Act of 1933, as amended, or the Securities Act. Accordingly, investors will not be afforded the benefits or protections of those rules, which include (1) entitlement to all the interest earned on the funds deposited in the trust account, (2) the requirement to complete a business combination within 18 months after the effective date of the registration statement (and the resulting shorter time frame that funds may be held in a trust account established in connection with the completion of an initial public offering, as compared to the up to 24 or 36 months funds may be held in the Trust Account, (3) the restriction on the release and use of interest earned on the funds held in a trust account, (4) the prohibition against trading our securities prior to the consummation of a business combination, and (5) the ability of warrant holders to exercise their warrants prior to the consummation of the business combination. Because we are not subject to Rule 419, our units are tradable, we are entitled to withdraw a certain amount of interest earned on the funds held in the Trust Account prior to the completion of a business combination, we have a longer period of time to consummate a business combination and potentially hold the proceeds of the offering in the Trust Account and our warrant holders may not exercise their warrants until after our initial business combination.

Unlike many other blank check companies, we allow up to approximately 39.99% of our public stockholders to exercise their conversion rights. This higher threshold will make it easier for us to consummate a business combination with which you may not agree, and you may not receive the full amount of your original investment upon exercise of your conversion rights.

When we seek stockholder approval of an extension of our corporate existence from 24 to 36 months, if any, and our initial business combination, we will offer each public stockholder other than our initial stockholders the right to have their shares of common stock converted to cash if the stockholder votes against the extended period or business combination, as the case may be, and such proposal is approved and, in the case of the business combination, it is also consummated. Such holder must both vote against such business combination and then exercise their conversion rights to receive a *pro rata* share of the Trust Account. We will consummate the initial business combination only if the following two conditions are met: (i) a majority of the shares of common stock voted by the public stockholders are voted in favor of the business combination; and (ii) public stockholders owning 40% or more, of the shares sold in our Initial Public Offering do not vote against an extended period, if any, or the business combination and exercise their conversion rights, provided that a public stockholder, together with any affiliate of theirs or any other person with whom they are acting in concert or as a partnership, syndicate or other group (as such term is used in Sections 13(d) and 14(d) of the

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Exchange Act) for the purpose of acquiring, holding or disposing of our securities will be restricted from seeking conversion rights with respect to more than 10% of the shares sold in our Initial Public Offering. We have set the conversion percentage at 40% and limited the percentage of shares that a public stockholder, together with any of their affiliates or other persons with whom they are acting in concert or as a partnership, syndicate or other group for the purpose of acquiring, holding or disposing of our securities can convert in order to reduce the likelihood that a small group of investors holding a block of our stock will be able to stop us from having an extended period or consummating an initial business combination that is otherwise approved by a large majority of our public stockholders. However, this may have the effect of making it easier for us to have an extended period or an initial business combination approved over a stockholder dissent. Most other blank check companies have a conversion threshold of between 20% and 30% and do not have a comparable 10% limitation, which makes it more difficult for such companies to consummate their initial business combination. Thus, because we permit a larger number of stockholders to exercise their conversion rights, it will be easier for us to consummate an initial business combination with a target business despite significant stockholder dissent and which you may believe is not suitable for us, and you may not receive the full amount of your original investment upon exercise of your conversion rights.

We require public stockholders who wish to convert their shares to comply with specific requirements for conversion that may make it more difficult for them to exercise their conversion rights prior to the deadline for exercising conversion rights.

We require public stockholders who wish to convert their shares to physically tender their stock certificates to our transfer agent prior to the stockholder meeting or to deliver their shares to the transfer agent electronically using DTC s DWAC system. In order to obtain a physical stock certificate, a stockholder s broker and/or clearing broker, DTC and our transfer agent will need to act to facilitate this request. It is our understanding that stockholders should generally allot at least two weeks to obtain physical stock certificates from the transfer agent. However, because we do not have any control over this process or over the brokers or DTC, it may take significantly longer than two weeks to obtain a physical stock certificate. If it takes longer than we anticipate to obtain a physical stock certificate, public stockholders who wish to tender their stock certificates physically may be unable to obtain physical stock certificates by the deadline for exercising their conversion rights and thus will be unable to convert their shares.

Public stockholders, together with any of their affiliates or any other person with whom they are acting in concert or as a group (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), will be restricted from seeking conversion rights for more than 10% of the shares sold in the offering.

When we seek stockholder approval of any business combination or the extended period, we will offer each public stockholder (but not our initial stockholders) the right to have their shares of common stock converted to cash if the stockholder votes against the business combination and the business combination is approved and completed. Notwithstanding the foregoing, a public stockholder, together with any of their affiliates or any other person with whom they are acting in concert or as a group will be restricted from seeking conversion rights with respect to more than 10% of the shares sold in the offering. Accordingly, if you purchased more than 10% of the shares sold in the offering, vote all of your shares against a proposed business combination or the extended period and such proposed business combination or the extended period, as applicable, is approved, you will not be able to seek conversion rights with respect to the full amount of your shares and may be forced to hold such additional shares or sell them in the open market. We cannot assure you that the value of such additional shares will appreciate over time following a business combination or that the market price of the common stock will exceed the per-share conversion price.

If we are unable to consummate a business combination, our public stockholders will be forced to wait the full 24 months (or up to 36 months if the extended period is approved) before receiving liquidating distributions.

We have 24 months from the completion of our Initial Public Offering (or up to 36 months if the extended period is approved) in which to consummate a business combination. We have no obligation to

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return funds to investors prior to such date unless we consummate a business combination prior thereto. Only after the expiration of this full time period will public stockholders be entitled to liquidating distributions if we are unable to consummate a business combination. Accordingly, investors funds may be unavailable to them until such date.

Unlike other blank check companies, we are permitted, pursuant to our amended and restated articles of incorporation, to seek to extend the date before which we must consummate an initial business combination to up to 36 months from the completion of our Initial Public Offering. As a result, the funds may be held in the Trust Account for at least three years.

Unlike some other blank check companies, if we have entered into a letter of intent, agreement in principle or definitive agreement within 24 months following the completion of our Initial Public Offering, we may seek to extend the date before which we must consummate our initial business combination, to avoid being required to liquidate, beyond the more typical 24 months to up to 36 months by calling a special meeting of our stockholders for the purpose of soliciting their approval for such extended period. We believe that an extension could be necessary due to the circumstances involved in the evaluation and consummation of a business combination. If the extended period is approved by our stockholders, we will have an additional 12 months in which to consummate our initial business combination. As a result, we would be able to hold the funds of investors in the Trust Account for more than three years and thus delay the receipt by such investors of the funds from the Trust Account.

If third parties bring claims against us, the funds held in the Trust Account could be reduced and the amount receivable by our public stockholders from the Trust Account as part of our plan of dissolution and liquidation could be less than approximately $9.91 per share.

The funds currently held in the Trust Account may not be protected from third-party claims against us. Although we will seek to have all significant vendors and service providers and all prospective target businesses waive any right, title, interest or claim of any kind in or to any monies held in the Trust Account for the benefit of our public stockholders, they would not be prevented from bringing claims against the Trust Account including, but not limited to, fraudulent inducement, breach of fiduciary responsibility or other similar claims, as well as claims challenging the enforceability of the waiver, in each case in order to gain an advantage with a claim against our assets, including the funds held in the Trust Account. Accordingly, the proceeds held in the Trust Account could be subject to claims that could take priority over the claims of our public stockholders and due to claims of such creditors, the per share liquidation price could be less than the approximately $9.91 per share. If we are unable to consummate a business combination and are forced to liquidate, Navios Holdings has agreed that it will be liable to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us, except (i) as to any claims by a third party who executed a waiver of any and all rights to seek access to the Trust Account, to the extent such waiver is subsequently found to be invalid or unenforceable, (ii) as to any engagement of, or agreement with, a third party that does not execute a waiver and Navios Holdings has not consented to such engagement or contract with such third party, and (iii) as to any claims under our indemnity of the underwriters of the offering against certain liabilities under the Securities Act. Additionally, in the case of a vendor, service provider or prospective target business that did not execute a waiver, Navios Holdings will be liable to the extent it consents to the transaction, only to the extent necessary to ensure that public stockholders receive no less than approximately $9.91 per share upon liquidation. Based on our review of the financial statements of Navios Holdings in its most recent Form 20-F, we believe that Navios Holdings will have sufficient funds to meet any indemnification obligations that arise. However, because Navios Holdings circumstances may change in the future, we cannot assure investors that Navios Holdings will be able to satisfy such indemnification obligations if and when they arise. We will endeavor to have all vendors and prospective target businesses, as well as other entities, execute agreements with us waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account. If Navios Holdings refused to satisfy its indemnification obligations, we would be required to bring a claim against it to enforce our indemnification rights.

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Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us that is not dismissed, the funds held in our Trust Account will be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the Trust Account we cannot assure you we will be able to return to our public stockholders the liquidation amounts due them. An involuntary bankruptcy proceeding cannot be filed in the United States since the trust funds will not be maintained within the United States. Because we have no assets in the United States and are organized in the Marshall Islands, any bankruptcy claim would have to be initiated elsewhere. The Marshall Islands has no bankruptcy act. It does have a little-used device pursuant to which, at the request of a judgment creditor, a court can appoint a receiver either to run or wind up the affairs of a corporation. A court can also appoint a trustee if the corporation files for dissolution to wind up the affairs. Finally, it would be possible for a Marshall Islands court to apply the law of any jurisdiction with laws similar to that of the Marshall Islands, such as those of the United States.

Because a majority of our directors and all of our officers reside outside of the United States and, after the consummation of a business combination, substantially all of our assets may be located outside of the United States, it may be difficult for investors to enforce their legal rights against such individuals or such assets.

A majority of our directors and our officers reside outside of the United States and, after the consummation of a business combination substantially all of our assets may be located outside of the United States. As a result, it may not be possible for investors in the United States to enforce their legal rights, to effect service of process upon our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities of, or criminal penalties against, our directors and officers under the U.S. federal securities laws.

We will dissolve and liquidate if we do not consummate a business combination, and our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them. Such liability could extend indefinitely because we do not intend to comply with the liquidation procedures set forth in Section 106 of the Marshall Islands Business Corporations Act.

Our amended and restated articles of incorporation provide that we will continue in existence only until 24 months from the completion of our Initial Public Offering (or up to 36 months if the extended period is approved). If we have not consummated a business combination by such date, and amended this provision in connection thereto, pursuant to the Marshall Islands Business Corporations Act, or the BCA, our corporate existence will cease except for the purposes of winding up our affairs and liquidating. Under Marshall Islands law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in dissolution. If we complied with the procedures set forth in Section 106 of the BCA, which are intended to ensure that we make reasonable provision for all claims against us, including a six-month notice period during which any third-party claims can be brought against us before any liquidating distributions are made to stockholders, any liability of a stockholder with respect to a liquidating distribution is limited to the lesser of such stockholder s *pro rata* share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the period set forth in such notice. However, it is our intention to make liquidating distributions to our stockholders as soon as reasonably possible after dissolution and we do not intend to comply with the six-month notice period (which would result in our executive officers being liable for claims for which we did not provide). As such, to the extent our executive officers cannot cover such liabilities, our stockholders could potentially be liable for any claims to the extent of distributions received by them in dissolution and any such liability of our stockholders will likely extend beyond the third anniversary of such dissolution. Accordingly, we cannot assure you that third parties will not seek to recover from our stockholders amounts owed to them by us.

If we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us that is not dismissed, any distributions received by stockholders could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy

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court could seek to recover all amounts received by our stockholders. Furthermore, because we intend to distribute the proceeds held in the Trust Account to our public stockholders promptly after July 1, 2010 (or July 1, 2011 if the extended period is approved), this may be viewed or interpreted as giving preference to our public stockholders over any potential creditors with respect to access to or distributions from our assets. Furthermore, our board of directors may be viewed as having breached their fiduciary duties to our creditors and/or may have acted in bad faith, thereby exposing itself and our company to claims of punitive damages, by paying public stockholders from the Trust Account prior to addressing the claims of creditors and/or complying with certain provisions of the BCA with respect to our dissolution and liquidation. We cannot assure you that claims will not be brought against us for these reasons.

We may choose to redeem our outstanding warrants included in the units sold in our Initial Public Offering at a time that is disadvantageous to our warrant holders.

We may redeem the warrants issued as a part of our units sold in our Initial Public Offering at any time after the warrants become exercisable in whole and not in part, at a price of $0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sales price of our common stock equals or exceeds $13.75 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption, provided, however, a current registration statement under the Securities Act relating to the shares of our common stock underlying the warrants is then effective. Redemption of the warrants could force the warrant holders: (i) to exercise the warrants and pay the exercise price therefore at a time when it may be disadvantageous for the holders to do so; (ii) to sell the warrants at the then-current market price when they might otherwise wish to hold the warrants; or (iii) to accept the nominal redemption price that, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants. We may not redeem any warrant if it is not exercisable.

If we are required to dissolve and liquidate before a business combination, our public stockholders could receive less than approximately $9.91 per share (as of December 31, 2008, the underwriters had exercised their over-allotment option in full with the Initial Public Offering and there are 10,119,999 shares at a redemption value of $9.91 per share) upon distribution of the funds held in the Trust Account and our warrants will expire with no value.

If we are unable to consummate a business combination and are required to dissolve and liquidate our assets, the per-share liquidation amount could be less than approximately $9.91 share (as of December 31, 2008, the underwriters had exercised their over-allotment option in full with the Initial Public Offering and there are 10,119,999 shares at a redemption value of $9.91 per share) because of the expenses related to the offering, our general and administrative expenses, and the anticipated cost associated with seeking a business combination. Furthermore, the warrants will expire with no value if we dissolve and liquidate before the consummation of a business combination.

Under Marshall Islands law, the requirements and restrictions relating to our Initial Public Offering contained in our amended and restated articles of incorporation may be amended, which could reduce or eliminate the protection afforded to our stockholders by such requirements and restrictions.

