Weinstein Herschel S
Form 4
December 07, 2011

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Weinstein Herschel S

(Last) (First) (Middle)

C/O FOREST LABORATORIES, INC., 909 THIRD AVENUE

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
FOREST LABORATORIES INC [FRX]

3. Date of Earliest Transaction (Month/Day/Year)
12/05/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP General Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/05/2011		A		16,700 (1)	A	$ 0	117,438 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	$ 29.995	12/05/2011		A		52,500		12/05/2012 (3)	12/04/2021	Common Stock	52,500

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Weinstein Herschel S C/O FOREST LABORATORIES, INC. 909 THIRD AVENUE NEW YORK, NY 10022			SVP General Counsel	

Signatures

/s/ Herschel S. Weinstein	12/07/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These shares of common stock are issued under the Company's 2007 Equity Incentive Plan and are subject to a risk of forfeiture, which lapses as to 33% of the shares on the first anniversary, 33% of the shares on the second anniversary and 34% of the shares on the third anniversary of the grant date (December 5, 2011).

(2) This amount includes shares of common stock which are subject to a risk of forfeiture.

(3) The option becomes exercisable as to 25% of the shares covered by the option on each of the first four anniversaries of the grant date (December 5, 2011).

(4) Not Applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. a significant effect on its business, financial position, results of operations and liquidity.

On November 30, 2006, we received notification that one of our FFA trading counterparties filed for bankruptcy in Canada. Our exposure to such counterparty was estimated to be approximately $7.7 million. While the recovery we may obtain in any liquidation proceeding cannot be presently estimated, based on management s current expectations and assumptions, we provided for $5.4 million in our 2006 financial statements, $0.5 million additional provision in our 2008 financial statements and $0.3 million in our 2009 financial statements. On or prior to December 31, 2011, we had recovered an amount of $1.6 million. The remaining balance as at December 31, 2011 was $0.2 million. No further information has developed since then which would change our expectations and assumptions either to increase or decrease the provision. However, we do not believe that this will have a material impact on our liquidity, or on our ability to make payments of principal and interest or otherwise service our debt.

In January 2011, Korea Line Corporation (KLC) filed for receivership, which is a reorganization under South Korean bankruptcy law. Navios Holdings has reviewed the matter in concert with the credit default insurers, as five vessels of its core fleet are chartered out to KLC. The contracts for these vessels have been temporarily suspended and the vessels have been rechartered to third parties for variable charter periods. Upon completion of the suspension period, the contracts with the original charterers will resume at amended terms. The obligations of the insurer are reduced by an amount equal to the mitigation charter hire revenues earned under the contracts with third parties and/or the original charters or the applicable deductibles for any idle periods. The Company has filed claims for all unpaid amounts by KLC in respect of the employment of the five vessels in the KLC corporate rehabilitation proceedings.

On November 24 2011, Navios Holdings received and will retain in total 11,413 shares of KLC for three of its vessels, as compensation for the claims filed under the Korean court.

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From time to time, Navios Holdings may be subject to legal proceedings and claims in the ordinary course of business. It is expected that these claims would be covered by insurance if they involved liabilities such as those that arise from a collision, other marine casualty, damage to cargoes, oil pollution, death or personal injuries to crew, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Crewing and Shore Employees

Navios Holdings crews its vessels primarily with Greek, Ukrainian, Georgian officers and Filipino, Georgian, Bulgarian, Polish and Ukrainian seamen. Navios Holdings fleet manager is responsible for selecting its Greek officers, who are hired by Navios Holdings vessel-owning subsidiaries. Other nationalities are referred to Navios Holdings fleet manager by local crewing agencies. Navios Holdings is also responsible for travel and payroll of the crew. The crewing agencies handle each seaman s training. Navios Holdings requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

Navios Logistics crews its fleet with Argentinean, Brazilian and Paraguayan officers and seamen. Navios Logistics fleet managers are responsible for selecting the crew.

As of December 31, 2011, with respect to shore-side employees, Navios Holdings and its subsidiaries employ 118 employees in its Piraeus, Greece office, 13 employees in its New York, New York office and 9 employees in its Antwerp, Belgium office. Navios Logistics employs 41 employees in its Asuncion, Paraguay offices, with 99 employees at the port facility in San Antonio, Paraguay, 138 employees in the Buenos Aires, Argentina office, eight employees in its Montevideo, Uruguay office, with an additional 130 employees at the port facility in Nueva Palmira, Uruguay, and 15 employees at Hidronave S.A. s Corumba, Brazil office.

Facilities

Navios Holdings and its affiliates currently lease the following properties:

Navios ShipManagement Inc. and Navios Corporation lease approximately 3,882.3 square meters of space at 85 Akti Miaouli, Piraeus, Greece, pursuant to lease agreements that expire in 2017 and 2019.

On July 1, 2010, Kleimar N.V. entered into a contract for the lease of approximately 632 square meters for its offices, pursuant to a lease that expires in 2019.

Navios Corporation leases approximately 16,703 square feet of space at 825 Third Avenue, New York, pursuant to a lease that expires in 2019. Navios Holdings sublets a portion of the 34th floor in the building and located at 825 Third Avenue, New York, which premises comprise a portion of the premises under the main lease, to a third party pursuant a sub-lease that expires in 2019.

Navios Tankers Management Inc. leases approximately 253.75 square meters of space at 85 Akti Miaouli, Piraeus, Greece, pursuant to a lease agreement signed on October 29, 2010 and expiring in 2019.

Navios Logistics and its subsidiaries currently lease the following premises:

CNSA, as a free zone direct user at the Nueva Palmira Free Zone, holds the right to occupy the land on which it operates its port and transfer facility, located at Zona Franca, Nueva Palmira, Uruguay. CNSA was authorized to operate as a free zone user on November 29, 1955 by a resolution of the Executive, which on September 27, 1956 approved a lease agreement, as required by applicable law at the time. On December 4, 1995, CNSA rights as a direct user were renewed in a single free zone user agreement, which was subsequently amended in many occasions incorporating new plots of land until its final version dated November 27, 2009. The agreement currently in force permits CNSA to install and operate a transfer station to handle and store goods, and to build and operate a plant to receive, prepare and dry grain on land in the Nueva Palmira Free Zone. The agreement expires on December 31, 2025, with a 20-year extension at our request. CNSA pays an annual fee of $0.2 million, payable in eight consecutive months beginning in January of each year and increasing yearly in proportion to the variation in the U.S. Consumer Price Index corresponding to the previous year. There is also a transhipment fee of $0.20 per ton transshipped. CNSA has certain obligations with respect to improving the land subject to the agreement, and the agreement is terminable by the Free Zone Division if CNSA breaches the terms of the agreement, or labor laws and social security contributions, and if CNSA commits illegal acts or acts expressly forbidden by the agreement.

CNSA also leases approximately 205 square meters of space at Paraguay 2141, Montevideo, Uruguay, pursuant to a lease that expires in November 2020.

Navegacion Guarani S.A. leases approximately 640 square meters of space at Jejuí 324 corner Chile Edificio Grupo General, Asuncion, Paraguay, pursuant to a lease that expires in November 2012.

Mercopar S.A. leases approximately 220 square meters of space at Ygatimy 459 casi 14 de Mayo, Asuncion, Paraguay, pursuant to a lease that expires in July 2012.

Compania Naviera Horamar S.A. leases approximately 409 square meters at Cepeda 429 Street, San Nicolás, Buenos Aires, Argentina, pursuant to a lease agreement that expires in November 2014.

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Hidronave S.A. leases approximately 195 square meters at Av. General Rondon 1473 Street, Corumba, Brazil, pursuant to a lease agreement that expires in March 2012.

Hidronave S.A. leases approximately 650 square meters next to the river Paraguay at Lodario, Barrio Ponto, Mato Grosso 801, Brazil, pursuant to a lease agreement that expires in April 2012 with an option to extend for 24 additional months.

Navegacion Guarani S.A. leases approximately 482 square meters of land and a small warehouse next to the river Paraguay in the San Miguel district of Asuncisn over the way to the Club Mbigua, pursuant to a lease agreement that expires in June 2013.

Compania Naviera Horamar S.A. leases a piece of land called La Misteriosa in an Island in the Province of Entre Rios, Argentina, Department of Islands of Ibicuy and Paranacito, pursuant to a lease agreement that expires in May 2016.

CNSA owns premises in Montevideo, Uruguay. This space is approximately 112 square meters and is located at Juan Carlos Gomez 1445, Oficina 701, Montevideo 1100, Uruguay.

Petrolera San Antonio S.A. owns the premises from which it operates in Avenida San Antonio, Paraguay. This space is approximately 146,744 square meters and is located between Avenida San Antonio and Virgen de Caacupé, San Antonio, Paraguay.

Compania Naviera Horamar S.A. owns two storehouses located at 880 Calle California, Ciudad Autonoma de Buenos Aires, Argentina and at 791/795 Calle General Daniel Cerri, Ciudad Autonoma de Buenos Aires, Argentina of approximately 259 and 825 square meters, respectively.

Compania Naviera Horamar S.A. owns the premises from which it operates in Buenos Aires, Argentina. This space is approximately 1,208 square meters and is located in 846 Avenida Santa Fe, Ciudad Autonoma.

Petrovia Internacional S.A. owns two plots of land in Nueva Palmira, Uruguay, of approximately 29 acres each and one of 23 acres.

C. Organizational structure

Navios Holdings maintains offices in Piraeus, Greece, New York, New York and Antwerp, Belgium. Navios Holdings corporate structure is functionally organized: commercial ship management and risk management are conducted through Navios Corporation and its wholly owned subsidiaries, while the operation and technical management of Navios Holdings owned vessels are conducted through wholly owned subsidiaries of Navios Maritime Holdings Inc. Navios Logistics maintains offices in Buenos Aires, Argentina, Asuncion, Paraguay, Montevideo, Uruguay and Corumba, Brazil. Navios Logistics conducts the commercial and technical management of its vessels, barges and pushboats through its wholly owned subsidiaries. Navios Logistics also owns the Nueva Palmira port and transfer facility indirectly through its Uruguayan subsidiary, CNSA, and the San Antonio port facility through its Paraguayan subsidiary, Petrolera San Antonio S.A.

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As of December 31, 2011, Navios Holdings owned (a) 63.8% of Navios Logistics following the acquisition of Horamar, the partial sale of CNSA in January 2008 and the release of the remaining shares that were held in escrow. All of Navios Holdings subsidiaries are wholly owned, except for Navios Logistics and its subsidiaries. Navios Acquisition was a consolidated subsidiary from May 28, 2010 until its deconsolidation on March 30, 2011. On and after March 30, 2011, Navios Acquisition has not been consolidated and has been accounted for under the equity method of accounting based on Navios Holdings economic interest in Navios Acquisition, since the preferred stock is considered in substance common stock for accounting purposes. As of December 31, 2011, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition was 45.24% and its economic interest in Navios Acquisition was 53.96%. The chart below sets forth Navios Holdings corporate structure as of December 31, 2011 (all corporations are domiciled in the Republic of the Marshall Islands except for Acropolis, Shikhar Ventures S.A., Faith Marine Ltd. and Sizzling Ventures Inc., which are Liberian corporations, Hestia Shipping Ltd. and Nav Holdings Limited, which are Maltese corporations, Kleimar, which is a Belgian corporation, Bulkinvest S.A., which is a Luxembourg corporation, White Narcissus Marine S.A., which is a Panamanian corporation, Navios Maritime Finance (US) Inc. and Navios Maritime Finance II (US) Inc., which are Delaware corporations, Navios Logistics subsidiaries, which are incorporated in Uruguay, Argentina, Paraguay, Brazil, Marshall Islands and Panama and Navios Acquisition s subsidiaries, which are incorporated in Cayman Islands, Hong Kong, British Virgin ls., Marshall Islands and Delaware:

Subsidiaries included in the consolidation:

Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations 2011		2010		2009	
Navios Maritime Holdings Inc.	Holding Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios Corporation	Sub-Holding Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios International Inc.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navimax Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios Handybulk Inc.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Hestia Shipping Ltd.	Operating Company	100%	Malta	1/1	12/31	1/1	12/31	1/1	12/31
Anemos Maritime Holdings Inc.	Sub-Holding Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Navios ShipManagement Inc.	Management Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
NAV Holdings Limited	Sub-Holding Company	100%	Malta	1/1	12/31	1/1	12/31	1/1	12/31
Kleimar N.V.	Operating Company/Vessel Owning Company	100%	Belgium	1/1	12/31	1/1	12/31	1/1	12/31
Kleimar Ltd.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Bulkinvest S.A.	Operating Company	100%	Luxembourg	1/1	12/31	1/1	12/31	1/1	12/31
Primavera Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Ginger Services Co.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Aquis Marine Corp.	Sub-Holding Company	100%	Marshall Is.	1/1	12/31	3/23	12/31		
Navios Tankers Management Inc.	Management Company	100%	Marshall Is.	1/1	12/31	3/24	12/31		
Astra Maritime Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Achilles Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Apollon Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Herakles Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Hios Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Ionian Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Kypros Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Meridian Shipping Enterprises Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Mercator Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Arc Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Horizon Shipping Enterprises Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Magellan Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Aegean Shipping Corporation	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Star Maritime Enterprises Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Corsair Shipping Ltd.	Vessel Owning Company	100%	Marshall Is	1/1	12/31	1/1	12/31	1/1	12/31
Rowboat Marine Inc.	Vessel Owning Company	100%	Marshall Is	1/1	12/31	1/1	12/31	1/1	12/31
Hyperion Enterprises Inc.	Vessel Owning Company	100%	Marshall Is.			1/1	1/7	1/1	12/31
Beaufiks Shipping Corporation	Vessel Owning Company	100%	Marshall Is	1/1	12/31	1/1	12/31	1/1	12/31
Sagittarius Shipping Corporation	Vessel Owning Company	100%	Marshall Is.					1/1	6/10

Nostos Shipmanagement Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	100%	Marshall Is.			3/18	5/27		
Amorgos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Andros Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Antiparos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		

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Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations 2011		2010		2009	
Ikaria Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Kos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Mytilene Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Skiathos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Syros Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Skopelos Shipping Corporation	Vessel Owning Company	100%	Cayman Is.			3/18	5/27		
Sifnos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Ios Shipping Corporation	Vessel Owning Company	100%	Cayman Is.			3/18	5/27		
Thera Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Crete Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Rhodes Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Tinos Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			3/18	5/27		
Portorosa Marine Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Shikhar Ventures S.A.	Vessel Owning Company	100%	Liberia	1/1	12/31	1/1	12/31	1/1	12/31
Sizzling Ventures Inc.	Operating Company	100%	Liberia	1/1	12/31	1/1	12/31	1/1	12/31
Rheia Associates Co.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Taharqa Spirit Corp.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Rumer Holding Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Chilali Corp.	Vessel Owning Company	100%	Marshall Is.			1/1	3/17	1/1	12/31
Pharos Navigation S.A.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Pueblo Holdings Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Surf Maritime Co.	Vessel Owning Company	100%	Marshall Is.			1/1	5/19	1/1	12/31
Quena Shipmanagement Inc.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Orbiter Shipping Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	5/18	1/1	12/31	1/1	12/31
Aramis Navigation Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	12/14	12/31
White Narcissus Marine S.A.	Vessel Owning Company	100%	Panama	1/1	12/31	1/1	12/31	1/1	12/31
Navios GP L.L.C.	Operating Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Pandora Marine Inc.	Vessel Owning Company	100%	Marshall Is.			1/1	11/14	6/11-12/31	
Floral Marine Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	6/11	12/31
Red Rose Shipping Corp.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	6/11-12/31	
Customized Development S.A.	Vessel Owning Company	100%	Liberia			1/1	11/14	6/22-12/31	
Highbird Management Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	7/14	12/31
Ducale Marine Inc.	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	1/1	12/31	6/22-12/31	
Kohylia Shipmanagement S.A.	Vessel Owning Company	100%	Marshall Is.	1/1	5/18	1/1	12/31	7/14	12/31
Vector Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1	12/31	2/16	12/31		
Faith Marine Ltd.	Vessel Owning Company	100%	Liberia	1/1	12/31	5/19	12/31		
Navios Maritime Finance (US) Inc.	Operating Company	100%	Delaware	1/1	12/31	1/1	12/31	10/20-12/31	
Navios Maritime Finance II (US) Inc.	Operating Company	100%	Delaware	1/12	12/31				
Solange Shipping Ltd.(1)	Vessel Owning Company	100%	Marshall Is.	5/16	12/31				
Tulsi Shipmanagement Co. (2)	Vessel Owning Company	100%	Marshall Is.	4/20	12/31				
Cinthara Shipping Ltd. (2)	Vessel Owning Company	100%	Marshall Is.	4/28	12/31				
Rawlin Services Co. (2)	Vessel Owning Company	100%	Marshall Is.	5/3	12/31				
Mauve International S.A. (2)	Vessel Owning Company	100%	Marshall Is.	5/16	12/31				
Mandora Shipping Ltd (1)	Vessel Owning Company	100%	Marshall Is.	10/17	12/31				

