

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)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- 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**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- 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.**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
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  No

**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  No

**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  No

**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  Accelerated Filer  Non-Accelerated Filer

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

**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  No

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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.

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**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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	<b>Period from March 14, 2008 to December 31, 2008</b>
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
<b>Balance Sheet Data (at period end)</b>	
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
<b>Cash Flow Data</b>	
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:



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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

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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;

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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

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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.

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**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

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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

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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.

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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.

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**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.

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**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

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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

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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,

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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

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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 opportth="21%">

By:

/s/ Barbe Butschek

Barbe Butschek

Chief Financial Officer

Date:

November 12, 2010