Our amended and restated articles of incorporation contain certain requirements and restrictions relating to our Initial Public Offering that will apply to us until the consummation of a business combination. Specifically, our amended and restated articles of incorporation provide, among other things, that:

The proceeds of our Initial Public Offering and the Private Placement, that have been placed into the Trust Account, may not be disbursed from the Trust Account except (1) for payments with respect to shares of common stock converted in connection with the vote to approve the extended period, (2) in connection with a business combination, (3) upon our dissolution and liquidation, (4) for the payment of our tax obligations, or

(5) to the extent of $3.0 million of interest (net of taxes) that may be released to us;

prior to the consummation of our initial business combination, we will submit such business combination to our stockholders for approval;

we may consummate our initial business combination only if it is approved by a majority of the shares of common stock voted by the public stockholders and public stockholders owning less than 40% of the shares sold in the Initial Public Offering both vote against the business combination and, on a cumulative basis with any shares previously converted in connection with a vote, if any, on the extended period, exercise their conversion rights;

if our initial business combination is approved and consummated or the extended period is approved, public stockholders who voted against the business combination or the extended period may exercise their conversion rights and receive their *pro rata* share of the amount then in the Trust Account;

our initial business combination must have a fair market value equal to at least 80% of net assets held in the Trust Account (excluding the deferred underwriting discounts and commissions) at the time of the initial business combination;

if a business combination is not consummated within 24 months (or up to 36 months if extended pursuant to a stockholder vote as described in our Initial Public Offering prospectus) after the completion of our Initial Public Offering, our corporate purposes and powers will immediately thereupon be limited to acts and activities relating to dissolving and winding up our affairs, including liquidation, and we will not be able to engage in any other business activities;

upon our dissolution, we will distribute to our public stockholders their *pro rata* share of the Trust Account in accordance with the trust agreement and the requirements of Marshall Islands law, including our obligations to provide for claims of creditors; and

we may not consummate any other merger, acquisition, asset purchase or similar transaction prior to our initial business combination.

Under Marshall Islands law, the requirements and restrictions relating to our Initial Public Offering contained in our articles of incorporation may be amended, which could reduce or eliminate the protection afforded to our stockholders by such requirements and restrictions. However, we view the foregoing provisions as obligations to our stockholders and we will not take any action to waive or amend any of these provisions.

Because of our limited resources and the significant competition for business combination opportunities, we may not be able to consummate an attractive business combination during the prescribed time period.

We expect to encounter competition from other entities having a business objective similar to ours, including private equity and venture capital funds, leveraged buyout funds and operating businesses competing for acquisitions. Many of these entities are well established and have extensive experience in identifying and effecting business combinations directly or through affiliates. Many of these competitors possess greater technical, human and other resources than we do, and our financial resources will be relatively limited when contrasted with those of many of these competitors. While we believe that there are numerous target businesses that we could acquire with the net proceeds of our Initial Public Offering, our ability to compete in acquiring certain sizable target businesses will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. Further:

our obligation to seek stockholder approval of a business combination may materially delay the consummation of a transaction;

- our obligation to convert into cash the shares of common stock in certain instances may materially reduce the resources available for a business combination; and

- our outstanding warrants, and the future dilution they potentially represent, may not be viewed favorably by certain target businesses.

Any of these obligations may place us at a material competitive disadvantage in successfully negotiating a business combination.

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Because of these factors, we may not be able to compete successfully for an attractive business combination, or to effectuate any business combination within the required time periods. If we do not find a suitable target business within such time periods, we will be forced to dissolve and liquidate the Trust Account as part of our plan of dissolution and liquidation.

We may issue shares of our capital stock or debt securities to consummate a business combination, which would reduce the equity interest of our stockholders and likely cause a change in control of our ownership.

Our amended and restated articles of incorporation authorize the issuance of up to 100,000,000 shares of common stock, par value $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share. On July 1, 2008, we consummated our Initial Public Offering. We are also authorized to issue 1,000,000 shares of $.0001 par value preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the board of directors. No shares of preferred stock were issued and outstanding as at December 31, 2008.

The issuance of additional shares of our common stock or any number of shares of our preferred stock:

- may significantly reduce the equity interest of investors;
- will likely cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and most likely also result in the resignation or removal of our present officers and directors; and
- may materially adversely affect prevailing market prices for our common stock.

Additionally, the marine transportation and logistics industries are capital intensive, traditionally using substantial amounts of indebtedness to finance vessel acquisitions, capital expenditures and working capital needs. If we finance the purchase of any target business through the issuance of debt securities, it could result in:

- default and foreclosure on our assets if our operating cash flow after a business combination were insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant were breached without a waiver or renegotiation of that covenant;
- our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand; and
- our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

The value of your investment in us may decline if any of these events occur.

For a more complete discussion of the possible structure of a business combination, see the section below entitled Effecting a business combination Selection of a target business and structuring of a business combination.

Our initial stockholders control a substantial interest in us and, thus, may influence certain actions requiring stockholder vote.

Our initial stockholders own 19% of our issued and outstanding units (or their equivalent in shares of common stock or warrants), which permits them to influence the outcome of effectively all matters requiring approval by our stockholders at such time, including the election of directors and approval of significant corporate transactions, following the consummation of our initial business combination. In addition, prior to the completion of our Initial Public Offering, Amadeus Maritime, S.A., an affiliate of Angeliki Frangou, our chairman and chief executive officer, entered into an agreement with J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. in accordance with the guidelines of Rule 10b5-1 of the Exchange Act pursuant to which it places limit orders for up to an aggregate of $30.0 million of our common stock during the buyback period. Ms. Frangou agreed that Amadeus Maritime S.A. will vote all such shares (1) in favor of our initial business combination and (2) in favor of an amendment to our amended and restated certificate of incorporation to provide for an extension of our corporate existence to up to 36 months from the completion of the Initial Public Offering in the event we have entered into a definitive agreement relating to, but have not yet consummated, our initial business combination. As a result, Ms. Frangou will be able to influence the outcome of the vote on our business combination or a proposed extension. In addition, any portion of the $30.0 million not used for open market purchases of common stock will be applied to the purchase of co-investment shares from us by Amadeus Maritime S.A. immediately prior to the consummation of our business combination.

Further, our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. It is unlikely that there will be an annual meeting of stockholders to elect new directors prior to the consummation of a business combination, in which case all of the current directors will continue in office at least until the consummation of the business combination. If there is an annual meeting, as a consequence of our staggered board of directors, only a minority of the board of directors will be considered for election and our initial stockholders, because of their ownership position, will have considerable influence regarding the outcome of such election. Accordingly, Ms. Frangou and our initial stockholders will continue to exert control at least until the consummation of a business combination.

The purchase by Amadeus Maritime S.A. of common stock in the aftermarket pursuant to the limit orders described above may support the market price of the common stock and/or warrants during the buyback period, and accordingly, the termination of the support provided by such purchases may materially and adversely affect the market price of the common stock and/or warrants.

Prior to the completion of our Initial Public Offering, Amadeus Maritime S.A., an affiliate of Angeliki Frangou, our chairman and chief executive officer, entered into an agreement with J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc., in accordance with Rule 10b5-1 under the Exchange Act, pursuant to which it will place limit orders to purchase any of our shares of common stock offered for sale (and not purchased by another investor) at or below a price equal to the per-share amount held in our Trust Account as reported in our initial preliminary proxy statement filed with the SEC relating to our initial business combination until the earlier of (1) the expiration of the buyback period or (2) the date such purchases reach $30.0 million in total. If the market does not view our initial business combination positively, these purchases may have the effect of counteracting the market s view of our initial business combination, which will otherwise be reflected by a decline in the market price of our securities. The termination of the support provided by these purchases during the buyback period may materially and adversely affect the market price of our securities.

We will be dependent upon interest earned on the Trust Account, which may not be sufficient to fund our search for a target business and consummation of a business combination, in which case we may be forced to borrow funds from Navios Holdings or others, or to liquidate.

Of the net proceeds of our Initial Public Offering and the Private Placement, only approximately $75,000, after estimated expenses related to our Initial Public Offering, are initially available to us outside the Trust Account to fund our working capital requirements. We are dependent upon sufficient interest being earned on the proceeds held in the Trust Account to provide us with the additional working capital we need to search for a target business and consummate a business combination. While we are entitled to up to a maximum of $3.0 million for such purpose, if interest rates are to decline substantially, we may not have sufficient funds available to provide us with the working capital necessary to consummate a business combination. In such event, we will need to borrow funds from Navios Holdings or others, or be forced to liquidate.

Our ability to effect a business combination successfully and to operate successfully thereafter will be dependent upon the efforts of our key personnel, some of whom may join us following a business combination and whom we would have only a limited ability to evaluate.

Our ability to effect a business combination successfully and to operate successfully thereafter will be dependent upon the efforts of our key personnel. The future role of our key personnel following a business combination, however, cannot be fully ascertained presently. Although we expect Angeliki Frangou, our chairman and chief executive officer, to remain associated with us following a business combination, it is possible that Ms. Frangou will not remain with the combined company after the consummation of a business combination. Thus, we may employ other personnel following the business combination. While we intend to scrutinize closely any additional individuals we engage after a business combination, we cannot assure you that our assessment of these individuals will prove to be correct. These individuals may be unfamiliar with the requirements of operating a public company, as well as United States securities laws, which could cause us to have to expend time and resources helping them become familiar with such laws. This could be expensive and time consuming, and could lead to various regulatory issues that hinder our operations.

Our officers and directors may allocate their time to other businesses, thereby causing conflicts of interest in their determination as to how much time to devote to our affairs. These conflicts could impair our ability to consummate a business combination.

Our officers and directors are not required to commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and other businesses. We do not intend to have any full time employees prior to the consummation of a business combination. All of our executive officers are engaged in several other business endeavors, including Ms. Frangou in her roles as chairman and chief executive officer of Navios Holdings and Navios Maritime Partners L.P., or Navios Partners, and are not obligated to contribute any specific number of hours per week to our affairs. Ted Petrone, our president and a member of our board of directors, and Ms. Frangou are each anticipated to devote approximately five to ten percent of their time per week to our business, which could increase significantly during periods of negotiation for business opportunities. However, if our executive officers other business affairs require them to devote more substantial amounts of time to such affairs, it could limit their ability to devote time to our affairs and could impair our ability to consummate a business combination. For a complete discussion of the potential conflicts of interest that you should be aware of with respect to Navios Holdings and Angeliki Frangou, see the section below entitled Conflicts of Interest. We cannot assure you that these conflicts will be resolved in our favor.

We may engage in a business combination with one or more target businesses that have relationships with entities that may be affiliated with us, Navios Holdings, or our executive officers or directors, which may raise potential conflicts of interest.

In light of our executive officers and directors involvement with Navios Holdings, we may decide to acquire a target business affiliated with us, Navios Holdings, or our executive officers or directors. Our executive officers and directors are not currently aware of any specific opportunities for us to consummate a business combination with any entities with which they or Navios Holdings are affiliated, and there have been no preliminary discussions concerning a business combination with any such entity or entities. Although we will not be specifically focusing on, or targeting, any transaction with any affiliated entities, we would pursue such a transaction if we determined that such affiliated entity met our criteria for a business combination as set forth in Business overview Effecting a business combination Selection of a target business and structuring of a business combination and such transaction was approved by a majority of our disinterested directors. Despite our agreement to obtain an opinion from an independent investment banking firm regarding the fairness to our stockholders from a financial point of view of a business combination with a target business affiliated with us, Navios Holdings or our executive officers or directors, potential conflicts of interest still may exist and, as a result, the terms of the initial business combination may not be as advantageous to our public stockholders as they would be absent any conflicts of interest.

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Our officers, directors and their affiliates currently are, and may in the future become, affiliated with entities engaged in business activities that are similar to those intended to be conducted by us, including Navios Holdings, and, accordingly, may have conflicts of interest in determining to which entity a particular business opportunity should be presented.

All of our officers and directors currently are, and may in the future become, affiliated with additional entities, including other shipping entities, such as Navios Holdings in the case of Ms. Frangou and Mr. Petrone, and Navios Partners in the case of Ms. Frangou, that are engaged in business activities similar to those intended to be conducted by us. In addition, each of the independent members of our board of directors is affiliated with an organization that provides services to shipping companies. Due to these existing affiliations, they may have fiduciary obligations to present potential business opportunities to those entities prior to presenting them to us, which could cause additional conflicts of interest. We will have the ability to acquire a target business that is in competition with and operates in the same business as Navios Holdings or Navios Partners, subject to our right of first refusal agreement with such entities. In such case, there may be additional conflicts of interest between Navios Holdings, Navios Partners and us, including direct head to head competition for chartering and additional vessel acquisition opportunities, and otherwise. For a complete discussion of our management s business affiliations and the potential conflicts of interest that you should be aware of, see the section below entitled Conflicts of Interest. We cannot assure you that these conflicts will be resolved in our favor or that a potential target business would not be presented to another entity prior to its presentation to us.

Our initial stockholders beneficially own shares of our common stock that will not participate in liquidating distributions and therefore our executive officers and directors may have a conflict of interest in determining whether a particular target business is appropriate for a business combination.

Our initial stockholders have waived their right to receive distributions upon our liquidation if we fail to consummate a business combination, with respect to the shares of common stock included in the sponsor units they own. The shares of common stock and warrants included in the Sponsor Units and the Private Placement warrants owned by our initial stockholders will be worthless if we do not consummate a business combination. Angeliki Frangou, our chairman and chief executive officer, has a 19% beneficial interest in Navios Holdings and is also its chairman and chief executive officer. Accordingly, the financial interests of our executive officers and directors may influence their motivation in identifying and selecting a target business and timely consummating a business combination. Consequently, the discretion of those executive officers and directors in identifying and selecting a suitable target business may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in our stockholders best interest.