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Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations 2011	2010	2009
Navios Maritime Acquisition Corporation and Subsidiaries [5]:						
Navios Maritime Acquisition Corporation	Sub-Holding Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Aegean Sea Maritime Holdings Inc.	Sub-Holding Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Amorgos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Andros Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Antiparos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Ikaria Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Kos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Mytilene Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Skiathos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Syros Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Skopelos Shipping Corporation	Vessel Owning Company	53.7%	Cayman Is.	1/1 3/30	5/28 12/31	
Sifnos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Ios Shipping Corporation	Vessel Owning Company	53.7%	Cayman Is.	1/1 3/30	5/28 12/31	
Thera Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Shinyo Dream Limited	Vessel Owning Company	53.7%	Hong Kong	1/1 3/30	9/10 12/31	
Shinyo Kannika Limited	Vessel Owning Company	53.7%	Hong Kong	1/1 3/30	9/10 12/31	
Shinyo Kieran Limited	Vessel Owning Company	53.7%	British Virgin Is.	1/1 3/30	9/10 12/31	
Shinyo Loyalty Limited	Vessel Owning Company	53.7%	Hong Kong	1/1 3/30	9/10 12/31	
Shinyo Navigator Limited	Vessel Owning Company	53.7%	Hong Kong	1/1 3/30	9/10 12/31	
Shinyo Ocean Limited	Vessel Owning Company	53.7%	Hong Kong	1/1 3/30	9/10 12/31	
Shinyo Saowalak Limited	Vessel Owning Company	53.7%	British Virgin Is.	1/1 3/30	9/10 12/31	
Crete Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Rhodes Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Tinos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	5/28 12/31	
Folegandros Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	10/26 12/31	
Navios Acquisition Finance (US) Inc.	Operating Company	53.7%	Delaware	1/1 3/30	10/05 12/31	
Serifos Shipping Corporation	Vessel Owning Company	53.7%	Marshall Is.	1/1 3/30	10/26 12/31	

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Company Name	Nature / Vessel Name	Effective Ownership Interest	Country of Incorporation	Statement of operations 2011		2010		2009	
Navios South American Logistics and Subsidiaries:									
Navios South American Logistics Inc.	Sub-Holding Company	63.8%	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Corporacion Navios S.A.	Operating Company	63.8%	Uruguay	1/1	12/31	1/1	12/31	1/1	12/31
Nauticler S.A.	Sub-Holding Company	63.8%	Uruguay	1/1	12/31	1/1	12/31	1/1	12/31
Compania Naviera Horamar S.A.	Vessel Operating Management Company	63.8%	Argentina	1/1	12/31	1/1	12/31	1/1	12/31
Compania de Transporte Fluvial International S.A.	Sub-Holding Company	63.8%	Uruguay	1/1	12/31	1/1	12/31	1/1	12/31
Ponte Rio S.A.	Operating Company	63.8%	Uruguay	1/1	12/31	1/1	12/31	1/1	12/31
Thalassa Energy S.A.	Barge Owning Company	39.9%	Argentina	1/1	7/24	1/1	12/31	1/1	12/31
		63.8%		7/25	12/31				
HS Tankers Inc.	Tanker Owning Company	32.5%	Panama	1/1	7/24	1/1	12/31	1/1	12/31
		63.8%		7/25	12/31				
HS Navigation Inc.	Tanker Owning Company	32.5%	Panama	1/1	7/24	1/1	12/31	1/1	12/31
		63.8%		7/25	12/31				
HS Shipping Ltd. Inc.	Tanker Owning Company	39.9%	Panama	1/1	7/24	1/1	12/31	1/1	12/31
		63.8%		7/25	12/31				
HS South Inc.	Tanker Owning Company	39.9%	Panama	1/1	7/24	1/1	12/31	1/1	12/31
		63.8%		7/25	12/31				
Mercopar Internacional S.A. [3]	Sub-Holding Company	63.8%	Uruguay					1/1	12/10
Nagusa Internacional S.A. [3]	Sub-Holding Company	63.8%	Uruguay					1/1	12/10
Hidrovia OSR Internacional S.A. [3]	Sub-Holding Company	63.8%	Uruguay					1/1	12/10
Petrovia Internacional S.A.	Land-Owning Company	63.8%	Uruguay	1/1	12/31	1/1	12/31	1/1	12/31
Mercopar S.A.	Operating/Barge Owning Company	63.8%	Paraguay	1/1	12/31	1/1	12/31	1/1	12/31
Navegacion Guarani S.A.	Operating Barge and Pushboat Owning Company	63.8%	Paraguay	1/1	12/31	1/1	12/31	1/1	12/31
Hidrovia OSR S.A.	Oil Spill Response & Salvage Services/ Tanker Owning Company	63.8%	Paraguay	1/1	12/31	1/1	12/31	1/1	12/31
Petrovia S.A. [4]	Shipping Company	63.8%	Paraguay					1/1	1/21
Mercofluvial S.A.	Operating Barge and Pushboat Owning Company	63.8%	Paraguay	1/1	12/31	1/1	12/31	1/1	12/31
Petrolera San Antonio S.A.	Port Facility Operating Company	63.8%	Paraguay	1/1	12/31	1/1	12/31	1/1	12/31
Flota Mercante Paraguaya S.A. [4]	Shipping Company	63.8%	Paraguay					1/1	2/13
Compania de Transporte Fluvial S.A. [4]	Shipping Company	63.8%	Paraguay					1/1	2/13
Hidrogas S.A. [4]	Shipping Company	63.8%	Paraguay					1/1	1/21
Stability Oceanways S.A.	Barge and Pushboat Owning Operating Company	63.8%	Panama	1/1	12/31	1/1	12/31	1/1	12/31
Hidronave South American Logistics S.A.	Pushboat Owning Company	32.5%	Brazil	1/1	12/31	1/1	12/31	1/11	12/31
Navarra Shipping Corporation	Tanker-Owning Company	63.8%	Marshall Is.	1/1	12/31	4/1	12/31		
Pelayo Shipping Corporation	Tanker-Owning Company	63.8%	Marshall Is.	1/1	12/31	4/1	12/31		
Varena Maritime Services S.A.	Barge and Pushboat Owning Operating Company	63.8%	Panama	4/14	12/31				
Navios Logistics Finance (US) Inc.	Operating Company	100%	Delaware	1/16	12/31				

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(1) Each company has the rights over a shipbuilding contract of a bulk carrier vessel.
(2) Each company has the option over a shipbuilding contract of a bulk carrier vessel.
(3) These companies were sold on December 10, 2009 to independent third parties.
(4) During 2009, these companies were merged into other existing Paraguayan shipping companies within the Navios Logistics group.
(5) As of March 30, 2011, following the Navios Acquisition Share Exchange, Navios Holdings ownership of the voting stock of Navios Acquisition decreased to 45% and Navios Holdings no longer controls a majority of the voting power of Navios Acquisition. As a result, from March 30, 2011, Navios Acquisition has not been consolidated and has been accounted for under the equity method of accounting based on Navios Holdings economic interest in Navios Acquisition, since the preferred stock is considered in substance common stock for accounting purposes. On November 4, 2011, following the return of 217,159 shares to Navios Acquisition and the subsequent cancellation of such shares, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition increased to 45.24% and its economic interest in Navios Acquisition increased to 53.96%.

Affiliates included in the financial statements accounted for under the equity method:

In the consolidated financial statements of Navios Holdings, the following entities are included as affiliates and are accounted for under the equity method, for such periods during which such entities were affiliates of Navios Holdings: (i) Navios Partners and its subsidiaries (ownership interest as of December 31, 2011 was 17.22%, which did not include the ownership of 5,601,920 common units received in relation to the sale of several vessels to Navios Partners because these are considered available-for-sale securities), (ii) Navios Acquisition and its subsidiaries (ownership interest as of December 31, 2011 was 53.96%) and (iii) Acropolis Chartering and Shipping Inc. (ownership interest as of December 31, 2011 was 50%).

D. Property, plants and equipment

Our only material property is the owned vessels, tanker vessels, barges and pushboats and the port terminal facilities in Paraguay and Uruguay. See Item 4.B Business Overview above.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following is a discussion of Navios Holdings financial condition and results of operations for each of the fiscal years ended December 31, 2011, 2010 and 2009. All of these financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements, including the notes to those financial statements, for the years mentioned above which are included in this document.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. These forward-looking statements are based on Navios Holdings current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward-looking statements contained in this report are those discussed under Risk Factors and Forward-Looking Statement.

Overview

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of drybulk commodities, including iron ore, coal and grain. We technically and commercially manage our owned fleet, Navios Acquisitions fleet and Navios Partners fleet, and commercially manage our chartered-in fleet. Navios Holdings has in-house ship management expertise that allows it to oversee every step of ship management of the owned fleet, Navios Partners and Navios Acquisitions fleet including the shipping operations throughout the life of the vessels and the superintendence of maintenance, repairs and drydocking.

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among ISE, Navios Holdings and all the shareholders of Navios Holdings, ISE acquired Navios Holdings through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly owned subsidiary, whose name was and continues to be Navios Maritime Holdings Inc.

On February 2, 2007, Navios Holdings acquired all of the outstanding share capital of Kleimar for a cash consideration of $165.6 million (excluding direct acquisition costs), subject to certain adjustments. Kleimar is a Belgian maritime transportation company established in 1993. Kleimar is the owner and operator of Capesize, Panamax and Handymax vessels used in the transportation of cargoes and has an extensive COA business.

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On August 7, 2007, Navios Holdings formed Navios Partners under the laws of Marshall Islands. Navios G.P. L.L.C. (General Partner), a wholly owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2% general partner interest in Navios Partners. Navios Partners is an affiliate and not consolidated under Navios Holdings.

Navios Logistics

Navios Logistics is one of the largest logistics companies in the Hidrovia region of South America, serving the storage and marine transportation needs of its customers through two port storage and transfer facilities, one for grain commodities and the other for refined petroleum products and a diverse fleet, consisting of vessels, barges and pushboats.

On January 1, 2008, pursuant to a share purchase agreement, Navios Holdings contributed (i) $112.2 million in cash; and (ii) the authorized capital stock of its wholly owned subsidiary Corporation Navios Sociedad Anonima (CNSA) in exchange for the issuance and delivery of 12,765 shares of Navios Logistics, representing 63.8% (or 67.2% excluding contingent consideration) of its outstanding stock. Navios Logistics acquired all ownership interests in Horamar in exchange for (i) $112.2 million in cash, of which $5.0 million was kept in escrow, payable upon the attainment of certain EBITDA targets during specified periods through December 2008 (the EBITDA Adjustment); and (ii) the issuance of 7,235 shares of Navios Logistics representing 36.2% (or 32.8% excluding contingent consideration) of Navios Logistics outstanding stock, of which 1,007 shares were held in escrow pending attainment of certain EBITDA targets. In November 2008, $2.5 million in cash and 503 shares were released from escrow when Horamar achieved the interim EBITDA target.

On June 17, 2010, $2.5 million in cash and the 504 shares remaining in escrow were released from escrow to the former shareholders of Horamar upon the achievement of the EBITDA target threshold. Navios Holdings currently owns 63.8% of Navios Logistics.

Navios Acquisition

Navios Acquisition is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals.

On July 1, 2008, Navios Holdings completed the IPO of its former subsidiary, Navios Acquisition. At the time of the IPO, Navios Acquisition was a blank check company. In the offering, Navios Acquisition sold 25,300,000 units for an aggregate purchase price of $253.0 million. Simultaneously with the completion of the IPO, the Company purchased private placement warrants of Navios Acquisition for an aggregate purchase price of $7.6 million (Private Placement Warrants). Prior to the IPO, Navios Holdings had purchased 8,625,000 units (Sponsor Units) for a total consideration of $25,000, of which an aggregate of 290,000 units were transferred to the Company s officers and directors and an aggregate of 2,300,000 Sponsor Units were returned to Navios Acquisition and cancelled upon receipt. Each unit consisted of one share of Navios Acquisition s common stock and one warrant (Sponsor Warrants, together with the Private Placement Warrants, the Navios Acquisition Warrants). Navios Acquisition, at the time, was not a controlled subsidiary of the Company but was accounted for under the equity method due to the Company s significant influence over Navios Acquisition.

On May 25, 2010, after its special meeting of stockholders, Navios Acquisition announced the approval of (a) the acquisition of 13 vessels (11 product tankers and two chemical tankers plus options to purchase two additional product tankers) for an aggregate purchase price of $457.7 million, of which $128.7 million was paid from existing cash and the $329.0 million balance was paid with existing and new financing pursuant to the terms and conditions of the Acquisition Agreement by and between Navios Acquisition and Navios Holdings and (b) certain amendments to Navios Acquisition s amended and restated articles of incorporation.

Following the consummation of the transactions described in the Acquisition Agreement, Navios Holdings was released from all debt and equity commitments for the above vessels and Navios Acquisition reimbursed Navios Holdings for equity payments made prior to the stockholders meeting under the purchase contracts for the vessels, plus all associated payments previously made by Navios Holdings which amounted to $76.5 million.

Navios Holdings purchased 6,337,551 shares of Navios Acquisition s common stock for $63.2 million in open market purchases. Moreover, on May 28, 2010, certain shareholders of Navios Acquisition redeemed 10,021,399 shares pursuant to redemption rights granted in the IPO upon de- SPAC -ing.

As of May 28, 2010, following these transactions, Navios Holdings owned 12,372,551 shares, or 57.3%, of the outstanding common stock of Navios Acquisition. On that date, Navios Holdings acquired control over Navios Acquisition, and consequently concluded a business combination had occurred and consolidated the results of Navios Acquisition from that date until March 30, 2011.

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Upon obtaining control of Navios Acquisition, the investment in shares of common stock and the investment in warrants were remeasured to fair value resulting in a gain of $17.7 million recorded in the statements of income under Gain on change in control and a gain of $5.9 million recorded in the statement of income under Gain on derivatives , respectively. Noncontrolling interest was recognized at fair value, being the number of shares not controlled by the Company at the public share price as of May 28, 2010 of $6.56, which amounted to $60.5 million. Goodwill amounting to $13.1 million was recognized representing the residual between the sum of Navios Holdings investment amounting to $95.2 million and the recognition of noncontrolling interest of $60.5 million less the fair value of Navios Acquisition s net assets amounting to $142.6 million on May 28, 2010.

On September 2, 2010, Navios Acquisition completed its warrant exercise program (the Warrant Program). Under the Warrant Program, holders of its publicly traded awards (Public Warrants) had the opportunity to exercise the Public Warrants on enhanced terms through August 27, 2010. Under the Warrant Program, 19,262,006 Public Warrants (76.13% of the Public Warrants then-outstanding) were exercised, of which 19,246,056 Public Warrants were exercised cashlessly and 15,950 Public Warrants were exercised by payment of the $5.65 cash exercise price. As a result of the successful completion of the Warrant Program, Navios Holdings and Angeliki Frangou exercised 13,835,000 warrants that had been issued privately to them and other insiders (Private Warrants). Following these transactions (a) $78.3 million of gross cash proceeds were raised from the exercise of the Public Warrants and Private Warrants, and (b) 18,412,053 new shares of common stock were issued.

On March 30, 2011, Navios Holdings exchanged 7,676,000 shares of Navios Acquisition s common stock it held for non-voting Series C preferred stock of Navios Acquisition (the Navios Acquisition Share Exchange) pursuant to an Exchange Agreement entered into on March 30, 2011 between Navios Acquisition and Navios Holdings. The fair value of the exchange was $30.5 million. Immediately after the Navios Acquisition Share Exchange, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition decreased to 45% and Navios Holdings ceased to control a majority of the voting power of Navios Acquisition. From that date onwards, Navios Acquisition has been considered an affiliate entity of Navios Holdings and not a controlled subsidiary of the Company, and the investment in Navios Acquisition has been accounted for under the equity method due to the Company s significant influence over Navios Acquisition based on Navios Holdings economic interest in Navios Acquisition, since the preferred stock is considered to be, in-substance, common stock for accounting purposes.

On March 30, 2011, based on the equity method, the Company recorded an investment in Navios Acquisition of $103.3 million, which represents the fair value of the common stock and Series C preferred stock that were held by Navios Holdings on such date. On March 30, 2011, the Company calculated a loss on change in control of $35.3 million, which is equal to the fair value of the Company s investment in Navios Acquisition of $103.3 million less the Company s 53.7% interest in Navios Acquisition s net assets on March 30, 2011.

On November 4, 2011, following the return of 217,159 shares to Navios Acquisition and the subsequent cancellation of such shares, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition increased to 45.24% and its economic interest in Navios Acquisition increased to 53.96%.

Charter Policy and Industry Outlook

Navios Holdings policy has been to take a portfolio approach to managing operating risks. This policy led Navios Holdings to time charter-out many of the vessels that it is presently operating (i.e., vessels owned by Navios Holdings or which it has taken into its fleet under charters having a duration of more than 12 months) for periods up to 12 years at inception to various shipping industry counterparties considered by Navios Holdings to have appropriate credit profiles. By doing this, Navios Holdings aims to lock in, subject to credit and operating risks, favorable forward revenue and cash flows which it believes will cushion it against unfavorable market conditions. In addition, Navios Holdings trades additional vessels taken in on shorter term charters of less than 12 months duration as well as voyage charters or COAs and forward freight agreements (FFAs).

In 2008 and 2009, this policy had the effect of generating Time Charter Equivalents (TCE) that, while high by the average historical levels of the drybulk freight market over the last 30 years, were below those which could have been earned had the Navios Holdings fleet been operated purely on short-term and/or spot employment. In 2010 and in 2011, this chartering policy had the effect of generating TCE that were higher than spot employment.

The average daily charter-in vessel cost for the Navios Holdings long-term charter-in fleet (excluding vessels, which are utilized to serve voyage charter or COAs) was $10,606 per day for the year ended December 31, 2011. The average long-term charter-in hire rate per vessel was included in the amount of long-term hire included elsewhere in this document and was computed by (a) multiplying the (i) daily charter-in rate for each vessel by (ii) number of days the vessel is in operation for the year and (b) dividing such product by the total number of vessel days for the year. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options at favorable prices relative to the current market exercisable in the future.

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Navios Holdings believes that a decrease in global commodity demand from its current level, and the delivery of drybulk carrier new buildings into the world fleet, could have an adverse impact on future revenue and profitability. However, the operating cost advantage of Navios Holdings owned vessels and long-term chartered fleet, which is chartered-in at favorable rates, will continue to help mitigate the impact of the declines in freight rates. A reduced freight rate environment may also have an adverse impact on the value of Navios Holdings owned fleet and any purchase options that are currently in the money. In reaction to a decline in freight rates, available ship financing has also been negatively impacted.

Navios Holdings currently owns 63.8% of Navios Logistics. Navios Logistics owns and operates vessels, barges and pushboats located mainly in Argentina, the largest bulk transfer and storage port facility in Uruguay, and an upriver liquid port facility located in Paraguay. Operating results for Navios Logistics are highly correlated to: (i) South American grain production and export, in particular Argentinean, Brazilian, Paraguayan, Uruguayan and Bolivian production and export; (ii) South American iron ore production and export, mainly from Brazil; and (iii) sales (and logistic services) of petroleum products in the Argentine and Paraguayan markets. Navios Holdings believes that the continuing development of these businesses will foster throughput growth and therefore increase revenues at Navios Logistics. Should this development be delayed, grain harvests be reduced, or the market experience an overall decrease in the demand for grain or iron ore, the operations in Navios Logistics would be adversely affected.

As of December 31, 2011, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition was 45.24% and its economic interest in Navios Acquisition was 53.96%. Navios Acquisition owns a large fleet of modern crude oil, refined petroleum product and chemical tankers providing worldwide marine transportation services. Navios Acquisition strategy is to charter its vessels to international oil companies, refiners and large vessel operators under long, medium and short-term charters. Navios Acquisition is committed to providing quality transportation services and developing and maintaining long-term relationships with its customers. Navios Acquisition believes that the Navios brand will allow is to take advantage of increasing global environmental concerns that have created a demand in the petroleum products/crude oil seaborne transportation industry for vessels and operators that are able to conform to the stringent environmental standards currently being imposed throughout the world.

Fleet Development

The following is the current core fleet employment profile (excluding Navios Logistics and Navios Acquisition), including the newbuilds to be delivered. The current core fleet consists of 57 vessels totaling 5.8 million deadweight tons. The employment profile of the fleet as of March 26, 2012 is reflected in the tables below. The 45 vessels in current operation aggregate approximately 4.8 million deadweight tons and have an average age of 5.4 years. Navios Holdings has currently fixed 83.7%, 42.6% and 24.9% the 2012, 2013 and 2014 available days, respectively, of its fleet (excluding vessels, which are utilized to fulfill COAs), representing contracted fees (net of commissions), based on contracted charter rates from our current charter agreement of $270.8 million, $181.0 million and $122.6 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and us. Additionally, the level of these fees would decrease depending on the vessels off-hire days to perform periodic maintenance. The average contractual daily charter-out rate for the core fleet (excluding vessels, which are utilized to fulfill COAs) is $22,860, $29,115 and $31,631 for 2012, 2013 and 2014, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels, which are utilized to fulfil COAs) for 2012 is $12,783.

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Owned Vessels

Vessels	Type	Built	DWT	Charter-out Rate(1)	Profit Share(5)	Expiration Date(2)
Navios Serenity	Handysize	2011	34,718	10,616	No	07/28/2012
Navios Ionian	Ultra Handymax	2000	52,067	13,726	No	09/17/2012
Navios Celestial	Ultra Handymax	2009	58,063	12,350	No	04/18/2012
Navios Vector	Ultra Handymax	2002	50,296	10,830	No	05/28/2012
Navios Horizon	Ultra Handymax	2001	50,346	9,025	No	04/17/2012
Navios Herakles	Ultra Handymax	2001	52,061	11,400	No	04/03/2013
Navios Achilles	Ultra Handymax	2001	52,063	25,521(7)	65%/$20,000 after March 2012	11/17/2013
Navios Meridian	Ultra Handymax	2002	50,316	8,531	No	04/03/2012
Navios Mercator	Ultra Handymax	2002	53,553	29,783(7)	65%/$20,000 after March 2012	01/12/2015
Navios Arc	Ultra Handymax	2003	53,514	9,975	No	07/10/2012
Navios Hios	Ultra Handymax	2003	55,180	10,925	No	03/15/2013
Navios Kypros	Ultra Handymax	2003	55,222	20,778	50%/$19,000	01/28/2014
Navios Ulysses	Ultra Handymax	2007	55,728	31,281	No	10/12/2013
Navios Vega	Ultra Handymax	2009	58,792	15,751	No	05/23/2013
Navios Astra	Ultra Handymax	2006	53,468	12,825	No	11/18/2012
Navios Magellan	Panamax	2000	74,333	7,600	No	04/17/2012
				10,925		04/12/2013
Navios Star	Panamax	2002	76,662	16,958	No	12/04/2012
Navios Asteriks	Panamax	2005	76,801			
Navios Bonavis	Capesize	2009	180,022	47,400	No	06/29/2014
Navios Happiness	Capesize	2009	180,022	52,345(7)	50%/$32,000 after March 2012	05/24/2014
Navios Lumen	Capesize	2009	180,661	39,830(6)	Yes	12/10/2012
				43,193(6)	Yes	12/10/2013
				42,690(6)	Yes	12/10/2016
				39,305(6)	Yes	12/10/2017
Navios Stellar	Capesize	2009	169,001	36,974(9)	No	12/22/2016
Navios Phoenix	Capesize	2009	180,242	17,005	No	11/25/2012(8)
Navios Antares	Capesize	2010	169,059	37,590(9)	No	01/19/2015
				45,875(9)	No	01/19/2018
Navios Buena Ventura	Capesize	2010	179,259	29,356	50%/$38,500	10/28/2020
Navios Etoile	Capesize	2010	179,234	29,356	50% in excess of $38,500	12/02/2020
Navios Bonheur	Capesize	2010	179,259	27,888(7)	50%/$32,000 after March 2012	12/16/2013
				25,025(7)		07/17/2022
Navios Altamira	Capesize	2011	179,165	24,674	No	01/18/2021
Navios Azimuth	Capesize	2011	179,169	26,469(7)	50%/$34,500 after March 2012	09/14/2022

Owned Vessels to be Delivered

Vessels	Type	Date	DWT	Charter-out Rate(1)(10)
Navios Centaurus	Panamax	03/2012	81,600	12,825
Navios Avior	Panamax	05/2012	81,600	12,716

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Options to Acquire Vessels

Vessels	Type	Delivery Date	DWT
Navios TBN	Panamax	H2/2013	82,000
Navios TBN	Panamax	H2/2013	82,000
Navios TBN	Panamax	H1/2014	82,000
Navios TBN	Panamax	H1/2014	82,000

Long-term Chartered-in Vessels

Vessels	Type	Built	DWT	Purchase Option(3)	Charter-out Rate(1)	Expiration Date(2)
Navios Primavera	Ultra Handymax	2007	53,464	Yes	13,300	10/07/2012
Navios Armonia	Ultra Handymax	2008	55,100	No	11,875	10/21/2012
Navios Apollon	Ultra Handymax	2000	52,073	No	(11)	04/06/2012
Navios Orion	Panamax	2005	76,602	No	49,400	12/14/2012
Navios Titan	Panamax	2005	82,936	No	19,000	11/09/2012
Navios Altair	Panamax	2006	83,001	No	13,063	09/05/2012
Navios Esperanza	Panamax	2007	75,356	No	14,513	02/19/2013
Navios Marco Polo	Panamax	2011	80,647	Yes	11,875	01/09/2013
Navios Koyo	Capesize	2011	181,415	Yes	17,005	01/30/2013
Torm Antwerp	Panamax	2008	75,250	Yes		
Golden Heiwa	Panamax	2007	76,662	No		
Beaufiks	Capesize	2004	180,310	Yes		
Rubena N	Capesize	2006	203,233	No		
SC Lotta	Capesize	2009	169,056	No		
Phoenix Beauty	Capesize	2010	169,150	No		
King Ore	Capesize	2010	176,800	No		

Chartered-in Vessels to be Delivered

Vessels	Type	Delivery Date	Purchase Option	DWT
Navios Lyra	Handysize	09/2012	Yes(4)	34,718
Navios Obeliks	Capesize	07/2012	Yes	180,000
Navios TBN	Capesize	12/2013	Yes	180,000
Navios Oriana	Ultra Handymax	05/2012	Yes	61,000
Navios TBN	Ultra Handymax	05/2013	Yes	61,000
Navios TBN	Ultra Handymax	10/2013	Yes	61,000
Navios TBN	Panamax	01/2013	Yes	82,100
Navios TBN	Panamax	07/2013	Yes(4)	80,500
Navios TBN	Panamax	09/2013	Yes(4)	80,500
Navios TBN	Panamax	11/2013	Yes(4)	80,500

(1) Daily rate net of commissions.
(2) Expected redelivery basis midpoint of full redelivery period.
(3) Generally, Navios Holdings may exercise its purchase option after three to five years of service.
(4) Navios Holdings holds the initial 50% purchase option on each vessel.
(5) Profit share based on applicable Baltic TC Average exceeding $/day rates listed.
(6)

Year eight optional (option to Navios Holdings) included in the table above. Profit sharing is 100% to Navios Holdings until net daily rate of $44,850 and becomes 50/50 thereafter.

(7) Amount represents daily net rate of insurance proceeds following the default of the original charterer. The contracts for these vessels have been temporarily suspended and the vessels have been re-chartered to third parties for variable charter periods. Upon completion of the suspension period, the contracts with the original charterers will resume at amended terms. The obligations of our insurers are reduced by an amount equal to the mitigation charter hire revenues earned under the contracts with third parties and/or the original charterer or the applicable deductibles for any idle periods. The Company has filed claims for all unpaid amounts by the original charterer in respect of the employment of the vessels in the corporate rehabilitation proceedings.

(8) Subject to COA of $45,500 per day for the remaining period until first quarter of 2015.

(9) Amount represents daily rate of insurance proceeds following the default of the original charterer. These vessels have been rechartered to third parties for variable charter periods. Obligations of the insurer are reduced by an amount equal to the mitigation charter hire revenues earned under these contracts and the applicable deductibles under the insurance policy.

(10) The charter period is two years from delivery of each vessel.

(11) Currently performing repositioning voyage.

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Recent Developments

On March 20, 2012, Marfin Popular Bank Co. Ltd. and Nauticler S.A., a subsidiary of Navios Holdings, finalized the documentation of the $40.0 million revolving credit facility for working and investment capital purposes. The loan bears interest at a rate based on a margin of 300 basis points. The loan is initially repayable 12 months after drawdown with extension options available.

On March 23, 2012, Navios Holdings entered into a facility agreement with DVB BANK SE for an amount of up to $42.0 million in two tranches in order to finance the acquisition of Navios Serenity and to refinance the Navios Astra loan facility. These two tranches bear interest at a rate of LIBOR plus 285 basis points and 360 basis points, each. The loan will be repayable in 32 quarterly instalments of $0.6 million, with a final balloon payment of $21.2 million on the last repayment date. On March 26, 2012, the amount drawn under this facility was $26.0 million.

On March 26, 2012, Navios Holdings took delivery of the Navios Serenity, a 34,718 dwt Handysize vessel and former long-term chartered-in vessel in operation. The Navios Serenity s acquisition price was $26.0 million.

Dividend Policy

On February 20, 2012, the Board of Directors declared a quarterly cash dividend for the fourth quarter of 2011 of $0.06 per share of common stock. This dividend is payable on April 12, 2012 to stockholders of record on March 22, 2012. The declaration and payment of any further dividend remains subject to the discretion of the Board, and will depend on, among other things, Navios Holdings cash requirements as measured by market opportunities, debt obligations and restrictions under its credit agreements.

Changes in Capital Structure

Issuance and Forfeitures of Common Stock: During the year ended December 31, 2011, 8,869 shares of restricted common stock were forfeited upon termination of employment. In addition, on March 1, March 2, March 7, 2011 and June 23, 2011, 18,281, 29,250, 68,047 and 15,000 shares, respectively, were issued following the exercise of the options for cash at an exercise price of $3.18 per share.

On December 5, 2011, pursuant to the stock plan approved by the Board of Directors. Navios Holdings issued to its employees 784,273 shares of restricted common stock, 29,000 restricted stock units and 1,344,353 stock options.

During the year ended December 31, 2011, 15,264 restricted stock units, that were issued to the Company s employees in 2009 and 2010 vested and 1,997 restricted shares of common stock were surrendered.

Share Repurchase Program: On November 14, 2008, the Board of Directors approved a share repurchase program authorizing the purchase of up to $25.0 million of Navios Holdings common stock pursuant to a program adopted under Rule 10b5-1 under the Exchange Act. The program does not require any minimum purchase or any specific number or amount of shares and may be suspended or reinstated at any time in Navios Holdings discretion and without notice. Repurchases are subject to restrictions under the terms of the Company s credit facilities and indenture. In October 2011, Navios Holdings repurchased 73,651 shares for a total cost of $0.2 million. There were no shares repurchased during the year ended December 31, 2010 and 331,900 shares were repurchased under this program during the year ended December 31, 2009 for a total consideration of $0.7 million.

Following the issuances, repurchases and cancellations of the shares described above, as of December 31, 2011, Navios Holdings had 102,409,364 shares of common stock and 8,479 shares of preferred stock outstanding.

Navios Partners

The Board of Directors of Navios Partners declared a cash distribution for the fourth quarter of 2011 of $0.44 per unit. On February 14, 2012, Navios Holdings received an amount of $6.7 million, representing the cash distribution from Navios Partners for the fourth quarter of 2011.

Dividends received during the year ended December 31, 2011, 2010 and 2009 were $25.6 million, $21.2 million and $18.1 million, respectively.

Navios Acquisition

On January 5, 2012, Navios Holdings received an amount of $1.3 million, equal to a dividend of $0.05 per common share, representing the cash distribution from Navios Acquisition for the third quarter of 2011.

On February 13, 2012, the Board of Directors of Navios Acquisition declared a quarterly cash dividend in respect of the fourth quarter of 2011 of $0.05 per common share payable on April 5, 2012 to stockholders of record as of March 22, 2012.

Dividends received during the year ended December 31, 2011, 2010 and 2009 were $5.2 million, $0 and $0, respectively.

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A. Operating Results

Factors Affecting Navios Holdings Results of Operations:

Navios Holdings actively manages the risk in its operations by: (i) operating the vessels in its fleet in accordance with all applicable international standards of safety and technical ship management; (ii) enhancing vessel utilization and profitability through an appropriate mix of long-term charters complemented by spot charters (time charters for short-term employment) and COAs; (iii) monitoring the financial impact of corporate exposure from both physical and FFAs transactions; (iv) monitoring market and counterparty credit risk limits; (v) adhering to risk management and operation policies and procedures; and (vi) requiring counterparty credit approvals.