Our directors and officers interests in obtaining reimbursement for any out-of-pocket expenses incurred by them, as well as the potential for entering into consulting agreements with the post-combination business, may lead to a conflict of interest in determining whether a particular target business is appropriate for a business combination and in the public stockholders best interest.

Our directors and officers will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount of available proceeds not deposited in the Trust Account and the amount of interest income from the Trust Account, net of income taxes on such interest, of up to a maximum of $3.0 million, unless the business combination is consummated. These amounts were based on management s estimates of the funds needed to fund our operations for the 24 months following our Initial Public Offering and consummate a business combination. Those estimates may prove to be inaccurate, especially if a portion of the available proceeds is used to make a down payment in connection with business combination or pay exclusivity or similar fees or if we expend a significant portion in pursuit of an acquisition that is not consummated. In addition, it is possible that members of management may enter into consulting agreements with the post-combination business as part of the business combination. The financial interest of our directors and officers could influence their motivation in selecting a target business or negotiating with a target business in connection with a proposed business combination and thus, there may be a conflict of interest when determining whether a particular business combination is in the stockholders best interest.

Each of our independent directors will be entitled to receive $50,000 compensation annually upon the successful consummation of a business combination and, therefore, they may be faced with a conflict of interest when determining whether a particular target business is appropriate for a business combination and in the public stockholders best interest.

Each of our independent directors will be entitled to receive $50,000 in cash per year for their board service, accruing *pro rata* from the respective start of their service on our board of directors and payable only upon the successful consummation of a business combination. The financial interest of our directors could negatively affect their independence and influence their motivation in selecting a target business and thus, they may be faced with a conflict of interest when determining whether a particular business combination is in our stockholders best interest. If conflicts arise, they may not necessarily be resolved in our favor.

Our chairman and other directors may continue to serve on our board of directors following the consummation of a business combination and may be paid fees for such services. Thus, such financial interest may influence their motivation and they may be faced with a conflict of interest when determining whether a particular business combination is in our stockholders best interest.

Because it is possible that our chairman and one or more of our directors may continue to serve on our board of directors after the consummation of our initial business combination, and such individuals may be paid fees for their services, the financial interest of such individuals may influence their motivation when determining whether a particular business combination is in our stockholders best interest and securing payment of such fees. Thus, they may be faced with a conflict of interest when determining whether a particular business combination is in our stockholders best interest. If conflicts arise, they may not necessarily be resolved in our favor.

Since our initial stockholders, including Navios Holdings, will lose their entire investment in us if a business combination is not consummated, and Navios Holdings may be required to pay costs associated with our liquidation, our initial stockholders might purchase shares of our common stock from stockholders who would otherwise choose to vote against a proposed business combination or exercise their conversion rights in connection with such business combination.

Our initial stockholders own Sponsor Units that will be worthless if we do not consummate a business combination. The actual per unit value of the Sponsor Units would be less than $10.00, because unlike the shares of our common stock held by our public stockholders, the Sponsor Units are restricted and may not be transferred until 180 days after the consummation of our initial business combination. In addition, on July 1, 2008, Navios Holdings purchased warrants in the Private Placement which will also be worthless if we do not consummate a business combination. We believe the current equity value for the Sponsor Units is significantly lower than the $10.00 per unit offering price because the holder of these units will not be able to sell or transfer them while such Sponsor Units remain in escrow, except in certain limited circumstances (such as transfers to entities controlled by Navios Holdings or Angeliki Frangou, or, in the case of individuals, family members and trusts for estate planning purposes) and these Sponsor Units are not entitled to any proceeds in case we liquidate if we do not consummate a business combination. In addition, in the event we are forced to liquidate, Navios Holdings has agreed to advance us the entire amount of the funds necessary to complete such liquidation and has agreed not to seek repayment for such expenses.

Given the interest that Navios Holdings has in a business combination being consummated, it is possible that it (and/or our officers and directors) will acquire securities from public stockholders who have elected to redeem their shares of our common stock in order to change their vote and insure that the business combination will be approved (which could result in a business combination being approved even if, after the announcement of the business combination, 40% or more of our public stockholders would have elected their conversion rights, or a majority of the shares of common stock voted by the public stockholders would have

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voted against the business combination, but for the purchases made by Navios Holdings (and/or our officers and directors)).

It is probable that our initial business combination will be with a single target business, which may cause us to be solely dependent on a single business and to provide only a limited number of services, thereby preventing us from diversifying our operations, spreading risks or offsetting losses.

Our initial business combination must be with a target business with a collective fair market value of at least 80% of our net assets (excluding deferred underwriting discounts and commissions held in the Trust Account) at the time of such business combination. Consequently, it is probable that, unless the purchase price consists substantially of our equity, we will have the ability to consummate only the initial business combination with the proceeds of our Initial Public Offering. Accordingly, the prospects for our success may be:

- solely dependent upon the performance of a single business; or

- dependent upon the development or market acceptance of a single or limited number of services.

In this case, we will not be able to diversify our operations or benefit from the possible spreading of risks or offsetting of losses, unlike other entities that may have the resources to consummate several business combinations in different industries or different areas of a single industry. Further, the prospects for our success may be entirely dependent upon the future performance of the initial target business that we acquire.

While it is possible that we may attempt to effect our initial business combination with more than one target business simultaneously, such simultaneous acquisition entails certain risks that may require us to limit our acquisition to one target business.

We may not be able to acquire more than one target business because of various factors, including possible complex accounting issues, which would include generating pro forma financial statements reflecting the operations of several target businesses as if they had been combined, and numerous logistical issues, which could include attempting to coordinate the timing of negotiations, proxy statement disclosure and closings with multiple target businesses. In addition, we would also be exposed to the risk that conditions to closings with respect to the acquisition of one or more of the target businesses would not be satisfied, bringing the fair market value of the initial business combination below the required fair market value of 80% of our net assets threshold. Accordingly, while it is possible that we may attempt to effect our initial business combination with more than one target business, we are more likely to choose a single target business if deciding between one target business meeting such 80% threshold and comparable multiple target business candidates collectively meeting the 80% threshold.

We may be unable to obtain additional financing, if required, to consummate a business combination or to fund the operations and growth of the target business, which could compel us to restructure the transaction or abandon a particular business combination.

As we have not yet identified any prospective target business, we cannot ascertain the capital requirements for any particular transaction. If the net proceeds of our Initial Public Offering and the Private Placement prove to be insufficient, either because of the size of the business combination or the depletion of the available net proceeds not held in the Trust Account (including interest earned on the Trust Account released to us) in search of a target business, or because we become obligated to convert into cash a significant number of shares from dissenting stockholders, we will be required to seek additional financing. We have not taken any action with respect to additional financing, nor can we assure you that such financing would be available on acceptable terms, if at all. To the extent that additional financing proves to be unavailable when needed to consummate a particular business combination, we would be compelled to restructure the transaction or abandon that particular business combination and seek an alternative target business candidate. In addition, if we consummate a business combination, we may require additional financing to fund the operations or growth of the target business. The failure to secure additional financing could impair the continued development or growth of the target business. None of our officers, directors or stockholders is required to provide any financing to us in connection with or after a business combination.

As we seek to consummate an initial business combination and to develop our business, we will need to improve our operations and financial systems, staff, and crew; if we cannot improve these systems or recruit suitable employees, we may not effectively control our operations.

Our initial operating and financial systems may not be adequate as we implement our plan to consummate an initial business combination and to develop our business, and our attempts to improve these systems may be ineffective. If we are unable to operate our financial and operations systems effectively or to recruit suitable employees as we expand our operations, we may be unable to effectively control and manage the substantially larger operation.

Although it is impossible to predict what errors might occur as the result of inadequate controls, it is the case that it is harder to oversee a sizable operation than a small one and, accordingly, more likely that errors will occur as operations grow and that additional management infrastructure and systems will be required to attempt to avoid such errors.

If we were to acquire vessels or a business with agreements to purchase individual vessels, we may be subject to risks that result from being a start-up maritime transportation and logistics business.

If we were to acquire vessels or a business with agreements to purchase individual vessels, we may be subject to risks that result from being a start-up maritime transportation and logistics business. Such risks could potentially include the dependence on third parties for the commercial and technical management of the vessels, including crewing, maintenance and repair, supply provisioning, freight invoicing and chartering. We may not be able to quickly develop the infrastructure and hire the seafarers and shore-side administrative and management personnel necessary to manage and operate our business effectively if we acquire vessels instead of an operating business. In addition, we might have to begin our operations without advance bookings of charters, which could lead such vessels initially to have a higher than industry standard number of idle days until such time as we establish business relations.

Management services relating to a target business vessels may be performed by Navios Holdings, which could result in potential conflicts of interest.

If we consummate a business combination that involves the acquisition of vessels, we may engage the services of Navios Holdings to provide technical and management services relating to the operation of such vessels. Navios Holdings may receive fees and commissions on gross revenue received by us in respect of each vessel managed, a commission on the gross sale or purchase price of vessels that we purchase or sell, and a commission on all insurance placed. In light of the foregoing, there may be a conflict of interest in selecting between our interests and those of Navios Holdings.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on our ability to obtain financing required to acquire vessels or new businesses. Furthermore, such a disruption would adversely affect our results of operations, financial condition and cash flows.

The United States and other parts of the world are exhibiting deteriorating economic trends and are currently in a recession. For example, the credit markets worldwide and in the U.S. have experienced significant contraction, de-leveraging and reduced liquidity, and the U.S. federal government, state governments and foreign governments have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws.

Recently, a number of financial institutions have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. The uncertainty surrounding the future of the credit markets in the U.S. and the rest of the world has resulted in reduced access to credit worldwide. Because we may cover all or a portion of the cost of vessel or business acquisitions with debt financing, such uncertainty may hamper our ability to finance vessel or new business acquisition.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in certain securities markets, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate in the U.S. and worldwide may adversely affect our business or impair our ability to borrow amounts under any future financial arrangements. The current market conditions may last longer than we anticipate. These recent and developing economic and governmental factors may have a material adverse effect on our results of operations, financial condition or cash flows.

Risks Associated with the Marine Transportation and Logistics Industries

If charter rates fluctuate and the shipping industry continues to undergo cyclical turns, it may reduce our profitability and operations.

The marine transportation and logistics industries have been cyclical in varying degrees, with the shipping business experiencing significant fluctuations in charter rates, profitability and, consequently, vessel values. Contraction in demand for imported commodities such as iron ore or coal, as a result of economic downturns or changes in government policies in certain regional markets, could depress vessel freight rates, as well as the general demand for vessels. A decline in demand for, and level of consumption of, refined petroleum products could cause demand for tank vessel capacity and charter rates to decline. We anticipate that future demand for any carriers we may acquire and the related charter rates will be dependent upon continued demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand, and changes to the capacity of the world fleet. The capacity of the world fleet seems likely to increase, and there can be no assurance that economic growth will continue. Adverse economic, political, social or other developments could decrease demand and growth in the shipping industry and thereby reduce revenue significantly. A decline in demand for commodities transported in maritime carriers or an increase in supply of vessels could cause a significant decline in charter rates, which could materially adversely affect our results of operations and financial condition. The demand for vessels, in general, has been influenced by, among other factors:

- global and regional economic conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather and crop yields;
- armed conflicts and terrorist activities;
- political developments; and
- embargoes and strikes.

The supply of shipping capacity is also a function of the delivery of new vessels and the number of older vessels scrapped, in lay-up, converted to other uses, reactivated or removed from active service. Supply may also be affected by maritime transportation and other types of governmental regulation, including that of international authorities. These and other factors may cause a decrease in the demand for the services we may ultimately provide or the value of the vessels we may own and operate, thereby limiting our ability to operate successfully any prospective target business with which we may ultimately consummate a business combination.

The marine transportation and logistics industries are subject to seasonal fluctuations in demand and, therefore, may cause volatility in our operating results.

The marine transportation and logistics industries have historically exhibited seasonal variations in demand and, as a result, in charter hire rates. This seasonality may result in quarter-to-quarter volatility in our operating results. The tanker and dry bulk carrier markets are typically stronger in the fall and winter months in anticipation of increased consumption of oil, coal and other raw materials in the northern hemisphere. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. As a result, revenues are typically weaker during the fiscal quarters ended June 30 and September 30, and, conversely, typically stronger in fiscal quarters ended December 31 and March 31. Our operating results, therefore, may be subject to seasonal fluctuations.

If we were to acquire vessels or a business with agreements to purchase individual vessels, it is highly unlikely that proxy materials provided to our stockholders would include historical financial statements and, accordingly, investors will not have historical financial statements on which to rely in making their decision whether to vote for the acquisition.

If we were to acquire vessels or a business with agreements to purchase individual vessels, it is highly unlikely that the proxy statement we would send to stockholders would, unless otherwise required by applicable law and regulations, contain historical financial statements with respect to the operation of vessels. Although we would provide such historical financial statements if required by applicable law or regulations, such historical financial statements are not often required. Instead, the proxy statement we would send to our stockholders would include, among other matters: (i) historical and prevailing market rates for vessels on the basis of type, age and proposed employment; (ii) our expectations of future market trends and proposed strategy for employment of the vessels; (iii) our anticipated operational (overhead) expenses; and (iv) the valuation of the vessels as assets generally (i.e., whether they are new buildings or second-hand and the type of vessel), all of which, in turn, depend on the sector of the marine transportation and logistics industries in which we consummate such a business combination. Thus, you would not necessarily be able to rely on historical financial statements when deciding whether to approve a business combination involving the acquisition of vessels or a business with agreements to purchase individual vessels.

If we experienced a catastrophic loss and our insurance is not adequate to cover such loss, it could lower our profitability and be detrimental to operations.

The ownership and operation of vessels in international trade is affected by a number of risks, including mechanical failure, personal injury, vessel and cargo loss or damage, business interruption due to political conditions in foreign countries, hostilities, labor strikes, adverse weather conditions and catastrophic marine disaster, including environmental accidents and collisions. All of these risks could result in liability, loss of revenues, increased costs and loss of reputation. We intend to maintain insurance, consistent with industry standards, against these risks on any vessels and other business assets we may acquire upon consummation of a business combination. However, we cannot assure you that we will be able to insure against all risks adequately, that any particular claim will be paid out of our insurance, or that we will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Our insurers will also require us to pay certain deductible amounts, before they will pay claims, and insurance policies may contain limitations and exclusions, which, although we believe will be standard for the shipping industry, may nevertheless increase our costs and lower our profitability. Additionally, any increase in environmental and other regulations may also result in increased costs for, or the lack of availability of, insurance against the risks of environmental damage, pollution and other claims for damages that may be asserted against us. A catastrophic oil spill or marine disaster could exceed our insurance coverage. Our inability to obtain insurance sufficient to cover potential claims or the failure of insurers to pay any significant claims, could lower our profitability and be detrimental to our operations.

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If we acquire or charter any vessels, we will become subject to various laws, regulations and conventions, including environmental laws that could require significant expenditures both to maintain compliance with such laws and to pay for any uninsured environmental liabilities resulting from a spill or other environmental disaster.

The shipping business and vessel operation are materially affected by government regulation in the form of international conventions, national, state and local laws, and regulations in force in the jurisdictions in which vessels operate, as well as in the country or countries of their registration. Because such conventions, laws and regulations are often revised, we cannot predict the ultimate cost of complying with such conventions, laws and regulations, or the impact thereof on the fair market price or useful life of our vessels. Changes in governmental regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, may require us to make capital and other expenditures. In order to satisfy any such requirements we may be required to take any of our vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable us to operate our vessels profitably, particularly older vessels, during the remainder of their economic lives. This could lead to significant asset write-downs.

Additional conventions, laws and regulations may be adopted that could limit our ability to do business, require capital expenditures or otherwise increase our cost of doing business, which may materially adversely affect our operations, as well as the shipping industry generally. For example, in various jurisdictions are considering legislation has been enacted, or is under consideration, that would impose more stringent requirements on air pollution and other ship emissions, including emissions of greenhouse gases and ballast water discharged from vessels. We would be required by various governmental and quasi-governmental agencies to obtain certain permits, licenses and certificates with respect to our operations.

The operation of vessels is also affected by the requirements set forth in the International Safety Management (ISM) Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Currently, each of the vessels in our owned fleet is ISM Code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

For all vessels, including those that would be operated under our fleet, at present, international liability for oil pollution is governed by the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention. In 2001, the International Maritime Organization, or IMO, adopted the Bunker Convention, which imposes strict liability on shipowners for pollution damage and response costs incurred in contracting states as a result of caused by discharges, or threatened discharges of bunker oil from all classes of ships including dry bulk vessels. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended, or the 1976 Convention). The Bunker Convention became effective in contracting states on November 21, 2008. In non-contracting states, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

In the United States, the Oil Pollution Act of 1990, or OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from dry bulk vessels as well as cargo or bunker oil spills from tankers. The OPA affects all owners and operators whose vessels trade in the

United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone. Under the OPA, vessel owners, operators and bareboat charterers are responsible parties and

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are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In addition to potential liability under the OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred. For example, California regulates oil spills pursuant to California Government Code section 8670, et seq. These regulations prohibit the discharge of oil, require an oil contingency plan be filed with the state, require that the ship owner contract with an oil response organization and require a valid certificated of financial responsibility, all prior to the vessel entering state waters.

Outside of the United States, other national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention referred to above. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowner s intentional or reckless conduct. Certain states jurisdictions have ratified the IMO s Protocol of 1996, or the Protocol of 1996, to the 1976 Convention. The Protocol provides which for substantially increased the higher liability limits to apply in those jurisdictions than the limits set forth in the 1976 Convention. Finally, some jurisdictions are not a party to either the 1976 Convention or the Protocol of 1996, and, therefore, a shipowner s rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or seriously negligent pollution discharges by ships. The directive could result in criminal liability being incurred in circumstances where it would not be incurred under international law as set out in the International Convention for the Prevention of Pollution from Ships, or the MARPOL Convention. Criminal liability for an oil pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

If we acquire or charter any vessels, we will become subject to vessel security regulations and will incur costs to comply with recently adopted regulations and may be subject to costs to comply with similar regulations which may be adopted in the future in response to terrorism.

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea, or SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facilities Security, or ISPS Code. Among the various requirements are:

- on-board installation of automatic information systems, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate (ISSC) that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for any vessels we may acquire or charter to

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attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have significant financial impact on us.

The operation of ocean-going vessels entails the possibility of marine disasters including damage or destruction of a vessel due to accident, the loss of a vessel due to piracy or terrorism, damage or destruction of cargo and similar events that may cause a loss of revenue from affected vessels and damage our business reputation, which may in turn lead to loss of business.

The operation of ocean-going vessels entails certain inherent risks that may adversely affect our business and reputation, including:

- damage or destruction of vessel due to marine disaster such as a collision;
- the loss of a vessel due to piracy and terrorism;
- cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure and bad weather;
- environmental accidents as a result of the foregoing; and
- business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could substantially increase our costs. For instance, if any vessels we may acquire or charter suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease our revenues and earnings substantially, particularly if a number of vessels are damaged or drydocked at the same time. The involvement of any vessels we may acquire or charter in a disaster or delays in delivery or damages or loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business. If a business combination involves the ownership of vessels, such vessels could be arrested by maritime claimants, which could result in the interruption of business and decrease revenue and lower profitability.

Crew members, tort claimants, claimants for breach of certain maritime contracts, vessel mortgagees, suppliers of goods and services to a vessel, shippers of cargo and other persons may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages, and in many circumstances a maritime lien holder may enforce its lien by arresting a vessel through court processes. Additionally, in certain jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest not only the vessel with respect to which the claimant s lien has arisen, but also any associated vessel owned or controlled by the legal or beneficial owner of that vessel. If any vessel ultimately owned and operated by us is arrested, this could result in a material loss of revenues, or require us to pay substantial amounts to have the arrest lifted.

Governments could requisition vessels of a target business during a period of war or emergency, resulting in a loss of earnings.

A government could requisition a business   vessels for title or hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although a target business would be entitled to compensation in the event of a requisition of any of its vessels, the amount and timing of payment would be uncertain.

We may become subject to United States federal income taxation on our United States source shipping income, which would reduce our net income and impair our cash flow.

Due to the nature of the marine transportation and logistics industries, we expect to consummate a business combination with a target business outside of the United States, in which case we would seek to qualify under Section 883 of the United States Internal Revenue Code of 1986, as amended, or the Code, for an exemption from U.S. federal income tax on substantially all of our U.S.-source shipping income (if any). Under the Code, 50.0% of the gross shipping income of a vessel owning or chartering corporation that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S.-source shipping income. U.S.-source shipping income generally is subject to a 4.0% U.S. federal income tax without allowance for deduction or, if such U.S.-source shipping income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (the highest statutory rate presently is 35.0%) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings), unless that corporation qualifies for exemption from tax under Section 883 of the Code. We can give no assurance that we will qualify for the Section 883 exemption. In such case, our net income and cash flow will be reduced by the amount of such tax. The Section 883 exemption generally does not apply to income other than shipping income.

If we acquire a target business that charters vessels on the spot market (i.e., vessels chartered on a voyage basis or for periods of less than 12 months), it may increase our risk of doing business following the business combination.

We may consummate a business combination with a target business that involves the chartering of vessels on a spot charter basis. Spot charters are entered into as either voyage charters or short-term time charters of less than 12 months duration. Although dependence on spot charters is not unusual in the shipping industry, the spot charter market is highly competitive and spot charter rates are subject to significant fluctuations based upon available charters and the supply of and demand for seaborne shipping capacity. Although our focus on the spot charter market may enable us to benefit from strengthening industry conditions, should they occur, to do so we may be required to procure spot charter business consistently. We cannot assure you that spot charters will be available at rates that will be sufficient to enable us to operate our business profitably.

In addition, our dependence on the spot charter market may result in lower utilization of our vessels and, consequently, decreased profitability. We cannot assure you that rates in the spot charter market will not decline, that charters in the spot charter market will continue to be available or that our dependence on the spot charter market will not result in generally lower overall utilization or decreased profitability, the occurrence of any of which events could reduce our earnings and cause us to incur losses.

If a target business has or obtains a vessel that is of second-hand or older nature, it could increase our costs and decrease our profitability.

We believe that competition for employment of second-hand vessels may be intense. Additionally, second-hand vessels may carry no warranties from sellers with respect to their condition as compared to warranties from shipyards available for newly-constructed vessels, and may be subject to problems created by the use of their original owners. If we purchase any second-hand vessels, we may incur additional expenditures as a result of these risks, which may reduce our profitability.

While it will be our intention, if we acquire a target business in this area, to sell or retire our vessels before they are considered older vessels, under shipping standards, in the rare case where we continue to own and operate a vessel for a longer period, we could be faced with the additional expenditures necessary to maintain a vessel in good operating condition as the age of a vessel increases. Moreover, port-state authorities in certain jurisdictions may demand that repairs be made to this type of vessel before allowing it to berth at or depart a particular port, even though that vessel may be in class and in compliance with all relevant international maritime conventions. Should any of these types of problems or changes develop, income may be lost if a vessel goes off-hire and additional unforeseen and unbudgeted expenses may be incurred. If we choose to maintain any vessels past the age that we have planned, we cannot assure you that market conditions will justify expenditures with respect to any of the foregoing or enable us to operate these vessels profitably.

The economic slowdown in the Asia Pacific region has markedly reduced demand for shipping services and has decreased shipping rates, which adversely affect our results of operations and financial condition.

Currently, China, Japan, other Pacific Asian economies and India are the main driving force behind the development in seaborne dry bulk trades and the demand for dry bulk carriers. Reduced demand from such economies has driven decreased rates and vessel values. A further negative change in economic conditions in any Asian Pacific country, but particularly in China or Japan, as well as India, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects, by reducing demand and the resultant charter rates. In particular, in recent years, China has been one of the world s fastest growing economies in terms of gross domestic product. Furthermore, the economic slowdown in the United States, the European Union, and other countries may deepen the economic slowdown in China, among others. While the recent introduction of a $586.0 billion economic stimulus package by the Chinese government is designed in part, to increase consumer spending and reignite the steep growth China experienced before the recent downturn, it remains to be seen whether such a course of action by China will have the desired effect. Our financial condition and results of operations, as well as our future prospects, would likely be adversely affected by an economic downturn in any of these countries as such downturn would likely translate into reduced demand for shipping services and lower shipping rates industry-wide. As a result, our operating results would be further materially affected.

Because international maritime transportation and logistics businesses often generate most or all of their revenues in U.S. dollars but incur a portion of their expenses in other currencies, upon the consummation of an initial business combination, exchange rate fluctuations could cause us to suffer exchange rate losses thereby increasing expenses and reducing income.

Upon the consummation of an initial business combination, it is likely that we will engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions may be predominantly U.S. dollar denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our income. For example, for the year ended December 31, 2008, the value of the U.S. dollar increased by approximately 4.4% as compared to the Euro. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than U.S. dollar. As part of our overall risk management policy, we attempt to hedge these risks in exchange rate fluctuations from time to time. We may not always be successful in such hedging activities and, as a result, our operating results could suffer as a result of un-hedged losses incurred as a result of exchange rate fluctuations.

A failure to pass inspection by classification societies could result in any vessels we may acquire becoming unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessels for that period and a corresponding decrease in operating cash flows.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and SOLAS. A vessel must undergo an annual survey, an intermediate survey and a special survey. In lieu of a special survey, a vessel s machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel. If any vessel we acquire fails any annual survey, intermediate survey, or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until it was able to trade again.

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Item 4. Information on the Company

A. History and development of Navios Acquisition

General

Navios Acquisition was incorporated in the Republic of the Marshall Islands on March 14, 2008. The Company was formed to acquire through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination one or more assets or operating businesses in the marine transportation and logistics industries. Other than the completion of our Initial Public Offering, we have neither engaged in any operations nor generated significant revenue to date. We are considered to be in the development stage as defined in Statement of Financial Accounting Standards (SFAS) No. 7: *Accounting and Reporting By Development Stage Enterprises*, and we are subject to the risks associated with activities of development stage companies.

On March 18, 2008, Navios Holdings purchased an aggregate of 8,625,000 units, or the Sponsor Units, for an aggregate purchase price of $25,000 of which an aggregate of 290,000 were transferred to our officers and directors. Subsequently, on June 16, 2008, Navios Holdings agreed to return to us an aggregate of 2,300,000 Sponsor Units, which, upon receipt, we cancelled. Accordingly, the initial stockholders own 6,325,000 Sponsor Units. Each Sponsor Unit consists of one share of common stock and one warrant.

On July 1, 2008, we consummated our initial public offering of 25,300,000 units, referred to herein as the Initial Public Offering, including 3,300,000 units issued upon exercise of the underwriters over-allotment option at a price of $10.00 per unit in the offering. Each unit consists of one share of our common stock, $0.0001 par value per share, and one redeemable common stock purchase warrant. Each warrant will entitle the holder to purchase from us one share of common stock at an exercise price of $7.00 commencing on the later of (a) the completion of a business combination or (b) one year from the date of the final prospectus for the Initial Public Offering, and will expire five years from the date of the prospectus. The warrants will be redeemable at a price of $0.01 per warrant upon 30 days prior notice after the warrants become exercisable, only in the event that the last sale price of the common stock is at least $13.75 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given.

No warrants will be exercisable and we will not be obligated to issue shares of common stock unless at the time a holder seeks to exercise such warrant, a prospectus relating to the common stock issuable upon exercise of the warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, we have agreed to use our best efforts to meet these conditions and to maintain a current prospectus relating to the common stock issuable upon exercise of the warrants until the expiration of the warrants. However, if we do not maintain a current prospectus relating to the common stock issuable upon exercise of the warrants, holders will be unable to exercise their warrants. In no circumstance will we be required to settle any such warrant exercise for cash. If the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdiction in which the holders of the warrants reside, the warrants may have no value, the market for the warrants may be limited and the warrants may expire worthless.