Navios Holdings believes that the important measures for analyzing trends in its results of operations consist of the following:

Market Exposure: Navios Holdings manages the size and composition of its fleet by chartering and owning vessels in order to adjust to anticipated changes in market rates. Navios Holdings aims to achieve an appropriate balance between owned vessels and long and short-term chartered-in vessels and controls under its Core Fleet approximately 5.8 million dwt in drybulk tonnage. Navios Holdings options to extend the charter duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessels permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.

Available days: Available days is the total number of days a vessel is controlled by a company less the aggregate number of days that the vessel is off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

Operating days: Operating days is the number of available days in a period less the aggregate number of days that the vessels are off-hire due to any reason, including lack of demand or unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

Fleet utilization: Fleet utilization is obtained by dividing the number of operating days during a period by the number of available days during the period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

TCE: TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. Navios Holdings includes the gains or losses on FFA in the determination of TCE rates as neither voyage and time charter revenues nor gains or losses on FFA are evaluated in isolation. Rather, the two are evaluated together to determine total earnings per day. The TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts, while charter hire rates for vessels on time charters generally are expressed in such amounts.

Equivalent vessels: Equivalent vessels data is the available days of the fleet divided by the number of the calendar days in the respective period.

Voyage and Time Charter

Revenues are driven primarily by the number of vessels in the fleet, the number of days during which such vessels operate and the amount of daily charter hire rates that the vessels earn under charters, which, in turn, are affected by a number of factors, including:

- the duration of the charters;
- the level of spot market rates at the time of charters;
- decisions relating to vessel acquisitions and disposals;
- the amount of time spent positioning vessels;
- the amount of time that vessels spend in drydock undergoing repairs and upgrades;
- the age, condition and specifications of the vessels; and
- the aggregate level of supply and demand in the drybulk shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to a long-term period which may be many years. Under a time charter, owners assume no risk for finding business, obtaining and paying for fuel or other expenses related to the voyage, such as port entry fees. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand, and many other factors that might be beyond the control of management.

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Consistent with industry practice, Navios Holdings uses TCE rates, which consist of revenue from vessels operating on time charters and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market, as a method of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue.

TCE revenue also serves as an industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings owned Core Fleet is 5.7 years. However as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older vessels, the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

Spot Charters, COAs, and FFAs

Navios Holdings enhances vessel utilization and profitability through a mix of voyage charters, short-term charter-out contracts, COAs and strategic backhaul cargo contracts.

Navios Holdings enters into drybulk shipping FFAs as economic hedges relating to identifiable ship and/or cargo positions and as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. By utilizing certain derivative instruments, including drybulk shipping FFAs, the Company manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts.

As of December 31, 2011, 2010 and 2009, none of our FFAs qualified for hedge accounting treatment. Drybulk FFAs traded by the Company that do not qualify for hedge accounting are shown at fair value in the balance sheet and changes in fair value are recorded through the statement of operations.

FFAs cover periods generally ranging from one month to one year and are based on time charter rates or freight rates on specific quoted routes. FFAs are executed either over-the-counter, between two parties, or through NOS ASA, a Norwegian clearing house, and LCH, the London clearing house. FFAs are settled in cash monthly based on publicly quoted indices.

NOS ASA and LCH call for both base and margin collaterals, which are funded by Navios Holdings, and which in turn substantially eliminates counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by NOS ASA and LCH.

At the end of each calendar quarter, the fair value of drybulk shipping FFAs traded over-the-counter are determined from an index published in London, United Kingdom and the fair value of those FFAs traded with NOS ASA and LCH are determined from the NOS ASA and LCH valuations accordingly. Navios Holdings has implemented specific procedures designed to respond to credit risk associated with over-the-counter trades, including the establishment of a list of approved counterparties and a credit committee which meets regularly.

Statement of Operations Breakdown by Segment

Navios Holdings reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios Holdings does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management does not identify expenses, profitability or other financial information for these charters. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. The Company currently has two reportable segments from which it derives its revenues, Drybulk Vessel Operations and Logistics Business, and previously had a Tanker Vessel Operations segment until the deconsolidation of Navios Acquisition on March 30, 2011. The Drybulk Vessel Operations business consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. For Navios Holdings reporting purposes, Navios Logistics is considered as one reportable segment, the Logistics Business segment. The Logistics Business segment consists of our port terminal business, barge business and cabotage business in the Hidrovia region of South America. Also, following the formation of Navios Acquisition and until March 30, 2011 when Navios Acquisition s deconsolidation took place, the Company included an additional reportable segment, the Tanker Vessel Operations business, which consisted of transportation and handling of liquid cargoes through the ownership, operation, and trading of tanker vessels. Navios Holdings measures segment performance based on net income.

For further segment information, please see Note 20 to the Consolidated Financial Statements included elsewhere in this Annual Report.

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Period over Period Comparisons

For the year ended December 31, 2011 compared to the year ended December 31, 2010

The following table presents consolidated revenue and expense information for each of the years ended December 31, 2011 and 2010 and was derived from the audited consolidated revenue and expense accounts of Navios Holdings for each of the years ended December 31, 2011 and 2010.

(In thousands of U.S. dollars)	Year Ended December 31, 2011	Year Ended December 31, 2010
Revenue	$ 689,355	$ 679,918
Time charter, voyage and logistics business expenses	(273,312)	(285,742)
Direct vessel expenses	(117,269)	(97,925)
General and administrative expenses	(52,852)	(58,604)
Depreciation and amortization	(107,395)	(101,793)
Provision for losses on accounts receivable	(239)	(4,660)
Interest income from investments in finance leases		877
Interest income	4,120	3,642
Interest expense and finance cost, net	(107,181)	(106,022)
(Loss)/ gain on derivatives	(165)	4,064
Gain on sale of assets	38,822	55,432
(Loss)/gain on change in control	(35,325)	17,742
Loss on bond extinguishment	(21,199)	
Other income	1,660	9,472
Other expense	(12,990)	(11,303)
Income before equity in net earnings of affiliated companies	**$ 6,030**	**$ 105,098**
Equity in net earnings of affiliated companies	35,246	40,585
Income before taxes	**$ 41,276**	**$ 145,683**
Income tax benefit/(expense)	56	(414)
Net income	**$ 41,332**	**$ 145,269**
Less: Net (income)/loss attributable to the noncontrolling interest	(506)	488
Preferred stock dividends of subsidiary	(27)	
Preferred stock dividends attributable to the noncontrolling interest	12	
Net income attributable to Navios Holdings common stockholders	**$ 40,811**	**$ 145,757**

Set forth below are selected historical and statistical data for Navios Holdings (excluding Navios Acquisition and Navios Logistics) for each of the years ended December 31, 2011 and 2010 that the Company believes may be useful in better understanding the Company s financial position and results of operations.

	Year ended December 31, 2011	Year ended December 31, 2010
FLEET DATA		
Available days	16,423	15,918
Operating days	16,201	15,841
Fleet utilization	98.7%	99.5%
Equivalent vessels	45	44

AVERAGE DAILY RESULTS		
Time Charter Equivalents	$ 23,064	$ 25,527

During the year ended December 31, 2011, there were 505 more available days as compared to 2010, due to an increase of 1,534 available days of the owned fleet following the delivery of newbuilding vessels at various times from the first quarter of 2010 until the first quarter of 2011.This increase was partially offset by a decrease of 1,029 days in short-term and long-term chartered in fleet available days. Navios Holdings can increase or decrease its fleet s size by chartering-in vessels for long or short-term periods (less than one year).

The average TCE rate for the year ended December 31, 2011 was $23,064 per day, which was $2,463 per day lower than the rate achieved in 2010. This was due primarily to the decline in the freight market during 2011 as compared to the same period in 2010.

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Revenue: Revenue from drybulk vessel operations for the year ended December 31, 2011 was $429.5 million, as compared to $458.4 million for the year ended December 31, 2010. The decrease in drybulk revenue was mainly attributable to: (i) a decrease in short-term charter-in and long-term chartered-in fleet available days by 275 days and 754 days, respectively, and (ii) a decrease in TCE per day by 9.7% to $23,064 per day during the year ended December 31, 2011, as compared to $25,527 per day during the year ended December 31, 2010. This decrease was partially offset by an increase in available days for owned vessels by 17.7% to 10,214 days during the year ended December 31, 2011 from 8,680 days during the year ended December 31, 2010.

Revenue from the logistics business was $234.7 million for the year ended December 31, 2011, as compared to $188.0 million for the year ended December 31, 2010. This increase was mainly attributable to: (i) the new vessels, the San San H (formerly known as Jiujiang) and the Stavroula, which commenced operations in October 2010 and March 2011, respectively; (ii) an increase in the volumes of iron ore transported; and (iii) an increase in the price of products sold. This overall increase was partially mitigated by a slight decrease in storage services in the liquid port terminal.

Following the Navios Acquisition Share Exchange, and the deconsolidation of Navios Acquisition on March 30, 2011, there was no revenue from tanker vessel operations from that date onwards. Revenue from tanker vessel operations for the year ended December 31, 2011 was $25.1 million. Following the delivery of a chemical tanker, the Nave Polaris, on January 27, 2011, Navios Acquisition had 874 available days and a TCE rate of $29,558. During the year ended December 31, 2010, revenue from tanker vessel operations was $33.5 million. Following the VLCC Acquisition and the acquisitions of the Colin Jacob in June 2010, the Ariadne Jacob in July 2010 and the Nave Cosmos in October 2010, Navios Acquisition had 1,104 available days at a TCE of $30,087 for the year ended December 31, 2010.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by $12.4 million or 4.3% to $273.3 million for the year ended December 31, 2011, as compared to $285.7 million for the year ended December 31, 2010.

The time charter and voyage expenses from drybulk operations decreased by $38.4 million or 18.9% to $164.5 million for the year ended December 31, 2011, as compared to $202.9 million for the year ended December 31, 2010. This was primarily due to a decrease in the short-term and long-term chartered-in fleet activity (as discussed above).

Of the total amounts for the years ended December 31, 2011 and 2010, $108.4 million and $82.4 million, respectively, related to Navios Logistics. The increase in Navios Logistics was mainly due to (a) an increase in volume of iron ore transported; (b) an increase in the operating costs of the Navios Logistics port facilities in Uruguay and Paraguay; and (c) an increase in the price of products purchased.

Time charter and voyage expenses from tanker vessel operations for both the years ended December 31, 2011 and 2010 were $0.4 million.

Direct Vessel Expenses: Direct vessel expenses increased by $19.4 million or 19.8% to $117.3 million for the year ended December 31, 2011, as compared to $97.9 million for the year ended December 31, 2010. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

The direct vessel expenses from drybulk operations increased by $8.2 million or 21.9% to $45.6 million for the year ended December 31, 2011, as compared to $37.4 million for the year ended December 31, 2010. The increase resulted primarily from an increase in available days for owned vessels by 17.7% to 10,214 days during the year ended December 31, 2011 from 8,680 days during the year ended December 31, 2010.

Of the total amounts for the years ended December 31, 2011 and 2010, $64.1 million and $50.8 million, respectively, related to Navios Logistics. The increase in Navios Logistics was mainly due to (a) additional operating expenses generated by the new vessels, the Stavroula and the San San H (formerly known as the Jiujiang), which commenced operations in October 2010 and March 2011, respectively; and (b) an increase in crew costs and repairs and maintenance costs related to the barge business.

Direct vessel expenses from tanker vessel operations was $7.6 million for the year ended December 31, 2011, as compared to $9.7 million for the year ended December 31, 2010. This decrease was mainly due to the decrease in available days for owned vessels by 230 days to 874 days during the year ended December 31, 2011 from 1,104 days for the year ended December 31, 2010, which was the result of the deconsolidation of Navios Acquisition on March 30, 2011.

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General and Administrative Expenses: General and administrative expenses of Navios Holdings are composed of the following:

(in thousands of U.S. dollars)	Year ended December 31, 2011	Year ended December 31, 2010
Payroll and related costs (1)	$ 22,906	$ 17,826
Professional, legal and audit fees (1)	5,958	5,679
Navios Logistics (2)	13,662	12,210
Navios Acquisition	1,026	9,461
Other (1)	513	2,664
Sub-total	**44,065**	**47,840**
Credit risk insurance	8,787	10,764
General and administrative expenses	**$ 52,852**	**$ 58,604**

(1) Excludes the logistics and tanker vessel businesses.

(2) Excludes $0.4 million administrative management services provided by Navios Holdings as per the administrative agreement with Navios Logistics.

The decrease in general and administrative expenses by $5.7 million or 9.7% to $52.9 million for the year ended December 31, 2011, as compared to $58.6 million for the year ended December 31, 2010, was mainly attributable to (a) a $8.4 million decrease in general and administrative expenses due to deconsolidation of Navios Acquisition; (b) a $2.2 million decrease in other general and administrative expenses; and (c) a $2.0 million decrease in credit risk insurance fees. The overall decrease was partially offset by (a) a $5.1 million increase in payroll and other related costs consisting of a $3.3 million increase in payroll costs and a $1.8 million increase in stock plan expenses; (b) a $0.3 million increase in professional, legal and audit fees; and (c) a $1.5 million increase in general and administrative expenses attributable to the logistics business mainly due to an increase in salaries as a result of the increased number of employees, increased wages and the impact of foreign exchange rates.

Depreciation and Amortization: For the year ended December 31, 2011, depreciation and amortization increased by $5.6 million or 5.5% to $107.4 million, as compared to $101.8 million for the year ended December 31, 2010. The increase was primarily due to (a) an increase in depreciation of drybulk vessels by $8.6 million due to the increase in the number of the owned fleet vessels; and (b) an increase of $0.5 million attributable to the logistics business, mainly due to the additional depreciation of the cabotage business generated by the new vessels, the Stavroula and the San San H, which were delivered in July and June 2010, respectively. This increase was partially offset by (a) a $1.9 million decrease due to deconsolidation of Navios Acquisition; and (b) a decrease of $1.6 million in amortization of favorable and unfavorable leases.

Provision for Losses on Accounts Receivable: For the year ended December 31, 2011, Navios Holdings provided $0.2 million for losses relating to receivables from FFA trading counterparties and receivables from vessel operations in comparison to a $4.7 million provision that the Company recorded during 2010. For the year ended December 31, 2011 and 2010, the provision for losses on accounts receivable related to logistics business was $0.5 million and $0.7 million, respectively.

Interest Income from Investments in Finance Lease: The Company did not have any interest income from investments in finance leases for the year ended December 31, 2011, as compared to $0.9 million of income for the year ended December 31, 2010. The decrease was mainly due to the sale of the Vanessa, a 2002 built Handysize product tanker vessel, on August 5, 2010. The Vanessa was one of the vessels acquired through the acquisition of Kleimar N.V. (Kleimar) on February 2, 2007, which had been leased out under a lease that qualified as finance lease and was contracted to be sold. The sale price amounted to $18.3 million and was paid to Navios Holdings entirely in cash.

Interest Expense and Finance Cost, Net: Interest expense and finance cost, for the year ended December 31, 2011 increased by $1.2 million or 1.1% to $107.2 million, as compared to $106.0 million in the same period of 2010. This increase was due to a $12.5 million increase in interest expense and finance cost attributable to Navios Logistics, following the issuance of $200.0 million of Logistics Senior Notes in April 2011. This increase was partially offset by (a) a $7.0 million decrease in interest expense and finance cost attributable to Navios Acquisition as a result of its deconsolidation; and (b) a $4.3 million decrease in interest expense and finance cost of Navios Holdings mainly as a result of a decrease in amortization of financing costs.

Interest income increased by $0.5 million to $4.1 million for the year ended December 31, 2011, as compared to $3.6 million for the same period of 2010. This increase was mainly attributable to the increase in time deposits of the logistics business.

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(Loss)/ Gain on Derivatives: The loss from derivatives for the year ended December 31, 2011 was $0.2 million, all of which resulted from FFA derivatives trading. The gain from derivatives for the year ended December 31, 2010 was $4.1 million, which resulted from (a) a $1.8 loss from FFA derivatives trading; and (b) a $5.9 million gain from the Navios Acquisition warrants. During 2010, prior to the consolidation of Navios Acquisition, Navios Holdings valued the Navios Acquisition warrants at fair value and changes in fair value were recorded in (Loss)/ gain on derivatives . All warrants were exercised during 2010, pursuant to the Navios Acquisition Warrant Program.

The FFA market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings. The extent of the impact on earnings is dependent on two factors: market conditions and Navios Holdings net position in the market. Market conditions were volatile in both periods. As an indicator of volatility, selected Baltic Exchange Panamax time charter average rates are shown below.