Additionally, on July 1, 2008, Navios Holdings purchased 7,600,000 warrants from the Company at a price of $1.00 per warrant ($7.6 million in the aggregate) in a private placement, or the Private Placement, that occurred simultaneously with the completion of the Initial Public Offering. The proceeds from the Private Placement were added to the proceeds of the Initial Public Offering and placed in a trust account, or the Trust Account. If a business combination is not consummated within 24 months (or up to 36 months if our stockholders approve an extended period) after the date of the completion of the Initial Public Offering, the $7.6 million proceeds from the sale of the

Private Placement warrants will be part of the liquidating distribution to the public stockholders and the warrants will expire worthless. The Private Placement warrants are identical to the warrants included in the units sold in the Initial Public Offering except that: (i) the Private Placement warrants are subject to certain transfer restrictions until after the consummation of our initial business combination; (ii) the Private Placement warrants may be exercised on a cashless basis, while the warrants included in the units sold in the Initial Public Offering cannot be exercised on a cashless basis; (iii) the Private Placement warrants are not redeemable by us so long as they are held by Navios Holdings or its permitted transferees; and (iv) none of the Private Placement warrants purchased by Navios Holdings will be transferable or salable, except to another entity controlled by Navios Holdings, which will be subject to the same transfer restrictions until after a business combination is consummated. We do not believe that the sale of the Private Placement warrants resulted in the recognition of any stock-based compensation expense, as we believe that the Private Placement warrants were sold at or above fair value.

Proceeds of $250,770,000 from the Initial Public Offering and the Private Placement were placed in the Trust Account maintained by Continental Stock Transfer and Trust Company, as trustee and invested in U.S. government debt securities, or U.S. Treasury Bills. Our agreement with the trustee requires that the trustee will invest and reinvest the proceeds in the Trust Account only in United States government debt securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less, or in money market funds meeting the conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Except with respect to interest income that may be released to us (i) up to $3,000,000 to fund working capital requirements and (ii) any additional amounts needed to pay our income and other tax obligations, the proceeds will not be released from the Trust Account until the earlier of the completion of a business combination or liquidation, or for payments with respect to shares of common stock converted in connection with the vote to approve an extension period. The proceeds held in the Trust Account may be used as consideration to pay sellers of a target business or businesses with which we complete a business combination. Any amounts not paid as consideration to the sellers of the target business (excluding taxes and amounts permitted to be disbursed for expenses as well as the amount held in the Trust Account representing deferred underwriting discounts and commissions), may be used to finance operations of the target business.

B. Business overview

Introduction

Navios Acquisition was formed to acquire through a merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination one or more assets or operating businesses in the marine transportation and logistics industries. We have selected December 31st as our fiscal year end. To date, our efforts have been limited to organizational activities, our Initial Public Offering and the search for and negotiations with potential target businesses for a business combination. As of the date of this filing, we have not acquired any business operations and have no operations generating revenue.

We will seek to capitalize on the substantial investing and operating expertise of our management team. Our executive officers and directors have extensive experience in the international marine transportation and logistics industries. We intend to leverage this experience in connection with our efforts to identify a prospective target business.

We intend to focus primarily on a target business in the marine transportation and logistics industries including, without limitation, tankers, liquefied natural gas, and liquefied petroleum gas, containers and logistics sectors. We may acquire assets directly or indirectly through the purchase of businesses. We may also acquire service businesses, including companies that provide technical or commercial management or other services to one or more segments of the marine transportation and logistics industries.

We have identified the following general criteria that we believe are important in evaluating a prospective target business. We will use these criteria in evaluating acquisition opportunities, but we may decide to enter into a business combination with a target business that does not meet these criteria.

Fundamentally strong business. We will seek to acquire a business that operates within a sector that has strong fundamentals, looking at factors such as growth prospects, competitive dynamics, level of consolidation, need for capital investment and barriers to entry. We will seek to acquire a fundamentally strong business that may have been mismanaged or undermanaged. For example, we will focus on businesses that have demonstrable advantages when compared to their competitors, which may help to protect profitability or deliver strong free cash flow under multiple market conditions.

Potential for increased profitability or strong free cash flow generation. We will seek to acquire a business that has the potential to improve profitability significantly either through improvement to the balance sheet, improvement to operations, or via adding new management. We may also seek to acquire a business that has the potential to generate strong and stable free cash flow. We will focus on businesses that have known working capital and capital expenditure requirements. We may also seek to leverage this cash flow prudently to enhance stockholder value.

Reduced expenses. We will search for a business with the potential to reduce operating expenses through, among other things, improved technical or commercial management, increased efficiencies from improved operations or asset mix, or via adoption of next generation technology.

Expansion opportunities. We will search for a business with opportunities to expand its businesses into related areas by, among other things, making strategic acquisitions in new businesses or adopting innovative marketing practices, repositioning itself to attract new customers, and optimizing global expansion opportunities.

Competitive Strengths

We believe that we have the following competitive strengths:

Operating expertise

Our management team has over 50 years of experience owning, operating and growing successful businesses within the marine transportation and logistics industries. This experience includes all aspects of the business, including commercial and technical management, operations, engineering and finance. The management team s experience also includes identifying acquisition targets and realizing value from assets and businesses in different business cycles and sectors within the marine transportation and logistics industries.

We expect to leverage the significant operating expertise of our management team to identify, acquire and operate a business whose operations or balance sheet can be fundamentally improved and where there are opportunities for increased profitability. In addition, we believe that the experience of our management team may provide us with opportunities to recruit highly qualified executives.

While Navios Holdings does not have any contractual obligation to assist us in identifying a target business and completing a business combination, we may have access to certain resources of Navios Holdings, such as financial and accounting personnel, that may assist us in the process of evaluating potential acquisition targets. Due to the substantial investment in us by Navios Holdings, we would anticipate that such resources would be made available to us even though Navios Holdings is not obligated to provide such resources.

Brand Name

Navios Holdings business was established by the United States Steel Corporation in 1954, and we believe that it has built strong brand equity through over 50 years of working with raw materials producers, exporters, and industrial end-users. Navios Holdings long-standing presence in Asia has resulted in our management holding privileged relationships with many of the largest trading houses in Japan. We believe that the Navios brand name will provide us with a competitive advantage both in developing access to a target business and in operating any business ultimately acquired.

Track record

Another distinguishing feature that we believe provides a competitive advantage is the proven ability of our management to acquire and grow businesses. Angeliki Frangou, our chairman and chief executive officer, was also the chairman and chief executive officer of International Shipping Enterprises, Inc., or ISE, a blank check company that raised $196.65 million in December of 2004. In August of 2005, ISE acquired Navios

Holdings for $607.5 million. Today, Navios Holdings is a global and vertically integrated seaborne shipping company focused on the transport and transshipment of dry bulk commodities and is listed on the New York Stock Exchange under the symbol NM . We believe many target businesses will view the consummation of that business combination as a positive factor in considering whether to enter into a business combination with us.

Unique platform for deal generation

Navios Holdings is one of the world s largest independent dry bulk operators that uses industry specific expertise to generate and administer investment opportunities. We believe our relationship with Navios Holdings and its affiliates provides us with numerous benefits that are key to our long-term growth and success, including Navios Holdings expertise in commercial management, reputation within the shipping industry and network of strong relationships with many of the world s dry bulk raw material producers, agricultural traders and exporters, industrial end-users, shipyards, and shipping companies. This expertise and these relationships provide a unique platform for deal generation and allow access to a number of proprietary opportunities that would otherwise be unavailable to us. Our executive officers and directors have extensive experience in the shipping industry as leading managers, principals or directors of several prominent worldwide shipping companies. In addition, they collectively comprise a strong pool of expertise covering the key areas of shipping, with more than 100 years of total experience in sourcing, negotiating and structuring transactions in the shipping industry. We intend to leverage the industry experience of our executive officers, including their extensive contacts and relationships, by focusing our efforts on identifying a prospective target business in the shipping and related industries. We believe that Navios Holdings experience and extensive contacts in the marine transportation and logistics industries increases our ability to identify investment opportunities, conduct effective due diligence on potential target companies and to ultimately operate a business in our targeted marine transportation and logistics sectors.

Intense focus on operational due diligence

Our management team will employ an extensive technical and operations focused due diligence process that it believes will provide insight on key issues such as quality of assets and operations, business valuations, capital structures, strategic vision and capabilities of the acquisition target s management team. As a result, we believe we have certain analytical advantages and insights in the marine transportation and logistics industries when we evaluate potential business combination opportunities. During the due diligence phase, our management team will carefully evaluate prospective business targets to uncover key issues that will drive value or, as importantly, pose a significant risk (such as the quality of assets, contingent liabilities and environmental issues). We believe our management team s deep and diverse set of skills in management, operations and finance, together with our access to extensive mergers and acquisitions, legal, financing, restructuring, tax and accounting experience will enable us to avoid potential risks that other investors may not identify.

Status as a public company

We believe our structure will make us an attractive business combination partner to target businesses that are not public companies (although we have the flexibility to acquire a public company). As an existing public company, we offer a target business that is not itself a public company an alternative to the traditional initial public offering through a merger or other business combination. In this situation, the owners of the target business would exchange their shares of stock in the target business for shares of our stock or for a combination of shares of our stock and cash, allowing us to tailor the consideration to the specific needs of the sellers. Although there are various costs and obligations associated with being a public company, we believe non-public target businesses will find this method a more certain and cost effective method to becoming a public company than the typical initial public offering. In a typical initial public offering, there are additional expenses incurred in marketing, road show and public reporting efforts that are not expected to be present to the same extent in connection with a business combination with us.

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Financial position

With funds available net of proceeds held in the Trust Account, we offer a target business a variety of options such as creating a liquidity event for its owners, providing capital for the potential growth and expansion of its operations and strengthening its balance sheet by reducing its debt ratio. Because we are able to consummate a business combination using our cash, debt or equity securities, or a combination of the foregoing, we should have the flexibility to use the most efficient combination that will allow us to tailor the consideration to be paid to the target business to fit its specific needs. However, we have not taken any steps to secure third-party financing and there can be no assurance it will be available to us.

Our Relationship with Navios Holdings and Navios Partners

Our efforts in identifying a prospective target business will not be limited to a particular sector within the marine transportation and logistics industries,. We believe that by so focusing our search for target businesses, we can capitalize on the management and advisory resources of Navios Holdings in the maritime industry We believe our strategy of including target businesses within the dry bulk shipping sector will allow us to take advantage of opportunities, resulting from the market dislocation, which are outside the strategy and financial reach of our affiliates.

Our affiliates are:

> *Navios Holdings.* Navios Holdings is a global and vertically integrated seaborne shipping company that specializes in a wide range of dry bulk commodities, including iron ore, coal, and grain. Although Navios Holdings derives a small portion of its revenue from its logistics operations, most of Navios Holdings revenue and net income are from vessel operations, which are virtually exclusively in the dry bulk shipping sector. Navios Holdings policy for vessel operations has led Navios Holdings to time charter-out many of its vessels for short- to medium-term charters.
>
> *Navios Partners.* Navios Maritime Partners L.P., or Navios Partners, operates Capesize or Panamax dry bulk vessels that are chartered out for a minimum of three years. The Navios Partners , fleet currently consists of eight active Panamax vessels and one modern Capesize vessel. All of Navios Partners current vessels operate under long-term charters-out with an average length of approximately 4.2 years. Navios Partners has also contracted for one newbuild Capesize vessel that it has agreed to purchase from Navios Holdings upon delivery, which is expected to occur in June 2009. All of Navios Partners vessels are currently managed by Navios ShipManagement Inc.

As a controlled affiliate of Navios Holdings, we are subject to the omnibus agreement between Navios Holdings and Navios Partners that governs business opportunities within the dry bulk shipping sector. Under the omnibus agreement, Navios Holdings agreed (and agreed to cause its controlled affiliates, including us, to agree) to grant a right of first offer to Navios Partners for any Panamax or Capesize dry bulk vessel subject to a charter for three or more years that it acquires or may own. Accordingly, we would not be able to own any Panamax or Capesize dry bulk carriers with charters of three or more years without first obtaining the consent of Navios Partners. Navios Partners and its subsidiaries granted to Navios Holdings a similar right of first offer on any proposed sale, transfer or other disposition of any of its Panamax or Capesize dry bulk carriers and related charters or any of its dry bulk vessels that is not a Panamax or Capesize dry bulk vessel and related charters owned or acquired by it. To resolve this conflict of interest, we have entered into a right of first refusal agreement that grants us the first opportunity to consider any business opportunity outside of the dry bulk shipping sector. See Conflicts of Interest.

Upon a change of control of Navios Holdings or Navios Partners, the noncompetition and right of first offer provisions of the omnibus agreement, and hence our obligations thereunder, will terminate within a specified period of time after such change in control. Our obligations under the omnibus agreement will also be terminated whenever we are deemed no longer to be a controlled affiliate of Navios Holdings.

Because of the overlap between Navios Holdings, Navios Partners and us with respect to possible acquisitions under the terms of the omnibus agreement, we have entered into a business opportunity right of first refusal agreement, which provides that, commencing on the date of the prospectus related to our Initial

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Public Offering and extending until the earlier of the consummation of our initial business combination or our liquidation, we, Navios Holdings and Navios Partners will share business opportunities in the marine transportation and logistics industries as follows:

We will have the first opportunity to consider any business opportunities outside of the dry bulk shipping sector.

Navios Holdings will have the first opportunity to consider any business opportunities within the dry bulk shipping sector, with the exception of any Panamax or Capesize dry bulk carrier under charter for three or more years it might own.

Navios Partners has the first opportunity to consider any acquisition opportunity relating to any Panamax or Capesize dry bulk carrier under charter for three or more years.