	Baltic Exchange s Panamax Time Charter Average Index
December 24, 2010	$ 14,711[(a)]
May 20, 2010	$ 37,099[(b)]
December 31, 2010	$ 14,711[(*)]
February 2, 2011	$ 10,372[(c)]
March 11, 2011	$ 17,115[(d)]
December 31, 2011	$ 13,139[(*)]

(a) Low for fiscal year 2010
(b) High for fiscal year 2010
(c) Low for fiscal year 2011
(d) High for fiscal year 2011
(*) End of year rate

Gain on Sale of Assets: The gain on sale of assets for the year ended December 31, 2011 was $38.8 million, which resulted from the sale of the Navios Luz and the Navios Orbiter to Navios Partners on May 19, 2011 for a total consideration of $130.0 million, of which $120.0 million was paid in cash and $10.0 million was paid in newly issued common units of Navios Partners. The gain on sale of assets for the year ended December 31, 2010 was $55.4 million which was a result of: (a) a gain of $23.8 million from the sale of the Navios Hyperion on January 8, 2010 to Navios Partners; (b) a gain of $0.5 million from the sale of the Navios Aurora II to Navios Partners on March 18, 2010; (c) a gain of $1.8 million from the sale of the Navios Pollux to Navios Partners on May 21, 2010; and (d) a gain of $22.1 million and $7.2 million from the sale of the Navios Fulvia and the Navios Melodia, respectively, to Navios Partners.

(Loss)/ Gain on Change in Control: On March 30, 2011, Navios Holdings completed the Navios Acquisition Share Exchange whereby Navios Holdings exchanged 7,676,000 shares of Navios Acquisition s common stock it held for non-voting Series C preferred stock of Navios Acquisition pursuant to an Exchange Agreement entered into on March 30, 2011 between Navios Acquisition and Navios Holdings. On March 30, 2011, based on the equity method, the Company recorded an investment in Navios Acquisition of $103.3 million, which represents the fair value of the common stock and Series C preferred stock that were held by Navios Holdings on such date. On March 30, 2011, the Company accounted a loss on change in control of $35.3 million, which is equal to the fair value of the Company s investment in Navios Acquisition of $103.3 million less the Company s portion of Navios Acquisition s net assets on March 30, 2011.

The gain on change in control for the year ended December 31, 2010 was $17.7 million in connection with Navios Acquisition. Upon obtaining control of Navios Acquisition, the investment in common shares and the investment in warrants were remeasured to fair value, resulting in a gain of $17.7 million and noncontrolling interest (the number of shares not controlled by the Company) was recognized at fair value (the public share price as of May 28, 2010 of $6.56) amounting to $60.5 million.

Loss on Bond Extinguishment: In December 2006, the Company issued $300.0 million in senior notes at a fixed rate of 9.5% due on December 15, 2014 (the 2014 Notes). On January 28, 2011, Navios Holdings completed the sale of $350.0 million of 8.125% Senior Notes due 2019 (the 2019 Notes). The net proceeds from the sale of the 2019 Notes were used to redeem all of the 2014 Notes and pay related transaction fees and expenses and for general corporate purposes. As a result of such transaction, we recorded expenses from bond extinguishment of $21.2 million.

Net Other Income and Expense: Net other expense increased by $9.5 million to $11.3 million for the year ended December 31, 2011, as compared to $1.8 million for the year ended December 31, 2010. This increase was mainly due to (a) a $1.0 million increase in other expenses, net of Navios Logistics mainly due to higher taxes other-than-income taxes and exchange rate differences; (b) a

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$0.4 million decrease in other income, net of Navios Acquisition; (c) a $5.1 million decrease in miscellaneous income relating to voyages; (d) a $0.8 million increase in other expenses; and (e) a $3.8 million decrease as a result of a $3.8 million gain recognized from the purchase of the 2% convertible senior promissory note for an aggregate price of $29.1 million on November 3, 2010. This increase was partially offset by a $1.6 million decrease in miscellaneous voyage expenses.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by $5.4 million or 13.3% to $35.2 million for the year ended December 31, 2011, as compared to $40.6 million for the same period in 2010. This decrease was mainly due to a $6.7 million decrease in the amortization of deferred gain mitigated by a $1.3 million increase in investment income resulting from (i) a $1.6 million net increase in contribution relating to Navios Partners; (ii) a $0.1 negative contribution under the equity method relating to Navios Acquisition; and (iii) a $0.2 million decrease in contribution relating to Acropolis.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (the deferred gain) (see also Related Party Transactions). Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Partners or (ii) the Company s ownership interest in Navios Partners is reduced.

Income Tax Benefit/ (Expense): Income tax decreased by $0.5 million to a $0.1 million benefit for the year ended December 31, 2011, as compared to a $0.4 million expense for the year ended December 31, 2010. The main reason was the decrease in the net income before taxes of Navios Logistics for the year ended December 31, 2011, as compared to 2010.

Net (Income)/ Loss Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest increased by $1.0 million to $0.5 million of income for the year ended December 31, 2011, as compared to a loss of $0.5 million for the same period in 2010. This increase was due to a $4.2 million decrease in loss attributable to the noncontrolling interest in Navios Acquisition as a result of the deconsolidation of Navios Acquisition on March 30, 2011. This increase was partially offset by a decrease of $3.2 million in income attributable to the noncontrolling interest in Navios Logistics mainly due to the acquisition of the noncontrolling interests of its joint ventures on July 25, 2011 and the fact that Navios Logistics net income for the year ended December 31, 2011 decreased compared to the corresponding period in 2010.

For the year ended December 31, 2010 compared to the year ended December 31, 2009

The following table presents consolidated revenue and expense information for each of the years ended December 31, 2010 and 2009 and was derived from the audited consolidated revenue and expense accounts of Navios Holdings for each of the years ended December 31, 2010 and 2009.

(In thousands of U.S. dollars)	**Year Ended December 31, 2010**	**Year Ended December 31, 2009**
Revenue	$ 679,918	$ 598,676
Time charter, voyage and logistics business expenses	(285,742)	(316,473)
Direct vessel expenses	(97,925)	(68,819)
General and administrative expenses	(58,604)	(43,897)
Depreciation and amortization	(101,793)	(73,885)
Provision for losses on accounts receivable	(4,660)	(2,237)
Interest income from investments in finance leases	877	1,330
Interest income	3,642	1,699
Interest expense and finance cost, net	(106,022)	(63,618)
Gain on derivatives	4,064	375
Gain on sale of assets	55,432	20,785
Gain on change in control	17,742	
Other income	9,472	6,749
Other expense	(11,303)	(20,508)
Income before equity in net earnings of affiliated companies	**$ 105,098**	**$ 40,177**
Equity in net earnings of affiliated companies	40,585	29,222

Income before taxes	**$ 145,683**	**$ 69,399**
Income tax (expense)/benefit	(414)	1,565
Net income	**$ 145,269**	**$ 70,964**
Less: Net loss/(income) attributable to the noncontrolling interest	488	(3,030)
Net income attributable to Navios Holdings common stockholders	**$ 145,757**	**$ 67,934**

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Set forth below are selected historical and statistical data for Navios Holdings (excluding Navios Acquisition and Navios Logistics) for each of the years ended December 31, 2010 and 2009 that the Company believes may be useful in better understanding the Company s financial position and results of operations.

	Year ended December 31, 2010	2009
FLEET DATA		
Available days	15,918	15,588
Operating days	15,841	15,479
Fleet utilization	99,5%	99.3%
Equivalent vessels	44	43
AVERAGE DAILY RESULTS		
Time Charter Equivalents	$ 25,527	$ 25,821

During the year ended December 31, 2010, there were 330 more available days as compared to 2009 due to an increase of 1,962 available days of our owned fleet following the delivery of newbuilding vessels at various times since the third quarter of 2009. This increase was partially offset by a decrease of 1,632 days in short-term and long-term chartered in fleet available days. Navios Holdings can increase or decrease its fleet s size by chartering-in vessels for long or short-term periods (less than one year).

The average TCE rate for the year ended December 31, 2010 was $25,527 per day, which was $294 per day lower than the rate achieved in 2009. This was due primarily to the decline in the freight market during 2010 compared to the same period in 2009.

Revenue: Revenue from drybulk vessel operations for the year ended December 31, 2010 was $458.4 million, as compared to $459.8 million for the same period during 2009. The decrease in revenue was mainly attributable to the decrease in TCE per day by 1.1% to $25,527 in 2010 from $25,821 in 2009 and a decrease in short-term and long-term chartered-in fleet available days of 458 days and 1,174 days, respectively. This decrease was mitigated by an increase in available days of the owned fleet of 29.2% to 8,680 days from 6,718 days following the delivery of the owned vessels at various times since December 2009.

Revenue from tanker vessel operations for the year ended December 31, 2010 was $33.6 million. Following the acquisition of the vessel Nave Cosmos on October 27, 2010, Navios Acquisition had 1,104 available days at a TCE of $30,087 for the year ended December 31, 2010. There was no revenue in the corresponding period of 2009.

Revenue from the logistics business operations was $188.0 million for the year ended December 31, 2010, as compared to $138.9 million during the same period of 2009. This increase was attributable mainly to: (a) the acquisition of the Makenita H and the Sara H in June 2009 and February 2010, respectively; (b) an increase in volumes in the dry port terminal and (c) an increase in storage capacity by 80,000 metric tons due to construction of a new silo at Navios Logistics port facilities in Uruguay, which became operational in August 2009. The increased capacity became available in August 2009 and, accordingly, 2009 does not reflect the additional capacity for the full year.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by $30.8 million or 9.7% to $285.7 million for the year ended December 31, 2010, as compared to $316.5 million for the year ended December 31, 2009. This decrease was primarily due to the decrease in the short-term chartered in fleet activity (as discussed above) which was partially offset by an increase of $25.8 million in logistics business expenses. This increase in logistics business was due to: (a) an increase in the dry ports activities and to the additional cost of operations of the new silo constructed at Navios Logistics port facilities in Uruguay; (b) an increase in the cabotage business mainly due to the operations of the vessels, the Makenita H and the Sara H, which were delivered in June 2009 and February 2010, respectively; and (c) an increase in the Paraguayan liquid port s volume.

Time charter and voyage expenses from tanker vessel operations for the year ended December 31, 2010 were $0.4 million. Time charter and voyage expenses comprise all expenses related to each particular voyage, including time charter hire paid and bunkers, port charges, canal tolls, cargo handling, agency fees and brokerage commissions. Also included in time charter and voyage expenses are charterers liability insurances, provision for losses on time charters in progress at year-end, direct port terminal expenses and other miscellaneous expenses. Time charter and voyage expenses are recognized as incurred.

Direct Vessel Expenses: Direct vessel expenses increased by $29.1 million or 42.3% to $97.9 million for the year ended December 31, 2010, as compared to $68.8 million for the year ended December 31, 2009. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs. Of the total amounts for the years ended December 31, 2010 and

2009, $50.8 million and $37.3 million, respectively, related to Navios Logistics. This increase was mainly due to (a) additional operating expenses generated from the acquisitions of the Makenita H and the Sara H; and (b) an increase in crew costs and spares.

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The drybulk direct vessel expenses increased by $5.8 million or 18.4% to $37.3 million for the year ended December 31, 2010, as compared to $31.5 million for the year ended December 31, 2009. The increase resulted primarily from the increase in ownership days from 6,718 days during 2009 to 8,680 days during 2010 following the delivery of the owned vessels at various times since December 2009.

Direct vessel expenses from tanker vessel operations was $9.8 million for the year ended December 31, 2010, as compared to $0 for the year ended December 31, 2009. Pursuant to a Management Agreement dated May 28, 2010, a subsidiary of Navios Holdings, for five years from the closing of Navios Acquisition s initial vessel acquisition, provides commercial and technical management services to Navios Acquisition s vessels for a daily fee of $6,000 per owned MR2 product tanker and chemical tanker vessel, $7,000 per owned LR1 product tanker vessel and $10,000 per VLCC vessel for the first two years with the fixed daily fees adjusted for the remainder of the term based on then-current market fees. This daily fee covers all of the vessels operating expenses, other than certain fees and costs.

General and Administrative Expenses: General and administrative expenses of Navios Holdings are composed of the following:

(in thousands of U.S. dollars)	**Year ended December 31, 2010**	**Year ended December 31, 2009**
Payroll and related costs [(1)]	$ 17,826	$ 15,333
Professional, legal and audit fees [(1)]	5,679	5,389
Navios Logistics	12,210	9,116
Navios Acquisition	9,461	
Other [(1)]	2,664	3,252
Sub-total	**47,840**	**33,090**
Credit risk insurance [(1)]	10,764	10,807
General and administrative expenses	**$ 58,604**	**$ 43,897**

(1) Excludes the logistics and tanker vessel businesses.

General and administrative expenses increased by $14.7 million or 33.5% to $58.6 million, for the year ended December 31, 2010, from $43.9 million for the same period of 2009. The increase was attributable mainly to: (a) a $2.5 million increase in payroll and other related costs; (b) a $3.0 million increase in general and administrative expenses relating to the logistics business attributable mainly to an increase in salaries, professional fees and other administrative costs; (c) a $9.5 million increase in general and administrative expenses attributable to Navios Acquisition consisting of certain expenses relating to the VLCC Acquisition amounting to $8.0 million out of which $2.4 million relate to transaction costs, $5.6 million relate to the valuation of 3,000 shares of preferred stock issued to an independent third party holder consultancy and advisory fees and the balance of $1.5 million of general and administrative expenses related to legal and professional fees including audit fees; and (d) a $0.3 million increase in professional, legal and audit fees. The overall increase of $15.3 million was offset by a $0.6 million decrease in other general and administrative expenses.

Depreciation and Amortization: For the year ended December 31, 2010, depreciation and amortization increased by $27.9 million or 37.8% to $101.8 million, as compared to $73.9 million for the same period of 2009. The increase was primarily due to: (a) a $22.1 million increase in depreciation of vessels due to the increase in the owned fleet in comparison to the same period of 2009; (b) a $0.6 million increase in depreciation and amortization from the logistics business mainly due to (i) the acquisition of the new vessels and the new silo constructed at our port facilities in Uruguay and (ii) an increase in amortization expense which was mainly attributable to the amortization in full in 2009 of the unfavorable contracts (intangible liabilities). This increase in depreciation and amortization from the logistics business was partially offset by a decrease in depreciation due to fact that some assets reached the end of their total useful lives in 2009; and (c) a $10.1 million increase relating to Navios Acquisition of which $9.1 million related to depreciation of vessels and $1.0 million related to the amortization of intangible assets and liabilities associated with the acquisition of the VLCC vessels, which was partially offset by a $4.9 million decrease in amortization of favorable and unfavorable leases.

Provision for Losses on Accounts Receivable: For the year ended December 31, 2010, Navios Holdings had provisions of $4.7 million for losses relating to receivables from FFA trading counterparties and receivables from vessel operations in comparison to a $2.2 million provision that the Company had performed during 2009. For the year ended December 31, 2010 and 2009, provisions for losses on accounts receivable related to logistics business were $0.7 million and $1.4 million, respectively.

Interest Income from Investments in Finance Lease: Interest income from investments in finance lease decreased by $0.4 million or 30.8% to $0.9 million, for the year ended December 31, 2010, as compared to $1.3 million for the year ended December 31, 2009. The decrease was mainly due to the sale of the Vanessa, a 2002 built Handysize product tanker vessel, on August 5, 2010. The Vanessa was one of the vessels acquired through the acquisition of Kleimar on February 2, 2007, and had been leased out under a lease that qualified as finance lease and was contracted to be sold. The sale price amounted to $18.3 million and was paid to Navios Holdings entirely in cash.

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Interest Expense and Finance Cost, Net: Interest expense and finance cost for the year ended December 31, 2010 increased by $42.4 million or 66.7% to $106.0 million, for the year ended December 31, 2010, as compared to $63.6 million in the same period of 2009. This increase was mainly due to: (a) an increase in interest expense and finance cost following the issuance of $400.0 million of Ship Mortgage Notes; (b) an increase in the average outstanding loan balance of Navios Acquisition amounting to $185.7 million for the year ended December 31, 2010; and (c) an increase of $0.3 million in interest expense and finance cost due to the increase in outstanding loan balances of Navios Logistics for the year ended December 31, 2010 compared to the same period in 2009, which was mainly attributable to new loans obtained for the acquisition of the product tankers Makenita H and Sara H. This increase was partially offset by (a) a decrease (excluding Navios Logistics and Navios Acquisition) of the average outstanding loan balance from $555.1 million for the year ended December 31, 2009 to $369.8 million in the same period of 2010 (excluding the drawdown relating to facilities for the construction of the Capesize vessels) and (b) a decrease in average LIBOR rate (excluding Navios Logistics and Navios Acquisition) to 0.36% from 1.45%. Interest income increased by $1.9 million to $3.6 million for the year ended December 31, 2010, as compared to $1.7 million for the same period of 2009. This increase was mainly attributable to the increase in time deposits and increase in interest rates.