Overview of the Marine Transportation and Marine Logistics Industries

The following is an overview of the marine transportation and marine logistics industries.

Marine Transportation

We will be looking to acquire a target business in the marine transportation sector. Marine transportation involves, but is not limited to, the following:

Container Sector

Container vessels transport finished goods that are shipped in containers. A container is an internationally standardized packing box for transport of cargo by road, rail or sea. The different sizes of containers have been fixed by the International Organization of Standardization. The twenty-foot container is the basic unit (referred to as TEU, or Twenty-foot Equivalent Units), which is 20 feet in length and can be loaded with 15 to 20 tons of cargo. The other standard size container is 40 feet in length, and is designated as a Forty-foot Equivalent Unit, or FEU. Such a container can carry up to 30 tons of cargo.

Container vessels are sized according to the number of containers that they can carry and whether the vessels can traverse the Panama Canal or Suez Canal. The four major container vessel categories, with reference to size, from smallest to largest, are as follows:

Panamax: Container vessels with cargo capacity typically from 2,500 up to approximately 5,000 TEU. They are constructed as the largest vessels capable of fitting through the Panama Canal (in terms of breadth and length).

Post-Panamax: Container vessels with cargo capacity typically from 4,500 up to approximately 10,000 TEU.

Suezmax: Container vessels with cargo capacity typically of 10,000 -12,000 TEU. They are constructed as the largest vessels capable of fitting through the Suez Canal (both in terms of breadth and draft, or the maximum depth below a vessel s waterline).

Post-Suezmax, or Malaccamax: These container vessels are currently in the design stage and are expected to exceed a capacity of 12,000 TEU. They will also be designed to travel through the Strait of Malacca, which is currently limited due to its draft restrictions.

In addition, container ships called ro-ro s (for roll-on, roll-off), which are equipped with shore-based ramp systems for loading and unloading, are used to ship containers. Ro-ro s are usually associated with shorter trade routes, as they are unable to carry the volume of crane-based container vessels. However, due to their flexibility and high speed, ro-ro s are frequently used in today s container markets. Various types of ro-ro vessels include ferries, cruise ferries and barges. A true ro-ro s ramps can serve all of the vessel s decks; otherwise, it is a hybrid vessel. New automobiles that are transported by ship around the world are often moved on a large type of ro-ro called a Pure Car Carrier (PCC) or Pure Car Truck Carrier (PCTC).

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Prices for individual vessels vary widely depending on the type, quality, age and expected future earnings.

Tanker Sector

The world tanker fleet is divided into two primary categories, crude oil and product tankers. Tanker charterers of wet cargoes will typically charter the appropriate sized tanker based on the length of journey, cargo size and port and canal restrictions. Crude oil tankers are typically larger than product tankers. The major tanker categories with reference to size are:

Very Large Crude Carriers, or VLCCs: Tanker vessels that are used to transport crude oil with cargo capacity typically 200,000 to 320,000 dwt that are more than 300 meters in length. VLCCs are highly automated and their advanced computer systems allow for a minimal crew. The majority of the world s crude oil is transported via VLCCs.

Suezmax: Tanker vessels with cargo capacity typically 120,000 to 200,000 dwt. These vessels are used in some of the fastest growing oil producing regions of the world, including oil coming from the Caspian Sea and West Africa. Suezmax tankers are the largest ships able to transit the Suez Canal with a full payload and are capable of both long and short haul voyages.

Aframax: Tanker vessels with cargo capacity typically 80,000 to 120,000 dwt. These tankers carry crude oil and serve various trade routes from short to medium distances, for example, from the North Sea to Western Europe, to the Baltic Sea and to East Coast of the United States. These vessels are able to enter a larger number of ports throughout the world as compared to the larger crude oil tankers.

Panamax: Tanker vessels with a cargo capacity typically between 60,000 and 100,000 dwt. Panamax vessels are used for various long distance trade routes, including those that traverse through the Panama Canal.

Handymax: Versatile vessels that are dispersed in various geographic locations throughout the world. Handymax vessels typically have cargo capacity of 35,000 to 60,000 dwt.

Handysize: Smaller tanker vessels with cargo capacity up to 35,000 dwt. These vessels are used mainly for regional voyages, are extremely versatile and can be used in smaller ports that lack infrastructure.

Product. As opposed to crude oil tankers, which are usually larger, product tankers typically have cargo capacities of less than 80,000 dwt. Product tankers are capable of carrying refined petroleum products, such as fuel oils, gasoline and jet fuel, as well as various edible oils, such as vegetable and palm oil. Chemicals, including ethanol and biofuels are carried in the smaller sizes of these vessels.

Chemical. Chemical tankers are specialized product tankers designed to transport chemicals in bulk. Ocean-going chemical tankers generally range from 5,000 to 40,000 dwt in size, which is considerably smaller than the average size of other tanker types due to the specialized nature of their cargoes and the size restrictions of the port terminals where they call to load and discharge. Chemical tankers normally have a series of separate cargo tanks that are either coated with specialized coatings such as phenolic epoxy or zinc paint, or made from stainless steel. The coating or cargo tank material determines what types of cargo a particular tank can carry; stainless steel tanks are required for aggressive acid cargoes such as sulphuric and phosphoric acid, while easier cargoes, for example, vegetable oil, can be carried in epoxy coated tanks. Chemical tankers often have a system for tank heating in order to maintain the viscosity of certain cargoes. This system typically consists of a boiler that pumps pressurized steam through heating coils to transfer heat into the cargo and circulate tank contents by convection. Cargo tanks are completely separated and can be loaded and emptied fully independently of the other cargo tanks. This enables a single tanker to load, transport and discharge separately a variety of chemicals.

Prices for individual vessels vary widely depending on the type, quality, age and expected future earnings.

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LNG Carrier Sector

LNG carriers transport liquefied natural gases, or LNG, internationally between liquefaction facilities and import terminals. After natural gas is transported by pipeline from production fields to a liquefaction facility, it is supercooled to a temperature of approximately negative 260 degrees Fahrenheit. This process reduces its volume to approximately 1/600th of its volume in a gaseous state. The reduced volume facilitates economical storage and transportation by vessels over long distances, enabling countries with limited natural gas reserves or limited access to long-distance transmission pipelines to meet their demand for natural gas. LNG carriers include a sophisticated containment system that holds and insulates the LNG so it maintains its liquid form. The LNG is transported overseas in specially built tanks on double-hulled ships to a receiving terminal, where it is offloaded and stored in heavily insulated tanks. In regasification facilities at the receiving terminal, the LNG is returned to its gaseous state (or regasified) and then shipped by pipeline for distribution to natural gas customers.

The LNG market includes private and state-controlled energy and utilities companies that generally operate captive fleets and independent ship owners and operators. Many major energy companies compete directly with independent owners by transporting LNG for third parties in addition to their own LNG. Given the complex, long-term nature of LNG projects, major energy companies historically have transported LNG through their captive fleets. However, independent fleet operators have been obtaining an increasing percentage of charters for new or expanded LNG projects as major energy companies have continued to divest their non-core businesses.

LPG Carrier Sector

LPG carriers are vessels that can transport liquid petroleum and petrochemical gases, as well as ammonia. Liquid petroleum gases, or LPG, are produced as a byproduct of crude oil refining and natural gas production, and are used primarily as fuel for transportation, residential and commercial heating and cooking, and as a feedstock for the production of petrochemicals. Petrochemical gases are used in the production of a vast array of chemicals and new production technologies that allow plastic to displace metal, cotton, wood and other materials in an increasing number of end-user products. LPG products are divided into three categories:

> Liquid petroleum gases, consisting mainly of butane and propane, are carried in fully-pressurized vessels. These gases are used for cooking, as fuel for cars, as fuel in refineries, as chemical feedstock for industrial and fuel at power plants and gas utilities.
>
> Petrochemical gases that are traded as butadiene, propylene and vinyl chloride monomer, and ethylene, which are carried in semi-refrigerated ships, since they require refrigeration to minus 104 degrees Celsius to be transported in liquefied form. These petrochemical gases are primarily used in the plastics manufacturing industry.
>
> Ammonia, which is carried in fully-refrigerated vessels, is mainly used in the fertilizer industry and as a feedstock in the petrochemical industry.

There are three main types of LPG carriers classified based on method of liquefaction:

> *Fully-pressurized carriers.* These carriers liquefy their cargoes at ambient temperatures under high pressure of up to 17 bar (kg/cm2), are generally small vessels of under 8,000 cubic meters, or cbm. The majority of these vessels are less than 5,000 cbm.
>
> *Semi-refrigerated carriers.* These carriers liquefy their cargoes under a combination of pressure and refrigeration to temperatures down to minus 48 degrees Celsius and pressure up to 9 bar (kg/cm2). Certain

semi-refrigerated carriers with gas plants are able to cool cargoes further to minus 104 degrees Celsius and are referred to as ethylene carriers. The majority of these vessels are less than 20,000 cbm.

Fully-refrigerated carriers. These carriers can liquefy their cargoes at or under their boiling temperatures down to approximately minus 48 degrees Celsius at atmospheric pressure with onboard compressors. These vessels are typically 22,000 cbm and larger and also carry clean petroleum products such as naphtha.

Dry Bulk Shipping Sector

Dry bulk vessels are used to transport commodities such as iron ore, minerals, grains, forest products, fertilizers, coking and steam coal. The dry bulk shipping sector can be divided into four major vessel categories with reference to size. We may explore acquisitions of a target business that is focused on these segments of the dry bulk shipping sector, including:

Capesize: The largest of the dry bulk carrier vessels, with typical cargo capacity over 100,000 deadweight tons, or dwt. Capesize vessels are used primarily for one-way voyages with cargoes consisting of iron ore and coal.

Panamax: The second largest of the dry bulk vessels, with cargo capacity typically between 60,000 and 100,000 dwt. Panamax vessels are used for various long distance trade routes, including those that traverse through the Panama Canal.

Handymax: Versatile vessels that are dispersed in various geographic locations throughout the world. Handymax vessels typically have cargo capacity of 35,000 to 60,000 dwt, and are primarily used to transport grains, forest products and fertilizers.

Handysize: The smallest of the dry bulk carrier vessels with cargo capacity up to 35,000 dwt. These vessels are used mainly for regional voyages, are extremely versatile and can be used in smaller ports that lack infrastructure.

Prices for individual vessels vary widely depending on the type, quality, age and expected future earnings.

Marine Logistics

We may also be looking to acquire a target business in the marine logistics sector. Marine logistics involves, but is not limited to, the following:

Port, Storage and Terminal Operations

These are service businesses related to marine cargo handling from the time cargo, for or from a vessel, arrives at shipside, dock, pier, terminal, staging area, or in-transit area until cargo loading or unloading operations are completed. These businesses are engaged in, among other activities, the development of the infrastructure of ports and specialized private berths, warehousing, logistic services and regulatory matters, including compliance with customs formalities.

River Barge Operations

These companies own river barges and pushboats to transport cargos across major river trading routes globally. The cargoes transported would include but not be limited to the following:

Liquid Cargo

Hydrocarbons (crude oil, gas oil, naphtas, fuel oil, JP1, etc.)

Vegetable oils

Liquefied Cargo

Liquefied Petroleum Gas (LPG)

Dry Cargo

Cereals (cotton pellets, soy bean, wheat, etc.)

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Limestone (clinker)

Mineral iron

Rolling stones

General Cargo Containers Special cargoes

Specialized Vessel Operations

These include fuel bunkers, supply vessels, service vessels and anchor handlers that perform various functions related to the supply and maintenance of offshore oil rigs. Also included are multipurpose vessels with heavy gear capacity to service containers and specialty cargoes such as for shipyards, oil refineries, modification requirements and the full range of steel products.

Offshore Supply Operations

These companies provide critical logistic and transportation services for offshore petroleum exploration and production companies. Typical opportunities in the offshore supply business would include companies/assets providing delivery of drilling supplies, fuels, water and food, movement of personnel, towing rigs to and from different locations, providing safety, emergency response and other general support functions for offshore construction projects.

Management Sector

Instead of acquiring a target business owning or operating vessels, we may seek to acquire service businesses engaged in, among other activities, operational management, brokerage, maintenance and technical support. Service businesses we may seek to acquire would typically be engaged in:

Technical management services, such as crew retention and training, maintenance, repair, capital expenditures, dry-docking, payment of vessel tonnage tax, maintaining insurance and other vessel operating activities; or

Commercial management services, such as finding employment for vessels, vessel acquisition and disposition, freight and charter hire collection, accounts control, appointment of agents, bunkering and cargo claims handling and settlements.

We may also seek to acquire a target business actively engaged in the contract of affreightment, or COA, market. A COA is a service contract under which a vessel owner agrees to transport multiple cargoes, at a specified rate per ton, between designated loading and discharge ports. A COA does not designate any particular vessel but does require a specified amount of cargo to be carried during the term of the COA, which usually spans a number of months or years. A COA arrangement also provides flexibility in that both the contract and the cargo may also be re-let to other parties, allowing the COA holder effectively to trade its paper contract as well as the cargo subject to such contract.

Governmental and other Regulations

Sources of applicable rules and standards

Shipping is one of the world s most heavily regulated industries, and it is also subject to many industry standards. Government regulation significantly affects the ownership and operation of vessels. These regulations consist mainly of rules and standards established by international conventions, but they also include national, state, and local laws and regulations in force in jurisdictions where vessels may operate or are registered, and which are commonly more stringent that international rules and standards. This is the case particularly in the United States and, increasingly, in Europe.

A variety of governmental and private entities subject vessels to both scheduled and unscheduled inspections. These entities include local port authorities (the U.S. Coast Guard, harbor masters or equivalent entities), classification societies, flag state administration (country vessel of registry), state and local governmental pollution control agencies and charterers, particularly terminal operators. Certain of these entities require vessel owners to obtain permits, licenses, and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

Heightened levels of environmental and quality concerns among insurance underwriters, regulators, and charterers continue to lead to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. Vessel owners are required to maintain operating standards for all vessels that will emphasize operational safety, quality maintenance, continuous training of officers and crews and compliance with U.S. and international regulations.