Net Other Income and Expense: Net other expense decreased by $12.0 million or 87% to $1.8 million for the year ended December 31, 2010 from $13.8 million for the same period in 2009. This decrease was mainly due to: (a) a $3.8 million gain recognized from the purchase of the 2% convertible senior promissory note for an aggregate price of $29.1 million on November 3, 2010; (b) a $5.1 million increase in miscellaneous income relating to voyages; (c) $13.8 million of unrealized mark-to-market losses on common units of Navios Partners accounted for as available-for-sale investments which were written-down to their market value during the year ended December 31, 2009; (d) a $0.7 million decrease in various net other expenses; and (e) a $0.4 million increase in net other income of Navios Acquisition. This increase was partially offset by: (a) a $6.1 million decrease in other income due to the non-cash compensation income relating to the relief of Navios Partners from its obligation to purchase the Navios Bonavis recognized in the year ended December 31, 2009; (b) a $4.0 million increase in net other expense of Navios Logistics mainly due to exchange rate differences and taxes other-than-income taxes; and (c) a $1.7 million increase in miscellaneous voyage expenses.

Gain on Derivatives: Income from derivatives increased by $3.7 million, or 925%, to $4.1 million, during the year ended December 31, 2010, as compared to $0.4 million for the year ended December 31, 2009. This increase was mainly due to: (a) a $3.4 million increase in the gain from FFA derivatives; and (b) a $0.3 million increase on the gain from interest rate swaps. Navios Holdings records the change in the fair value of derivatives at each balance sheet date. The FFAs market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings. The extent of the impact on earnings is dependent on two factors: market conditions and Navios Holdings net position in the market. Market conditions were volatile in both periods. As an indicator of volatility, selected Baltic Exchange Panamax time charter average rates are shown below.

	Baltic Exchange s Panamax Time Charter Average Index
January 19, 2009	$ 3,917[(a)]
November 19, 2009	$ 35,819[(b)]
December 31, 2009	$ 28,620[(*)]
December 24, 2010	$ 14,711[(c)]
May 20, 2010	$ 37,099[(d)]
December 31, 2010	$ 14,711[(*)]

(a) Low for fiscal year 2009
(b) High for fiscal year 2009
(c) Low for fiscal year 2010
(d) High for fiscal year 2010
(*) End of year rate

Gain on Sale of Assets: The gain on sale of assets for the year ended December 31, 2010 was $55.4 million which was a result of: (a) a gain of $23.8 million from the sale of the Navios Hyperion on January 8, 2010 to Navios Partners; (b) a gain of $0.5 million from the sale of the Navios Aurora II to Navios Partners on March 18, 2010; (c) a gain of $1.8 million from the sale of the Navios Pollux to Navios Partners on May 21, 2010; and (d) a gain of $22.1 million and $7.2 million from the sale of the Navios Fulvia and the Navios Melodia, respectively, to Navios Partners. The gain on sale of assets for the year ended December 31, 2009 was $20.8 million, of which $16.8 million resulted from the sale of the Navios Sagittarius and $4.0 million resulted from the sale of Navios Apollon to Navios Partners on June 10, 2009 and on October 29, 2009, respectively.

Gain on Change in Control: The gain on change in control for the year ended December 31, 2010 of $17.7 million was in connection with Navios Acquisition. Upon obtaining control of Navios Acquisition, the investment in common shares and the investment in warrants were remeasured to fair value which resulted in a gain of $17.7 million.

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Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies increased by $11.4 million to $40.6 million for the year ended December 31, 2010, as compared to $29.2 million equity in earnings for the same period in 2009. This increase was mainly due to the additional deferred gain recognized in the statements of income during the year ended December 31, 2010 under Equity in net earnings of affiliated companies following Navios Partners public equity offerings during the last quarter of 2009 and during 2010. The deferred gain recognized in equity in earnings in connection with the public offerings of Navios Partners common units relates to gains that initially arose from the sale of vessels by the Company to Navios Partners. The Company recognizes the gain in earnings immediately only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (the deferred gain) (see also Related Party Transactions section). Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Partners or (ii) the Company s ownership interest in Navios Partners is reduced.

Income Tax (Expense)/Benefit: Income tax (expense)/benefit decreased by $2.0 million to a $0.4 million expense for the year ended December 31, 2010, as compared to a $1.6 million benefit for the same period in 2009. The main reason was the $1.9 million increase in income taxes relating to Navios Logistics consisting of income tax charges with respect to undistributed retained earnings in Paraguay following the variations year over year in such retained earnings.

Net Loss/(Income) Attributable to the Noncontrolling Interest: Net loss/(income) attributable to the noncontrolling interest decreased by $3.5 million for the year ended December 31, 2010 to a $0.5 million loss from $3.0 million of income for the same period in 2009. This decrease was attributable to (a) a $4.4 million decrease in the noncontrolling interest relating to Navios Acquisition; and (b) a $0.9 million increase in noncontrolling interest relating to Navios Logistics.

Non-Guarantor Subsidiaries

Both of our non-guarantor subsidiaries, Navios Logistics (after deducting the noncontrolling interest) and Navios Acqusition (until its deconsolidation on March 30, 2011), accounted for approximately $259.8 million, or 37.7%, of our total revenue, a loss of $36.9 million as compared to our net income of $40.8 million and approximately $18.7 million, or 7.2%, of Adjusted EBITDA, in each case for the year ended December 31, 2011. Our non-guarantor subsidiaries, Navios Logistics and Navios Acquisition (after deducting the noncontrolling interest), accounted for approximately $221.5 million, or 32.6%, of our total revenue, a loss of $3.4 million, or 2.3%, of our net income and approximately $49.2 million, or 13.8%, of Adjusted EBITDA, in each case, for the year ended December 31, 2010, and $138.9 million, or 23.2%, of our total revenue, $3.5 million, or 5.2%, of our net income and approximately $27.8 million, or 13.4%, of Adjusted EBITDA, in each case for the year ended December 31, 2009.

B. Liquidity and Capital Resources

Navios Holdings has historically financed its capital requirements with cash flows from operations, equity contributions from stockholders and credit facilities. Main uses of funds have been capital expenditures for the acquisition of new vessels, new construction and upgrades at the port terminals, expenditures incurred in connection with ensuring that the owned vessels comply with international and regulatory standards, repayments of credit facilities and payments of dividends. Navios Holdings anticipates that cash on hand, internally generated cash flows and borrowings under the existing credit facilities will be sufficient to fund the operations of the fleet and the logistics business, including working capital requirements. However, see Exercise of Vessel Purchase Options , Working Capital Position and Long-term Debt Obligations and Credit Arrangements for further discussion of Navios Holdings working capital position.

In November 2008, the Board of Directors approved a share repurchase program for up to $25.0 million of Navios Holdings common stock. Share repurchases are made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program does not require any minimum purchase or any specific number or amount of shares and may be suspended or reinstated at any time in Navios Holdings discretion and without notice. Repurchases are subject to restrictions under the terms of the Company s credit facilities and indenture. In October 2011, Navios Holdings repurchased 73,651 shares for a total cost of $0.2 million. There were no shares repurchased during the year ended December 31, 2010 and 331,900 shares were repurchased during the year ended December 31, 2009 under this program for a total consideration $0.7 million. Since the initiation of the program, 981,131 shares have been repurchased for a total consideration of $2.0 million. The following table presents cash flow information for each of the years ended December 31, 2011, 2010 and 2009.

(in thousands of U.S. dollars)	**Year Ended December 31, 2011**	**Year Ended December 31, 2010**	**Year Ended December 31, 2009**

Net cash provided by operating activities	$ 106,643	$ 188,641	$ 216,451
Net cash used in investing activities	(175,264)	(135,920)	(802,538)
Net cash provided by/(used in) financing activities	32,307	(19,244)	626,396
(Decrease)/increase in cash and cash equivalents	**(36,314)**	**33,477**	**40,309**
Cash and cash equivalents, beginning of year	207,410	173,933	133,624
Cash and cash equivalents, end of year	**$ 171,096**	**$ 207,410**	**$ 173,933**

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Cash provided by operating activities for the year ended December 31, 2011 as compared to the cash provided by operating activities for the year ended December 31, 2010:

Net cash from operating activities decreased by $82.0 million to $106.6 million for the year ended December 31, 2011, as compared to $188.6 million for the year ended December 31, 2010. In determining net cash from operating activities, net income is adjusted for the gain on sale of assets and effects of certain non-cash items including depreciation and amortization, deferred taxes and unrealized gains and losses on derivatives which may be analyzed in detail as follows:

(in thousands of U.S. dollars)	Year Ended December 31, 2011	Year Ended December 31, 2010
Net income	$ 41,332	$ 145,269
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	107,395	101,793
Amortization and write-off of deferred financing costs	5,580	11,752
Amortization of deferred drydock and special survey costs	5,364	3,306
Provision for losses on accounts receivable	239	4,660
Unrealized (gain)/loss on FFA derivatives	(289)	19,903
Unrealized gain on warrants		(5,888)
Unrealized gain on interest rate swaps		(1,133)
Share based compensation and consultancy fees	4,252	8,095
Gain on sale of assets	(38,822)	(55,432)
Gain on repurchase of convertible bond		(3,799)
Loss on bond extinguishment	5,573	
Loss/(gain) on change in control	35,325	(17,742)
Income tax (benefit)/expense	(56)	414
Losses in affiliates and joint ventures, net of dividends received	6,909	307
Net income adjusted for non-cash items	**$ 172,802**	**$ 211,505**

Restricted cash, including current and non-current portion, decreased by $47.2 million from $53.6 million at December 31, 2010 to $6.4 million at December 31, 2011. The primary reason for this decrease was: (a) a $33.8 million decrease as a result of the deconsolidation of Navios Acquisition; (b) a $0.6 million decrease in restricted cash of Navios Logistics; (c) a $12.5 million decrease of cash reserves in the pledged account with the agent bank under the loan facility with HSH Nordbank and Commerzbank AG; and (d) a $0.6 million decrease in other restricted cash accounts. This decrease was partially offset by a $0.3 million increase in cash reserves relating to loan facilities with Emporiki Bank of Greece.

Accounts receivable, net, increased by $31.0 million from $70.4 million at December 31, 2010 to $101.4 million at December 31, 2011. The increase was primarily due to: (a) a $14.9 million increase in accounts receivable of Navios Logistics mainly due to the increase in operations as a result of the new fleet acquired, the increase in sales of products and the decrease in the allowance for doubtful receivables; and (b) an increase of $26.9 million in accounts receivable from charterers and receivables reserves. This increase was partially offset by: (a) a $2.9 million decrease in the receivable amount from FFA trading partners; (b) a $3.4 million decrease in other receivables; and (c) a $4.5 million decrease as a result of the Navios Acquisition deconsolidation.

Amounts due from affiliate companies increased by $46.8 million from $2.6 million for the year ended December 31, 2010 to $49.4 million for the year ended December 31, 2011. The increase was due to: (a) a $45.5 million increase in management and administrative fees, other expenses and reimbursement for drydocking costs receivable from Navios Acquisition and Navios Partners, and (b) a $1.3 million increase in dividends receivable from Navios Acquisition.

The net fair value of open FFA trades, as included in the balance sheet at December 31, 2011, amounted to an asset of $1.3 million whereas the net fair value of open FFA trades, as included in the balance sheet at December 31, 2010, amounted to an asset of $1.5 million and a liability of $0.2 million, reflecting the marked-to-market values at the end of the respective years.

The net fair value for derivative accounts decreased during the year ended December 31, 2011 by $0.1 million due to $0.4 million of payments relating to FFA trades, partially offset by a $0.3 million gain in the unrealized component of NOS ASA and LCH portfolios, directly affecting the cash flow statement.

Prepaid expenses and other current assets increased by $8.0 million from $33.4 million at December 31, 2010 to $41.4 million at December 31, 2011. The main reason for the increase was: (a) a $4.4 million increase in accounts receivable claims; (b) a $3.4 million increase in inventories; and (c) a $1.6 million increase in other assets. This increase was partially offset by: (a) a $0.9 million decrease in prepaid expenses; (b) a $0.1 million decrease in prepaid expenses and other current assets of Navios Logistics; and (c) a $0.4 million decrease in prepaid expenses and other current assets of Navios Acquisition as a result of its deconsolidation.

Other long term assets increased by $8.5 million from $10.4 million at December 31, 2010 to $18.9 million at December 31, 2011. The main reason for the increase was: (a) a $6.7 million increase in long-term receivables from charterers; and (b) a $3.8 million increase in long-term prepaid hires for chartered in vessels. This increase was partially offset by a $2.0 million decrease in other long-term assets of Navios Logistics.

Accounts payable increased by $2.6 million from $49.5 million at December 31, 2010 to $52.1 million at December 31, 2011. The primary reasons for the increase were: (a) a $0.6 million increase in accounts payable of Navios Logistics mainly attributable to the increase in operations; (b) a $3.0 million increase in accounts payable to head owners; (c) a $1.4 million increase in accounts payable to suppliers and repairers; (d) a $1.0 million increase in accounts payable to insurers; (e) a $0.2 million increase in legal, audit and consulting payables; and (f) a $2.2 million increase in other accounts payable. This increase was partially offset by a decrease of (a) $1.8 million decrease in accounts payable to bunkers and lubricants suppliers; (b) $0.6 million decrease in accounts payable to FFA trading counterparties; and (c) $3.4 million decrease as a result of the Navios Acquisition deconsolidation.

Accrued expenses increased by $1.5 million to $63.9 million at December 31, 2011 from $62.4 million at December 31, 2010. The primary reasons for the increase were: (a) an increase of $6.1 million in accrued expenses of Navios Logistics mainly due to the increase in interest, payroll and taxes; (b) an increase of $9.9 million in accrued interest; (c) an increase of $1.6 million in accrued estimated losses on uncompleted voyages and vessels time chartered to others; and (d) a $0.3 million increase in accrued expenses relating to audit fees and related services. This increase was partially offset by: (a) a $9.2 million decrease in accrued expenses of Navios Acquisition as a result of its deconsolidation; (b) a $1.5 million decrease in accrued expenses relating to payroll; (c) a $1.9 million decrease in accrued expenses relating to direct vessel expenses and voyage expenses; (d) a $0.5 million decrease in accrued expenses relating to professional fees; and (e) a $3.3 million decrease in other accrued expenses.

Deferred income and cash received in advance increased by $10.9 million to $28.6 million at December 31, 2011 from $17.7 million at December 31, 2010. Deferred income primarily reflects freight and charter-out amounts collected on voyages that have not been completed and the current portion of the deferred gain from the sale of the Navios Aurora, the Navios Sagittarius, the Navios Hyperion, the Navios Melodia, the Navios Fulvia, the Navios Orbiter and the Navios Luz to Navios Partners to be amortized over the next year amounting to $10.9 million. The primary reasons for the increase of the deferred income and cash received in advance were: (a) a $2.6 million increase in gain from the sale of assets; (b) a $6.5 increase in deferred freight; and (c) a $4.5 million increase in deferred income of Navios Logistics. This increase was partially offset by $2.7 million decrease as a result of the deconsolidation of Navios Acquisition.

Other long term liabilities and deferred income increased by $2.2 million to $38.2 million at December 31, 2011 from $36.0 million at December 31, 2010. The primary reasons for the increase were (a) a $3.3 million increase in other long term payables; and (b) a $1.1 million increase in the non-current portion of deferred income. This increase was partially offset by: (a) a $2.0 million decrease in other long-term liabilities of Navios Logistics; and (b) a $0.2 million decrease in the non-current portion of deferred gain from the sale of vessels to Navios Partners.

Cash used in investing activities for the year ended December 31, 2011 as compared to the year ended December 31, 2010:

Cash used in investing activities increased by $39.4 million to $175.3 million for the year ended December 31, 2011, as compared to $135.9 million for the same period in 2010.