International Environmental Regulations

The International Maritime Organization, or IMO, has negotiated a number of international conventions concerned with preventing, reducing or controlling pollution from ships. These fall into two main categories, one consisting of those concerned generally with ship safety standards, and the other of those specifically concerned with measures to prevent pollution.

Ship safety regulation

In the former category the primary international instrument is the Safety of Life at Sea Convention 1974, as amended, (SOLAS), together with the regulations and codes of practice that form part of its regime. Much of SOLAS is not directly concerned with preventing pollution, but some of its safety provisions are intended to prevent pollution as well as promote safety of life and preservation of property. These regulations have been and continue to be regularly amended as new and higher safety standards are introduced with which we are required to comply.

An amendment of SOLAS introduced the International Safety Management (ISM) Code, which has been effective since July 1998. Under the ISM Code the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel s management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by the respective flag state for the vessel, under the ISM Code. Noncompliance with the ISM Code and other IMO regulations may subject a shipowner to increased liability, may lead to decreases in available insurance coverage for affected vessels, and may result in the denial of access to, or detention in, some ports. For example, the U.S. Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in ports in the United States and European Union.

Another amendment of SOLAS, made after the terrorist attacks in the United States on September 11, 2001, introduced special measures to enhance maritime security, including the International Ship and Port Facilities Security (ISPS) Code. Our owned fleet should maintain ISM and ISPS certifications for safety and security of operations.

Regulations to prevent pollution from ships

In the secondary main category of international regulation the primary instrument is the International Convention for the Prevention of Pollution from Ships, or MARPOL, which imposes environmental standards on the shipping industry set out in Annexes I-VI of the Convention. These contain regulations for the prevention of pollution by oil

(Annex I), by noxious liquid substances in bulk (Annex II), by harmful substances in packaged forms within the scope of the International Maritime Dangerous Goods Code (Annex III), by sewage (Annex IV), by garbage (Annex V), and by air emissions (Annex VI).

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These regulations have been and continue to be regularly amended as new and higher standards of pollution prevention are introduced with which we are required to comply.

For example, MARPOL Annex VI, together with the NOx Technical Code established thereunder, sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. It also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. Originally adopted in September 1997, Annex VI came into force in May 2005 and was amended in October 2008 (as was the NOx Technical Code) to provide for progressively more stringent limits on such emissions from 2010 onwards. These regulations are enforced by the member states. We anticipate incurring costs in complying with these more stringent standards.

Greenhouse Gas Emissions

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the greenhouse gas emissions from international shipping do not come under the Kyoto Protocol. The European Union confirmed in April 2007 that it plans to expand the European Union emissions trading scheme by adding vessels. In the United States (which did not join the Kyoto Protocol), the California Attorney General and a coalition of environmental groups petitioned the U.S. Environmental Protection Agency, or EPA, in October 2007 to regulate greenhouse gas emissions from ocean-going ships under the Clean Air Act. While the petition was originally denied, the new EPA administration is reconsidering the petition in its entirety. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, or individual countries where we operate that restrict emissions of greenhouse gases from vessels could require us to make significant financial expenditures we cannot predict with certainty at this time.

Other international regulations to prevent pollution

In addition to MARPOL other more specialized international instruments have been adopted to prevent different types of pollution or environmental harm from ships. In February 2004, the IMO adopted an International Convention for the Control and Management of Ships Ballast Water and Sediments, or the BWM Convention. The BWM Convention s implementing regulations call for a phased introduction of mandatory ballast water exchange requirements (beginning in 2009), to be replaced in time with mandatory concentration limits. The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world s merchant shipping. To date, there has not been sufficient adoption of this standard by governments that are members of the convention for it to take force. Moreover, the IMO has supported deferring the requirements of this convention that would first come into effect on December 31, 2011, even if it were to be adopted earlier.

European regulations

European regulations in the maritime sector are in general based on international law. However, since the *Erika* incident in 1999, the European Community has become increasingly active in the field of regulation of maritime safety and protection of the environment. It has been the driving force behind a number of amendments of MARPOL (including, for example, changes to accelerate the time-table for the phase-out of single hull tankers, and to prohibit the carriage in such tankers of heavy grades of oil), and if dissatisfied either with the extent of such amendments or with the time-table for their introduction it has been prepared to legislate on a unilateral basis. In some instances where it has done so, international regulations have subsequently been amended to the same level of stringency as that introduced in Europe, but the risk is well established that EU regulations may from time to time impose burdens and costs on shipowners and operators which are additional to those involved in complying with international rules and standards.

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In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment of international law. Notably it adopted in 2005 a directive on ship-source pollution, imposing criminal sanctions for pollution not only where this is caused by intent or recklessness (which would be an offence under MARPOL), but also where it is caused by serious negligence . The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law. Experience has shown that in the emotive atmosphere often associated with pollution incidents, retributive attitudes towards ship interests have found expression in negligence being alleged by prosecutors and found by courts on grounds which the international maritime community has found hard to understand. Moreover there is skepticism that the notion of serious negligence is likely to prove any narrower in practice than ordinary negligence. Criminal liability for a pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

United States Environmental Regulations and laws governing civil liability for pollution

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which shipowners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution. Additionally, pursuant to the federal laws, each state may enact more stringent regulations, thus subjecting shipowners to dual liability. Notably, California has adopted regulations that parallel most, if not all of the federal regulations explained below. We intend to comply with all applicable state regulations in the ports where our vessels call.

U.S. federal legislation, including notably the Oil Pollution Act of 1990, or OPA 90, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from dry bulk vessels as well as cargo or bunker oil spills from tankers. OPA 90 affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone. Under OPA 90, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In addition to potential liability under OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred. For example, California regulates oil spills pursuant to California Government Code section 8670, et seq. These regulations prohibit the discharge of oil, require an oil contingency plan be filed with the state, require that the shipowner contract with an oil response organization and require a valid certificated of financial responsibility, all prior to the vessel entering state waters.

Title VII of the Coast Guard and Maritime Transportation Act of 2004, or the CGMTA, amended OPA to require the owner or operator of any non-tank vessel of 400 gross tons or more, that carries oil of any kind as a fuel for main propulsion, including bunkers, to prepare and submit a response plan for each vessel on or before August 8, 2005. Prior to this amendment, these provisions of OPA applied only to vessels that carry oil in bulk as cargo. However, before the federal requirements took effect, many of the individual states had previously adopted requirements for response plans for both non-tank and vessels. The vessel response plans must include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of ore from the vessel due to operational activities or casualties. OPA 90 had historically limited liability of responsible parties to the greater of $600 per gross ton or $0.5 million per containership that is over 300 gross tons (subject to possible adjustment for inflation). Amendments to OPA which came into effect on July 11, 2006 increased the liability limits for responsible parties for any vessel other than a tank vessel to $950 per gross ton or $0.8 million, whichever is greater.

These limits of liability do not apply if an incident was directly caused by violation of applicable United States federal safety, construction or operating regulations or by a responsible party s gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and

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assist in connection with oil removal activities. In addition, liability under some state laws do not include any limits, and thus, while limitation may be available under federal law, liability under state law is considered unlimited forcing a vessel owner or operator to first pay under state law and then possibly seek reimbursement from the federal government under the limitation provisions of OPA 90.

In addition, the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, which applies to the discharge of hazardous substances (other than oil) whether on land or at sea, contains a similar liability regime and provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of $300 per gross ton or $0.5 million for vessels not carrying hazardous substances as cargo or residue, unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

OPA requires owners and operators of all vessels over 300 gross tons, even those that do not carry petroleum or hazardous substances as cargo, to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under OPA. The U.S. Coast Guard has implemented regulations requiring evidence of financial responsibility in the amount of $900 per gross ton, which includes the OPA limitation on liability of $600 per gross ton and the CERCLA liability limit of $300 per gross ton for vessels not carrying hazardous substances as cargo or residue. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance or guaranty, through instruments known as Certificates of Financial Responsibility, or COFR. On February 6, 2008, the U.S. Coast Guard proposed amendments to the financial responsibility regulations to increase the required amount of such COFRs to $1,250 per gross ton to reflect the 2006 increases in limits on OPA 90 liability. The increased amounts will become effective 90 days after the proposed regulations are finalized.

Under OPA, an owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessel in the fleet having the greatest maximum liability under OPA. Under the self-insurance provisions, the shipowner or operator must have a net worth and working capital, measured in assets located in the United States against liabilities located anywhere in the world, that exceeds the applicable amount of financial responsibility. We would comply with the U.S. Coast Guard regulations by providing a certificate of responsibility from third-party entities that are acceptable to the U.S. Coast Guard evidencing sufficient self-insurance.

The U.S. Coast Guard s regulations concerning COFRs provide, in accordance with OPA, that claimants may bring suit directly against an insurer or guarantor that furnishes COFRs. In the event that such insurer or guarantor is sued directly, it is prohibited from asserting any contractual defense that it may have had against the responsible party and is limited to asserting those defenses available to the responsible party and the defense that the incident was caused by the willful misconduct of the responsible party. Certain organizations that had typically provided COFRs under pre-OPA laws, including the major protection and indemnity organizations, have declined to furnish evidence of insurance for vessel owners and operators if they are subject to direct actions or required to waive insurance policy defenses. This requirement may have the effect of limiting the availability of the type of coverage required by the U.S. Coast Guard and could increase our costs of obtaining this insurance as well as the costs of our competitors that also require such coverage. In addition to these liabilities, the vessel owner or operator may incur the costs of response and clean-up, as well as damages to natural resources.

The United States Clean Water Act, or the Clean Water Act, prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under CERCLA. Pursuant to regulations promulgated by the EPA, in the early 1970s, the discharge of sewage and effluent from properly functioning marine engines was exempted from the permit requirements of the

National Pollution Discharge Elimination System. This exemption allowed vessels in U.S. ports to discharge certain substances, including ballast water, without obtaining a permit to do so. However, on March 30, 2005, a U.S. District Court for the Northern District of California granted summary judgment to certain environmental groups and U.S. states that had challenged the

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EPA regulations, arguing that the EPA exceeded its authority in promulgating them. On September 18, 2006, the U.S. District Court issued an order invalidating the exemption in the EPA s regulations for all discharges incidental to the normal operation of a vessel and directing the EPA to develop a system for regulating all discharges from vessels by that date.

To comply with this court mandate, the EPA issued a final vessel general permit, or VGP, that establishes effluent discharge limits for 28 different vessel discharges. We are required to comply with the terms of the permit, including the including the state-specific conditions imposed by the individual states in certifying the permit. In addition, we will be required to file a notice of intent to continue operations under the VGP, or file for an individual permit. We would be required to install the necessary controls to meet these limitations and/or otherwise restrict our vessel traffic in U.S. waters. The installation, operation and upkeep of these systems increase the costs of operating in the United States and other jurisdictions where similar requirements might be adopted. In addition, states have enacted legislation or regulations to address invasive species through ballast water and hull cleaning management and permitting requirements

The Federal Clean Air Act, or the CAA requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels would be subject to CAA vapor control and recovery standards for cleaning fuel tanks and conducting other operations in regulated port areas and emissions standards for so-called Category 3 marine diesel engines operating in U.S. waters. The marine diesel engine emission standards are currently limited to new engines beginning with the 2004 model year. In November 2007, the EPA announced its intention to proceed with development of more stringent standards for emissions of particulate matter, sulfur oxides, and nitrogen oxides and other related provisions for new Category 3 marine diesel engines, consistent with the United States proposal to amend Annex VI of MARPOL described above. If these proposals are adopted and apply not only to engines manufactured after the effective date but also to existing marine diesel engines, we may incur costs to install control equipment on our vessels to comply with the new standards. The EPA has also been required pursuant to litigation, to regulate greenhouse gas emissions. The EPA has just begun the process and recently published the mandatory greenhouse gas reporting regulation. While these regulations currently require engine manufacturers to report engine emissions, the EPA has made it clear that they intend to continue gathering information on whether it should require engine operators to also report. The EPA may also adopt regulations near-term, to reduce emissions of greenhouse gases. These regulations would add to the operational and control equipment costs incurred in complying with criteria pollutant regulations.

On February 4, 2009, the U.S. Coast Guard issued a policy letter outlining the steps it will take to enforce MARPOL Annex VI, or the Annex. In addition to reviewing the certificates, fuels sales records and logs that the Annex VI requires, the U.S. Cost Guard intends to conduct onboard inspections of relevant systems, as well as take fuel samples. These increased inspection and sampling requirements may add cost to the current compliance costs for the Annex.

The last few years have seen an increase in air pollution regulations by U.S. state and local authorities applying to the shipping industry. California, in particular, has adopted regulations requiring the use of shoreside power for shipping fleets, banning incineration within local waters, requiring the use of low sulfur fuels, and proposals to reduce vessel speeds. These regulations impose standards and monitoring requirements on vessel owners and operators. These regulations require expenditures to add controls or operating methods as well as liabilities for noncompliance.

As noted above, in the United States, the California Attorney General and a coalition of environmental groups petitioned the EPA in October 2007 to regulate greenhouse gas emissions from ocean going ships under the CAA. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, or individual countries where we operate, including the U.S., that restrict emissions of greenhouse gases from vessels could require us to make significant financial expenditures the amount of which we cannot predict with certainty at this time.

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Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, MTSA came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect on July 1, 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created ISPS Code. Among the various requirements are:

- on-board installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;
- on-board installation of ship security alert systems;
- the development of vessel security plans; and
- compliance with flag state security certification requirements.

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels had on board, by July 1, 2004, a valid ISSC that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code.