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Cash used in investing activities was the result of: (a) a $72.4 million decrease due to the Navios Acquisition deconsolidation; (b) $3.0 million of deposits for acquisitions of tanker vessels under construction; (c) $33.6 million due to additional drawdowns during 2011 from Navios Acquisition under its loan facility with the Company; (d) $63.8 million of deposits for the acquisition of two newbuilding bulk carriers scheduled to be delivered during the first the second quarter of 2012; (e) $51.6 million paid for the acquisition of the vessels Navios Azimuth, Navios Altamira and Navios Astra, and $4.5 million paid for the delivery of the Nave Polaris on January 27, 2011; (f) $2.1 million in payments relating to the acquisition of General Partner units following offerings by Navios Partners; and (g) the purchase of other fixed assets amounting to $71.1 million mainly relating to Navios Logistics for (i) the construction of the new drying and conditioning facility and a new silo in Nueva Palmira; (ii) the acquisition and transportation of three pushboats, 66 barges and a floating dry dock; and (iii) fixed asset improvements and the purchase of other fixed assets. The above was partially offset by (a) $120.0 million of proceeds from the sale of the Navios Luz and the Navios Orbiter to Navios Partners on May 19, 2011; (b) a $0.8 million decrease in restricted cash, and (c) $6.0 million of loan repayments received from Navios Acquisition.

Cash used in investing activities was $135.9 million for the year ended December 31, 2010. This was the result of: (a) the deposits for acquisitions of Capesize vessels under construction amounting to $253.5 million and $89.7 million for deposits for acquisitions of tanker vessels under construction; (b) $132.9 million paid for the acquisition of the vessels Navios Antares, Navios Vector, Navios Buena Ventura, Navios Bonheur, Navios Luz and Navios Etoile, and $89.9 million paid for the acquisition of the vessels Colin Jacob, Ariadne Jacob and Nave Cosmos, including any additional expenses incurred from each vessel s purchase; (c) $102.0 million paid net of cash assumed for the VLCC Acquisition; (d) the purchase of other fixed assets amounting to $16.8 million mainly relating to Navios Logistics for (i) the acquisition of two 29 acre parcels of land south of the Nueva Palmira Free Zone; (ii) payments for the construction of the new drying and conditioning facility in Nueva Palmira; and (iii) the purchase of other fixed assets, barges and pushboats; and (e) $6.2 million in payments relating to the acquisition of General Partner units following offerings by Navios Partners. The above was partially offset by: (a) $67.7 million decrease in Navios Holdings restricted cash; (b) proceeds of $63.0 million, $90.0 million, $110.0 million, $72.1 million, and $89.9 million from the sale of the Navios Hyperion, the Navios Aurora II, the Navios Pollux, the Navios Melodia and the Navios Fulvia, respectively, to Navios Partners and $18.3 million from the sale of the Vanessa; (c) net proceeds of $40.8 million from the transfer of assets and liabilities of Navios Holdings to Navios Acquisition; (d) $0.2 million received in connection with the finance lease receivable; and (e) net proceeds of $3.1 million for the purchase by Navios Holdings of 6,337,551 shares of Navios Acquisition s common stock amounting to $63.2 million less cash assumed on the initial consolidation date of $66.3 million.

Cash provided by financing activities for the year ended December 31, 2011 as compared to cash used in financing activities for the year ended December 31, 2010:

Cash provided by financing activities was $32.3 million for the year ended December 31, 2011, as compared to cash used in financing activities of $19.2 million for the same period of 2010.

Cash provided by financing activities for the year ended December 31, 2011 was the result of (a) $83.5 million of loan proceeds (net of relating finance fees $2.8 million) in connection with (i) $80.5 million of Navios Holdings loan proceeds for financing the acquisition of the Navios Azimuth, the Navios Altamira, the Navios Astra, the Navios Avior and the Navios Centaurus (net of relating finance fees of $2.4 million); and (ii) $3.0 million of Navios Acquisition s loan proceeds (net of relating finance fees of $0.4 million); (b) $0.4 million of proceeds from the exercise of options to purchase common stock; (c) $341.0 million of net proceeds from the sale of the 2019 Notes; and (d) $193.2 million of net proceeds from the sale of the Logistics Senior Notes. This was partially offset by: (a) the repayment of $300.0 million of the 2014 Notes with the proceeds of the sale of the 2019 Notes; (b) $248.5 million of installment payments made in connection with Navios Holdings outstanding indebtedness (including Navios Acquisition and Navios Logistics); (c) $1.0 million relating to payments for capital lease obligations; (d) $27.2 million of dividends paid to the Company s shareholders; (e) $8.6 million paid by Navios Logistics for the acquisition of the noncontrolling interests in its joint ventures Thalassa Energy S.A., HS Tankers Inc., HS Navigation Inc., HS Shipping Ltd Inc. and HS South Shipping Inc.; (f) a $0.3 million increase in restricted cash relating to loan repayments; and (g) $0.2 million paid for the repurchase of 73,651 shares of the Company s common stock pursuant to the share repurchase program approved in November 2008.

Cash used in financing activities for the year ended December 31, 2010 was the result of: (a) $27.0 million of dividends paid during the year ended December 31, 2010; (b) $804.4 million of installments paid in connection with our outstanding indebtedness; (c) a $2.1 million net outflow relating to the Warrant Program; (d) $29.1 million paid for the purchase of the 2% convertible bond that took place on November 16, 2010; (e) $0.5 million of distributions to noncontrolling shareholders relating to the logistics business; (f) $49.0 million paid for the purchase of 13,132 of certain series of mandatorily convertible preferred stock; and (g) $1.8 million of fees related to the issuance of preferred shares. The decrease of $913.9 million in cash provided by financing activities was partially offset by: (a) $443.2 million of Navios Holdings loan proceeds (net of relating finance fees of $23.4 million) in connection with (i) $178.2 million of loan proceeds related to Navios Acquisition, (ii) $0.3 million of loan proceeds relating to the logistics business; and (iii) $288.1 million of loan proceeds relating to all other facilities of Navios Holdings; (b) $400.0 million of proceeds from Navios Acquisition s 8.625% first priority ship mortgage notes due 2017; (c) a $17.7 million decrease in restricted cash relating to loan repayments; (d) $0.4 million proceeds from issuance of common shares; and (e) $33.4 million net proceeds from the offering 6,500,000 shares of Navios Acquisition that was completed on November 19, 2010.

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Cash provided by operating activities for the year ended December 31, 2010 as compared to the cash provided by operating activities for the year ended December 31, 2009:

Net cash from operating activities decreased by $34.0 million to $182.5 million for the year ended December 31, 2010, as compared to $216.5 million for the year ended December 31, 2009. In determining net cash from operating activities, net income is adjusted for the gain on sale of assets and effects of certain non-cash items including depreciation and amortization, deferred taxes and unrealized gains and losses on derivatives which may be analyzed in detail as follows:

(in thousands of U.S. dollars)	Year Ended December 31, 2010	Year Ended December 31, 2009
Net income	$ 145,269	$ 70,964
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	101,793	73,885
Amortization and write-off of deferred financing cost	11,752	6,682
Amortization of deferred drydock and special survey costs	3,306	2,441
Provision for losses on accounts receivable	4,660	2,237
Unrealized loss/(gain)on FFA derivatives	19,903	(1,674)
Unrealized gain on warrants	(5,888)	(5,863)
Unrealized gain on interest rate swaps	(1,133)	(1,774)
Share based compensation and consultancy fees	8,095	2,187
Gain on sale of assets/partial sale of subsidiary	(55,432)	(20,785)
Gain on repurchase of convertible bond	(3,799)	
Gain on change in control	(17,742)	
Income tax expense/(benefit)	414	(1,565)
Losses/(earnings) in affiliates and joint ventures, net of dividends received	307	(1,355)
Compensation income		(6,082)
Unrealized loss on available for sale securities		13,778
Net income adjusted for non-cash items	**211,505**	**133,076**

The net fair value of open FFA trades as included in the balance sheet at December 31, 2010 was lower than in the same period of 2009 and amounted to a liability of $0.1 million and an asset of $18.7 million, respectively, reflecting the marked-to-market values at the end of the respective years.

The liability for derivative accounts decreased $8.8 million from $10.2 million at December 31, 2009 to $1.4 million at December 31, 2010 due to the movement in the unrealized component of the NOS ASA and LCH portfolios, which directly affected the cash flow statement. This decrease in liability was offset by the payments relating to interest rate swaps of $1.2 million.

Restricted cash decreased by $53.6 million from $107.2 million at December 31, 2009 to $53.6 million (including long-term restricted cash) at December 31, 2010. The primary reason for this decrease was: (a) a $90.9 million decrease in the amount prepaid upon the issuance of the Ship Mortgage Notes and held in a pledged account with HSH Nordbank and Commerzbank AG, which was released to the Company following the nominations of substitute vessels which forms part of financing activities; (b) a decrease in deposits made to NOS ASA and LCH in 2010 with respect to FFAs trading by $0.2 million and $1.1 million, respectively, due to the decrease in the number of trades with NOS ASA and LCH during 2010 as compared with the same period in 2009; (c) a $1.1 million decrease in restricted cash of Navios Logistics; and (d) a $1.0 million decrease in other pledged accounts. This decrease was partially offset by: (a) $33.8 million of restricted cash relating to Navios Acquisition; (b) a $4.5 million increase relating to the amendment of the facility with HSH Nordbank and Commerzbank AG in March 2009, pursuant to which Navios Holdings was obliged to accumulate cash reserves of $14.0 million into a pledged account with the agent bank ($5.0 million in January 2009 and $1.1 million on each loan repayment date during 2009 and 2010, starting from January 2009); and (c) a $2.5 million increase in cash reserves relating to a loan facility with Emporiki Bank of Greece.

Accounts receivable, net, decreased by $8.1 million from $78.5 million at December 31, 2009 to $70.4 million at December 31, 2010. The decrease was primarily due to: (a) a $5.3 million decrease in the receivable amount from FFA trading partners from $16.0 million at December 31, 2009 to $10.7 million at December 31, 2010; (b) a decrease of $7.0 million in accounts receivables reserves and other charterers receivables; and (c) a $1.8 million decrease in other receivables. This decrease was partially offset by: (a) a $1.5 million increase in accounts receivable of Navios Logistics; and (b) $4.5 million of accounts receivable of Navios Acquisition. Both Navios Logistics and Navios Acquisition s increases were mainly related to receivables from charterers.

Prepaid expenses and other current assets increased by $5.7 million from $27.7 million at December 31, 2009 to $33.4 million at December 31, 2010. The main reason for the increase was: (a) a $3.0 million increase in inventories; (b) a $4.0 million increase in prepaid voyage and operating costs; (c) a $0.4 million increase in prepaid taxes; and (d) $0.4 million prepaid expenses and other current assets of Navios Acquisition (including prepaid expenses and other current assets obtained as a result of the VLCC Acquisition of $3.5 million). This increase was partially offset by: (a) a $0.8 million decrease in accounts receivable claims; (b) a $0.3 million decrease in advances to agents; and (c) a $1.0 decrease in other assets.

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Amounts due from affiliate companies increased by $0.6 million from $2.0 million for the year ended December 31, 2009 to $2.6 million for the year ended December 31, 2010. The increase was due to: (a) a $0.2 million increase in administrative fees; and (b) a $0.9 million increase in other receivables. This increase was partially offset by a $0.4 million decrease in receivables from management fees.

Accounts payable decreased by $12.5 million from $62.0 million at December 31, 2009 to $49.5 million at December 31, 2010. The primary reasons for the decrease were: (a) a $4.6 million decrease in the amount due to FFA trading counterparties; (b) a $15.4 million decrease in accounts payable to head owners; (c) a $2.4 million decrease in accounts payable to port agents; (d) a $0.7 million decrease in accounts payable to bunker and lubricant suppliers; and (e) a $2.7 million decrease in other accounts payable. This decrease was offset by an increase of (a) $1.1 million in accounts payable to insurers; (b) $4.6 million in accounts payable relating to the logistics business mainly attributable to the increase in operations; (c) a $2.1 million increase in legal, audit and consulting payables; (d) a $2.0 million increase in other suppliers; and (e) $3.5 million of accounts payable of Navios Acquisition, which had no operations in 2009, and consisted of $2.6 million of legal and professional fees and $0.9 million of brokers fees and amounts owed to other creditors.

Accrued expenses increased by $14.4 million to $62.4 million at December 31, 2010 from $48.0 million at December 31, 2009. The primary reasons for the increase were: (a) an increase of $5.6 million in accrued expenses relating to direct vessel expenses; (b) an increase of $1.1 million in consultancy and legal fees; (c) a $2.1 million increase in accrued expenses relating to the logistics business mainly due to increase in payroll, consultancy and legal fees and taxes; (d) $9.2 million accrued expenses of Navios Acquisition (including accrued expenses as a result of the VLCC Acquisition and accrued expenses as a result of the initial vessel acquisition from Navios Holdings); and (e) a $0.7 million net increase in all other categories of accrued expenses. This increase was partially offset by: (a) a $1.0 million decrease in accrued interest; (b) a $0.5 million decrease in dividends payable relating to the preferred stock issued during 2009; and (c) a $2.8 million decrease in accrued trade payables.

Deferred income and cash received in advance increased by $8.2 million to $17.7 million at December 31, 2010 from $9.5 million at December 31, 2009. Deferred income primarily reflects freight and charter-out amounts collected on voyages that have not been completed and the current portion of the deferred gain from the sale of the Navios Hope, Navios Apollon, Navios Sagittarius, Navios Hyperion, Navios Melodia and Navios Fulvia to Navios Partners to be amortized over the next year amounting to $8.3 million. The primary reasons for the increase of the deferred income were: (a) a $4.5 million increase in gain from the sale of assets; (b) a $4.3 increase in deferred freight; and (c) a $2.8 million increase relating to Navios Acquisition (including deferred revenue obtained as a result of the VLCC Acquisition). This increase was offset by a decrease of $3.4 million in deferred hire and a decrease in all other categories.

Cash used in investing activities for the year ended December 31, 2010 as compared to the year ended December 31, 2009:

Cash used in investing activities decreased by $666.6 million to $135.9 million for the year ended December 31, 2010, as compared to $802.5 million for the same period in 2009.

Cash used in investing activities was the result of: (a) the deposits for the acquisitions of Capesize vessels under construction amounting to $253.5 million and deposits for acquisitions of tanker vessels under construction amounting to $89.7 million; (b) $132.9 million paid for the acquisition of the vessels Navios Antares, Navios Vector, Navios Buena Ventura, Navios Bonheur, Navios Luz and Navios Etoile, and $89.9 million paid for the acquisition of the vessels Colin Jacob, Ariadne Jacob and Nave Cosmos, including any additional expenses incurred from each vessel s purchase; (c) $102.0 million paid, net of cash assumed, for the VLCC Acquisition; (d) the purchase of other fixed assets amounting to $16.8 million mainly relating to Navios Logistics for (i) the acquisition of two 29 acre parcels of land south of the Nueva Palmira Free Zone; (ii) payments for the construction of the new drying and conditioning facility in Nueva Palmira; and (iii) the purchase of other fixed assets, barges and pushboats; and (e) $6.2 million in payments relating to the acquisition of General Partner units following offerings by Navios Partners. The above was partially offset by: (a) a $67.7 million decrease in Navios Holdings restricted cash; (b) proceeds of $63.0 million, $90.0 million, $110.0 million, $72.1 million, and $89.9 million from the sale of the Navios Hyperion, the Navios Aurora II, the Navios Pollux, the Navios Melodia and the Navios Fulvia, respectively, to Navios Partners and $18.3 million from the sale of the Vanessa; (c) net proceeds of $40.8 million from transfer of assets and liabilities of Navios Holdings to Navios Acquisition; (d) $0.2 million received in connection with the finance lease receivable; and (e) net proceeds of $3.1 million for the purchase by Navios Holdings of 6,337,551 shares of Navios Acquisition s common stock amounting to $63.2 million less cash assumed on the initial consolidation date of $66.3 million.

Cash used in investing activities was $802.5 million for the year ended December 31, 2009. This was the result of: (a) the payment of the cash consideration of $25.6 million and $31.6 million for acquisition of the Navios Vega in February 2009 and Navios Celestial in September 2009, respectively, and the payment of the cash consideration of $455.6 million for the acquisitions of seven Capesize vessels (Navios Bonavis, Navios Happiness, Navios Pollux, Navios Aurora II, Navios Lumen, Navios Phoenix and Navios Stellar); (b) the deposits for acquisitions of Capesize vessels under construction amounting to $238.8 million; (c) $90.9 million held in a pledged account which may be released to the Company subject to nominations of substitute vessels agreed by a lender; (d) the purchase of other fixed assets amounting $26.9 million mainly relating to the construction of the new silo of Navios Logistics and the acquisition of the tanker vessel Makenita H; and (e) the payment of

$0.4 million for the acquisition of Hidronave S.A. net of cash acquired. The above was partially offset by $0.5 million received in connection with the capital lease receivable and $66.6 million of consideration received for the sale to Navios Partners of the Navios Apollon and the rights to the Navios Sagittarius.