International laws governing civil liability to pay compensation or damages

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunkers Convention, which imposes strict liability on shipowners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker oil. The Bunkers Convention defines bunker oil as any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil. The Bunkers Convention also requires registered owners of ships over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended, or the 1976 Convention). The Bunkers Convention entered into force on November 21, 2008, and in early 2009 it was in effect in 22 states. In other jurisdictions liability for spills or releases of oil from ships bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Outside the United States, national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowners intentional or reckless conduct. Some states have ratified the IMO s Protocol of 1976 to the 1976 Convention, which provides for liability limits substantially higher than those set forth in the 1976 Convention to apply in such states. Finally, some jurisdictions are not a party to either the 1976 Convention or the Protocol of 1996, and, therefore, shipowners rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Inspection by Classification Societies

Every sea going vessel must be classed by a classification society. The classification society certifies that the vessel is in class, signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel s country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes, on request, other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case or to the regulations of the country concerned. For maintenance of the class, regular and extraordinary surveys of hull, machinery (including the electrical plant) and any special equipment classed are required to be performed as follows:

Annual Surveys: For ocean-going ships, annual surveys are conducted for the hull and the machinery (including the electrical plant) and, where applicable, for special equipment classed, at intervals of 12 months from the date of commencement of the class period indicated in the certificate.

Intermediate Surveys: Extended annual surveys are referred to as intermediate surveys and typically are conducted two and a half years after commissioning and each class renewal. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

Class Renewal Surveys: Class renewal surveys, also known as special surveys, are carried out for the ship s hull, machinery (including the electrical plant), and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging, to determine the thickness of its steel structure. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a shipowner has the option of arranging with the classification society for the vessel s integrated hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle.

Effecting a business combination

General

We are not presently engaged in any substantive commercial business. We intend to utilize cash derived from the proceeds of our Initial Public Offering, our capital stock, debt or a combination of these in effecting a business combination. Although substantially all of the net proceeds of our Initial Public Offering are intended to be applied generally toward effecting a business combination, the proceeds are not otherwise being designated for any more specific purposes. Accordingly, investors will invest in us without an opportunity to evaluate the specific merits or risks of any one or more business combinations. A business combination may involve the acquisition of or merger with, a target business that does not need substantial additional capital but that desires to establish a public trading market for its shares, while avoiding what it may deem to be adverse consequences of undertaking a public offering itself. These include time delays, significant expense, loss of voting control and compliance with various federal and state securities laws. In the alternative, we may seek to consummate a business combination with a target business that may be financially unstable or in its early stages of development or growth or to begin operations by purchasing vessels, in which case we would be subject to the risks inherent in being a start-up business, although it is not our current intention to do so. While we may seek to effect business combinations with more than one target business, it is likely that initially we will have the ability to consummate only a single business combination, although this may entail the simultaneous acquisitions of several operating businesses at the same time.

We have not identified a target business

As mentioned above, to date, neither we nor Navios Holdings has selected any target business with which to seek a business combination with us. None of our officers, directors, promoters or other affiliates, including Navios Holdings, is currently engaged in discussions on our behalf with representatives of other companies regarding the possibility of a potential merger, capital stock exchange, asset acquisition, stock purchase or other similar business combination with us, nor have we, nor any of our agents or affiliates, including Navios

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Holdings, been approached by any candidates (or representative of any candidates) with respect to a possible business combination with us. Additionally, we have not engaged or retained any agent or other representative to identify or locate any suitable acquisition candidate for us. Neither we nor Navios Holdings has established any specific attributes or criteria (financial or otherwise) for our prospective target businesses except for those factors described below under Effecting a business combination Selection of a target business and structuring of a business combination. Finally, we note that there has been no diligence, discussions, negotiations and/or other similar activities undertaken, directly or indirectly, by Navios Holdings or us, our affiliates or representatives, or by any third party, with respect to a business combination transaction with us.

Subject to the limitation that a target business has a fair market value of at least 80% of our net assets (excluding deferred underwriting discounts and commissions held in the Trust Account) at the time of the acquisition, as described below in more detail, we will have virtually unrestricted flexibility in identifying and selecting a prospective acquisition candidate. Accordingly, there is no basis for investors in this offering to evaluate the possible merits or risks of the target business with which we may ultimately consummate a business combination. Although our management will endeavor to evaluate the risks inherent in a particular target business, we cannot assure you that we will properly ascertain or assess all significant risk factors.

Sources of target businesses

Our officers and directors, as well as their affiliates, may bring to our attention a target business that they become aware of through their business contacts. While our officers and directors make no commitment as to the amount of time they will spend trying to identify or investigate potential target businesses, they believe that the various relationships they have developed over their careers, together with direct inquiry, will generate a number of potential target businesses that will warrant further investigation. In no event will we pay any of our existing officers, directors or stockholders or any entity with which they are affiliated any finder s fee or other compensation for services rendered to us prior to or in connection with the consummation of a business combination.

We anticipate that a target business may also be brought to our attention from various unaffiliated sources, including investment bankers, venture capital funds, private equity funds, leveraged buyout funds, management buyout funds, ship brokers and other members of the financial or shipping community, who may present solicited or unsolicited proposals. We expect such sources to become aware that we are seeking a business combination candidate by a variety of means, such as publicly available information, public relations and marketing efforts, articles that may be published in industry trade journals discussing our intent to make acquisitions, and/or direct contact by our management. We will make a preliminary judgment about the relative merits and timing of a shipping opportunity employing our market knowledge, which is based upon published vessel values and charter rates, notably those of Clarksons Shipping Services or Drewry Shipping Consultants, Ltd., among others; market- and vessel-specific information provided to us by ship brokers and charterers; information obtained by us through the ordinary course of business as a result of general discussions with ship owners, managers and other industry players; and transaction-specific information resulting from unsolicited approaches, proposals or offers from third parties. While we do not presently anticipate engaging the services of professional firms that specialize in acquisitions on any formal basis, we may decide to engage such firms in the future or we may be approached on an unsolicited basis, in which event their compensation (which would be equal to a percentage of the fair market value of the transaction as agreed upon at the time of such engagement or agreement with a party that brings us an unsolicited proposal, as the case may be) may be paid from the proceeds not held in the Trust Account. Any finder or broker would only be paid a fee upon the consummation of a business combination. Further, because any finder or broker that we engage will be required to sign a waiver of claims against the Trust Account, such firms or individuals will not be entitled to receive any funds from the Trust Account upon our liquidation.

Selection of a target business and structuring of a business combination

Subject to the requirement that our initial business combination must be with a target business with a collective fair market value that is at least 80% of our net assets (excluding deferred underwriting discounts and commissions held in the Trust Account) at the time of such acquisition, our management will have

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virtually unrestricted flexibility in identifying and selecting a prospective target business. We have not conducted any specific research on the marine transportation and logistics industries to date, nor have we conducted any research with respect to identifying the number and characteristics of the potential acquisition candidates or the likelihood or probability of success of any proposed business combination. Since we have not yet analyzed the businesses available for acquisition and have not identified a target business, we have not established any specific attributes or criteria (financial or otherwise) for the evaluation of prospective target businesses, except for the factors described below. In evaluating a prospective target business, our management will conduct the necessary business, legal and accounting due diligence on such target business and will consider, among other factors that we deem relevant at such time based on the identity of such target business, the following:

- potential for increased profitability or strong free cash flow generation;
- potential to reduce operating expenses;
- expansion opportunities;
- quality of assets and operations;
- business valuations;
- capital structures;
- strategic vision and capabilities of the acquisition target s management team;
- earnings and growth potential;
- experience and skill of management and availability of additional personnel;
- capital requirements;
- cash flow and cash flow growth potential;
- stability of cash flow;
- competitive position;
- financial condition and results of operation;
- barriers to entry into the marine transportation and logistics industries;
- breadth of services offered;
- degree of current or potential market acceptance of the services;
- regulatory environment of the marine transportation and logistics industries;
- costs associated with effecting the business combination;
- contingent liabilities;

pension matters; and

environmental issues.

Because we do not know in which segment of the marine transportation and logistics industries we will be considering a target business, we have listed the foregoing general factors. These criteria are not intended to be exhaustive. In evaluating a prospective target business, we will conduct an extensive due diligence review that will encompass, among other things, meetings with incumbent management, where applicable, and inspection of facilities, as well as review of financial and other information that will be made available to us. Any evaluation relating to the merits of a particular business combination will be based, to the extent relevant, on the listed factors, as well as other considerations deemed relevant by our management in effecting a particular business combination. We have not conducted any research with respect to identifying the number and characteristics of potential acquisition candidates, nor is it possible for us to list the number of market

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participants that fall within each of the sectors in the shipping sector identified by us, as the marine transportation and logistics industries are generally highly fragmented and, aside from the handful of publicly traded shipping companies, characterized by a lack of transparency in ownership or corporate structure, the possibility of companies selling pieces or divisions of themselves and new ships constantly being built, all of which factors limit our ability to approximate the number of market participants in each sector.

The time and costs required to select and evaluate a target business and to structure and consummate the business combination cannot presently be ascertained with any degree of certainty. Any costs incurred with respect to the identification and evaluation of a prospective target business with which a business combination is not ultimately consummated will result in a loss to us and reduce the amount of capital available to otherwise consummate a business combination. However, we will not pay any finder s or consulting fees to our initial stockholders, or any of their respective affiliates, for services rendered to or in connection with a business combination.

Fair market value of target business

The initial target business that we acquire must have a collective fair market value equal to at least 80% of our net assets (excluding deferred underwriting discounts and commissions held in the Trust Account) at the time of such acquisition. In order to consummate such an acquisition, we may issue a significant amount of our debt or equity securities to the sellers of such businesses and/or seek to raise additional funds through an issuance of debt or equity securities. Since we have no specific business combination under consideration, we have not entered into any such fund raising arrangement and have no current intention of doing so.

The fair market value of such target business will be determined by our board of directors based upon valuation criteria accepted by the financial community, such as actual and potential sales, earnings before interest, tax, depreciation and amortization, net income, cash available for distributions, net asset value, cash flow and book value. The valuation process could involve obtaining two or three appraisals from independent ship brokers. These appraisals, in accordance with standard industry practice, are based on a description of the particular vessel (including size, age and type), as well as the appraisers review of publicly available maintenance records for vessels that are not new. It is not anticipated that such appraisers will agree to allow our stockholders to rely directly on the appraisals.

Our officers and directors have experience evaluating target businesses based upon the valuation criteria set forth in the preceding paragraph and have performed such evaluations for transactions valued in the range contemplated by our Initial Public Offering. Satisfaction of the 80% threshold is determined by calculating the fair market value of what we receive in the business combination and comparing it to 80% of our net assets (excluding deferred underwriting discounts and commissions held in the Trust Account). Whether assets or stock of a target business is acquired, including if we acquire less than 100% of an entity s stock, such assets or stock received by us would be evaluated based upon such financial criteria in order to determine if the fair market value of such assets or stock equals at least 80% of our net assets.

If our board of directors is not able to determine independently that the target business has a sufficient fair market value (for example, if the financial analysis is too complicated for our board of directors to perform on their own), we will obtain an opinion from an unaffiliated, independent investment banking firm that is a member of the Financial Industry Regulatory Authority, or FINRA, or from another qualified independent consultant or advisory firm with respect to the satisfaction of such criteria. The willingness of an investment banking firm or consultant to provide for reliance by our stockholders would be one factor considered by us in selecting an independent investment banking firm.

If we do obtain the opinion of an investment banking firm or consultant, a summary of the opinion will be contained in the proxy statement that will be mailed to stockholders in connection with obtaining approval of the business combination, and the investment banking firm or consultant will consent to the inclusion of their report in our proxy statement. We will not be required to obtain an opinion from an investment banking firm or consultant as to the fair market value if our board of directors independently determines that the target business has sufficient fair market value.

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Possible lack of business diversification

While we may seek to effect business combinations with more than one target business, our initial business combination must be with a target business that satisfies the minimum valuation standard at the time of such acquisition, as discussed above. Consequently, it is likely that we will have the ability to effect only one, or perhaps, two business combinations, although this may entail simultaneous acquisitions of several entities at the same time. We may not be able to acquire more than one target business because of various factors, including possible complex domestic or international accounting issues, which would include generating pro forma financial statements reflecting the operations of several target businesses as if they had been combined, and numerous logistical issues, which could include attempting to coordinate the timing of negotiations, proxy statement disclosure and other legal issues and closings with multiple target businesses. In addition, we would also be exposed to the risks that conditions to closings with respect to the acquisition of one or more of the target businesses would not be satisfied bringing the fair market value of the initial business combination below the required fair market value of 80% of net assets threshold. Accordingly, for an indefinite period of time, the prospects for our future viability may be entirely dependent upon the future performance of a single business. Unlike other entities that may have the resources to consummate several business combinations of entities operating in multiple industries or multiple areas of a single industry, it is probable that we will not have the resources to diversify our operations or benefit from the possible spreading of risks or offsetting of losses. By consummating a business combination with only a single entity, our lack of diversification may:

- subject us to numerous economic, competitive and regulatory developments, any or all of which may have a substantial adverse impact upon the particular industry in which we may operate subsequent to a business combination; and

- result in our dependency upon the development or market acceptance of a single or limited number of services.

Additionally, since our initial business combination may entail the simultaneous acquisitions of several entities at the same time and may be with different sellers, we will need to convince such sellers to agree that the purchase of their entities is contingent upon the simultaneous closings of the other acquisitions.

Limited ability to evaluate the target business management

Although we expect certain of our management, including Angeliki Frangou, our chairman and chief executive officer, to remain associated with us following a business combination, it is likely that some or all members of the management of the target business at the time of the business combination will remain in place, and we may employ other personnel following the business combination. Although we intend to closely scrutinize the management of a prospective target business when evaluating the desirability of effecting a business combination, we cannot assure you that our assessment of the target business management will prove to be correct. In addition, we cannot assure you that the future management will have the necessary skills, qualifications or abilities to manage a public company. Furthermore, the future role of our officers and directors, if any, in the target business cannot presently be stated with any certainty. Thus, we cannot assure you that our officers and directors will have significant experience or knowledge relating to the operations of the particular target business.