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Cash used in financing activities for the year ended December 31, 2010 as compared to cash provided by financing activities for the year ended December 31, 2009:

Cash used in financing activities was $19.2 million for the year ended December 31, 2010, as compared to cash provided by financing activities of $626.4 million for the same period of 2009.

Cash used in financing activities for the year ended December 31, 2010 was the result of: (a) $27.0 million of dividends paid during the year ended December 31, 2010; (b) $804.4 million of installments paid in connection with our outstanding indebtedness; (c) a $2.1 million net outflow relating to the Warrant Program; (d) $29.1 million paid for the purchase of the 2% convertible bond that took place on November 16, 2010; (e) $0.5 million of distributions to noncontrolling shareholders relating to the logistics business; (f) $49.0 million paid for the purchase of 13,132 of certain series of mandatorily convertible preferred stock; and (g) $1.8 million of fees related to the issuance of preferred shares. The decrease of $913.9 million in cash provided by financing activities was partially offset by: (a) $443.2 million of Navios Holdings loan proceeds (net of relating finance fees of $23.4 million) in connection with (i) $178.2 million of loan proceeds related to Navios Acquisition, (ii) $0.3 million of loan proceeds relating to the logistics business; and (iii) $288.1 million of loan proceeds relating to all other facilities of Navios Holdings; (b) $400.0 million of proceeds from Navios Acquisition s 8.625% first priority ship mortgage notes due 2017; (c) a $17.7 million decrease in restricted cash relating to loan repayments; (d) $0.4 million of proceeds from issuance of common shares; and (e) $33.4 million of net proceeds from the offering of 6,500,000 shares of Navios Acquisition that was completed on November 19, 2010.

Cash provided by financing activities for the year ended December 31, 2009 was the result of $603.2 million of loan proceeds (net of relating financing fees of $18.1 million) in connection with: (a) a $48.5 million drawdown from the loan facility with DNB NOR BANK ASA for the construction of one Capesize vessel; (b) a $124.5 million drawdown from the loan facilities of Emporiki Bank of Greece for the construction of two Capesize vessels; (c) a $60.0 million drawdown from Commerzbank for the acquisition of the Navios Bonavis; (d) a $115.8 million million drawdown from Commerzbank for the construction of three Capesize vessels; (e) a $120.0 million drawdown from Deka Bank for the acquisition of two Capesize vessels; (f) a $20.0 million drawdown of the unsecured bond for the acquisition of the Navios Pollux; (g) a $110.0 million drawdown from the Marfin Egnatia Bank loan facility; and (h) the net movement of $22.5 million from the Navios Logistics loan due to the drawdown for the construction of the Makenita H and the acquisition of Hidronave S.A. This was partially offset by: (a) the acquisition of treasury stock amounting to $0.7 million; (b) the $9.5 million increase in restricted cash required under the amendment in one of the Company s facility agreements; (c) the $27.6 million of dividends paid during 2009 in connection with the third quarter and fourth quarter of 2008 and the first and second quarters of 2009; and (d) a $334.0 million repayment of Navios Holdings outstanding debt.

Adjusted EBITDA: EBITDA represents net income plus interest and finance costs plus depreciation and amortization and income taxes. Adjusted EBITDA in this document represents EBITDA before stock based compensation. Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and represents useful information to investors regarding Navios Holdings ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Holdings also believes that Adjusted EBITDA is used (i) by prospective and current lessors as well as potential lenders to evaluate potential transactions; and (ii) to evaluate and price potential acquisition candidates.

Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for the analysis of Navios Holdings results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and (ii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, Adjusted EBITDA should not be considered as a principal indicator of Navios Holdings performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

Adjusted EBITDA for the years ended December 31, 2011 and 2010 was $260.8 million and $356.1 million, respectively. The $95.3 million decrease in Adjusted EBITDA was primarily due to: (a) an increase in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs) of $17.3 million to $111.9 million for the year ended December 31, 2011 from $94.6 million in the same period of 2010; (b) an increase in losses from derivatives of $4.3 million to a $0.2 million loss for the year ended December 31, 2011 from a $4.1 million gain in the same period of 2010; (c) a decrease in interest income from investments in finance leases by $0.9 million; (d) an increase in net other expense by $9.5 million to $11.3 million for the year ended December 31, 2011 from $1.8 million in the same period of 2010; (e) a decrease in gain on sale of assets by $16.6 million; (f) a decrease in gain on fair value of investment in Navios Acquisition of $53.0 million; (g) a $21.2 million increase in losses on bond extinguishment; (h) an increase in noncontrolling interest income (including preferred stock dividends and preferred stock dividends attributable to the noncontrolling interest) of $1.0 million to a $0.5 million gain for the year ended December 31, 2011 from a $0.5 million loss for the same period in 2010; and (i) a decrease in equity in net earnings from affiliated companies of $5.4 million to $35.2 million for the year ended December 31, 2011 from $40.6 million in the same period of 2010. The overall variance of $129.2 million was partially offset by: (a) an increase in revenue of $9.4 million to $689.3 for the year ended December 31, 2011 from $679.9 million for the same period in 2010; (b) a decrease of $12.4 million in time charter, voyage and logistic business expenses to $273.3 million for the year ended

December 31, 2011 from $285.7 million for the same period in 2010; (c) a decrease in general and

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administrative expenses of $7.6 million (excluding share based compensation expenses) to $48.5 million for the year ended December 31, 2011 from $56.1 million in the same period of 2010; and (d) a decrease in provision for losses on accounts receivable of $4.5 million to $0.2 million for the year ended December 31, 2011 from $4.7 million in the same period of 2010.

Adjusted EBITDA for the years ended December 31, 2010 and 2009 was $356.1 million and $206.8 million, respectively. The $149.3 million increase in Adjusted EBITDA was primarily due to: (a) an increase in revenue of $81.2 million to $679.9 for the year ended December 31, 2010 from $598.7 million for the same period in 2009; (b) a decrease of $30.8 million in time charter, voyage and logistic business expenses to $285.7 million for the year ended December 31, 2010 from $316.5 million for the same period in 2009; (c) an increase in gains from derivatives of $3.7 million to $4.1 million for the year ended December 31, 2010 from $0.4 million in the same period of 2009; (d) a decrease in net other expense by $12.0 million to $1.8 million for the year ended December 31, 2010 from $13.8 million in the same period of 2009; (e) an increase in gain on sale of assets by $34.6 million; (f) a gain on fair value of investment in Navios Acquisition of $17.7 million; (g) a decrease in noncontrolling interest income of $3.5 million to a $0.5 million loss for the year ended December 31, 2010 from $3.0 million of income for the same period in 2009; and (h) an increase in equity in net earnings from affiliated companies of $11.4 million to $40.6 million for the year ended December 31, 2010 from $29.2 million in the same period of 2009. The overall variance of $194.9 million was partially offset by: (a) an increase in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs) of $28.3 million to $94.6 million for the year ended December 31, 2010 from $66.3 million in the same period of 2009; (b) an increase in general and administrative expenses of $14.4 million (excluding share based compensation expenses) to $56.1 million for the year ended December 31, 2010 from $41.7 million in the same period of 2009; (c) an increase in provision for losses on accounts receivable by $2.5 million to $4.7 million for the year ended December 31, 2010 from $2.2 million in the same period of 2009; and (d) a decrease in interest income from investments in finance leases by $0.4 million to $0.9 million for the year ended December 31, 2010 from $1.3 million in the same period of 2009.

Long-Term Debt Obligations and Credit Arrangements:

Navios Holdings loans

In December 2006, the Company issued $300.0 million in senior notes at a fixed rate of 9.5% due on December 15, 2014 (2014 Notes). On January 28, 2011, Navios Holdings completed the sale of $350.0 million of 8.125% Senior Notes due 2019 (the 2019 Notes). The net proceeds from the sale of the 2019 Notes were used to redeem any and all of Navios Holdings outstanding 2014 Notes and pay related transaction fees and expenses and for general corporate purposes. The effect of this transaction was the write off of $21.2 million from deferred financing fees, which is recorded in the statement of income under Loss on bond extinguishment .

Senior Notes: On January 28, 2011, the Company and its wholly owned subsidiary, Navios Maritime Finance II (US) Inc. (NMF and, together with the Company, the 2019 Co-Issuers) issued $350.0 million in senior notes due on February 15, 2019 at a fixed rate of 8.125%. The senior notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company s subsidiaries, other than NMF, Navios Maritime Finance (US) Inc., Navios Maritime Acquisition Corporation and its subsidiaries, Navios South American Logistics Inc. and its subsidiaries and Navios GP L.L.C. The subsidiary guarantees are full and unconditional , as those terms are used in Regulation S-X Rule 3-10, except that the indenture provides for an individual subsidiary s guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an unrestricted subsidiary for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the notes. The 2019 Co-Issuers have the option to redeem the notes in whole or in part, at any time (i) before February 15, 2015, at a redemption price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest, if any, and (ii) on or after February 15, 2015, at a fixed price of 104.063% of the principal amount, which price declines ratably until it reaches par in 2017, plus accrued and unpaid interest, if any. At any time before February 15, 2014, the 2019 Co-Issuers may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of an equity offering at 108.125% of the principal amount of the notes, plus accrued and unpaid interest, if any, so long as at least 65% of the originally issued aggregate principal amount of the notes remains outstanding after such redemption. In addition, upon the occurrence of certain change of control events, the holders of the notes will have the right to require the 2019 Co-Issuers to repurchase some or all of the notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date. Pursuant to a registration rights agreement, the 2019 Co-Issuers and the guarantors filed a registration statement on June 21, 2011, that was declared effective on August 23, 2011. The exchange offer of the privately placed notes with publicly registered notes with identical terms was completed on September 30, 2011. The senior notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2019 Co Issuers properties and assets and creation or designation of restricted subsidiaries. The 2019 Co-Issuers were in compliance with the covenants as of December 31, 2011.

Ship Mortgage Notes: In November 2009, the Company and its wholly owned subsidiary, Navios Maritime Finance (US) Inc. (together, the Mortgage Notes Co-Issuers) issued $400.0 million of first priority ship mortgage notes due on November 1, 2017 at a fixed rate of 8.875%. The ship mortgage notes are senior obligations of the Mortgage Notes Co-Issuers and are secured by first

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priority ship mortgages on 15 vessels owned by certain subsidiary guarantors and other related collateral securities. The ship mortgage notes are fully and unconditionally guaranteed, jointly and severally by all of the Company s direct and indirect subsidiaries that guarantee the 2019 Notes. The guarantees of the Company s subsidiaries that own mortgage vessels are senior secured guarantees and the guarantees of the Company s subsidiaries that do not own mortgage vessels are senior unsecured guarantees. At any time before November 1, 2012, the Mortgage Notes Co-Issuers may redeem up to 35% of the aggregate principal amount of the ship mortgage notes with the net proceeds of a public equity offering at 108.875% of the principal amount of the ship mortgage notes, plus accrued and unpaid interest, if any, so long as at least 65% of the originally issued aggregate principal amount of the ship mortgage notes remains outstanding after such redemption. In addition, the Mortgage Notes Co-Issuers have the option to redeem the ship mortgage notes in whole or in part, at any time (1) before November 1, 2013, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 basis points, and (2) on or after November 1, 2013, at a fixed price of 104.438%, which price declines ratably until it reaches par in 2015. Furthermore, upon occurrence of certain change of control events, the holders of the ship mortgage notes may require the Mortgage Notes Co-Issuers to repurchase some or all of the notes at 101% of their face amount. Pursuant to the terms of a registration rights agreement, as a result of satisfying certain conditions, the Mortgage Notes Co Issuers and the guarantors are not obligated to file a registration statement that would have enabled the holders of ship mortgage notes to exchange the privately placed notes with publicly registered notes with identical terms. The ship mortgage notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into certain transactions with affiliates, merging or consolidating or selling all or substantially all of the Mortgage Notes Co-Issuers properties and assets and creation or designation of restricted subsidiaries. The Mortgage Notes Co-Issuers were in compliance with the covenants as of December 31, 2011

Loan Facilities:

The majority of the Company s senior secured credit facilities include maintenance covenants, including loan-to-value ratio covenants, based on either charter-adjusted valuations, or charter-free valuations. As of December 31, 2011, the Company was in compliance with all of the covenants under each of its credit facilities outlined below.

HSH/Commerzbank Facility: In February 2007, Navios Holdings entered into a secured loan facility with HSH Nordbank and Commerzbank AG maturing on October 31, 2014. The facility was initially composed of a $280.0 million term loan facility and a $120.0 million reducing revolving facility and it has been amended and repaid as the vessels have been sold.

In April 2010, Navios Holdings amended its facility agreement with HSH/Commerzbank as follows: (a) to release certain pledge deposits amounting to $117.5 million and to accept additional securities of substitute vessels; and (b) to set a margin ranging from 115 basis points to 175 basis points depending on the specified security value. In April, 2010, the available amount of $21.6 million under the revolving facility was drawn and an amount of $117.5 million was kept in a pledged account. As of September 30, 2010, restricted cash of $18.0 million for financing the Navios Vector acquisition was drawn. The amount of $74.0 million for financing the Navios Melodia and the Navios Fulvia acquisitions ($37.0 million for each vessel) was drawn from the pledged account and a prepayment of $25.6 million was made on October 1, 2010. As a result, no outstanding amount was kept in the pledged account as of December 31, 2010 and 2011.

The loan facility requires compliance with financial covenants, including a specified SVM compared to total debt percentage and minimum liquidity. It is an event of default under the revolving credit facility if such covenants are not complied with or if Angeliki Frangou, the Company s Chairman and Chief Executive Officer, beneficially owns less than 20% of the issued stock.

The revolving credit facility is available for future acquisitions and general corporate and working capital purposes.

On November 15, 2010, following the sale of the Navios Melodia and the Navios Fulvia to Navios Partners, Navios Holdings fully repaid its outstanding loan balance with HSH Nordbank in respect of the two vessels amounting to $71.9 million.

On May 19, 2011, in connection with the sale of the Navios Orbiter to Navios Partners, Navios Holdings repaid $20.2 million of the outstanding loan associated with this vessel.

As of December 31, 2011, the outstanding revolving credit facility is repayable in five quarterly installments of $0.8 million and seven quarterly installments of $0.2 million with a final balloon payment of $2.0 million on the last payment date and the outstanding term loan facility is repayable in five quarterly installments of $0.5 million and six quarterly installments of $1.1 million with a final balloon payment of $34.4 million on the last payment date.

As of December 31, 2011, the outstanding amount under the revolving credit facility was $7.8 million and the outstanding amount under the loan facility was $43.8 million.

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Emporiki Facilities: In December 2007, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece for an amount of up to $154.0 million in order to partially finance the construction of two Capesize bulk carriers. In July 2009, following an amendment of the above-mentioned agreement, the amount of the facility has been changed to up to $130.0 million.

On March 18, 2010, following the sale of the Navios Aurora II to Navios Partners, Navios Holdings repaid $64.4 million and the outstanding amount of the facility was reduced to $64.4 million. The interest rate of the amended facility is based on a margin of 175 basis points. The amended facility is repayable in seven semi-annual installments of $2.5 million and 10 semi-annual installments of $1.6 million with a final balloon payment of $11.3 million on the last payment date. The loan facility requires compliance with certain financial covenants and the covenants contained in the 2019 Notes. As of December 31, 2011, the outstanding amount under this facility was $43.9 million.

In August 2009, Navios Holdings entered into an additional facility agreement with Emporiki Bank of Greece for an amount of up to $75.0 million (divided into two tranches of $37.5 million) to partially finance the acquisition costs of two Capesize vessels. The repayment of each tranche starts six months after the delivery date of the respective Capesize vessel. The loan bears interest at a rate of LIBOR plus 175 basis points. The outstanding amount of the loan as of December 31, 2011 is repayable in 18 semi-annual installments of $1.4 million with a final payment of $10.0 million on the last repayment date. The loan facility requires compliance with certain financial covenants and the covenants contained in the 2019 Notes. On May 19, 2011, in connection with the sale of the Navios Luz to Navios Partners, Navios Holdings repaid $37.5 million of the outstanding loan associated with this vessel. As of December 31, 2011, the outstanding amount under this facility was $34.8 million.

In September 2010, Navios Holdings entered into another facility agreement with Emporiki Bank of Greece for an amount of up to $40.0 million in order to partially finance the construction of one Capesize bulk carrier, the Navios Azimuth, which was delivered on February 14, 2011 to Navios Holdings. The loan is repayable in 20 semi-annual equal installments of $1.5 million, with a final balloon payment of $10.0 million on the last payment date. The loan bears interest at a rate of LIBOR plus 275 basis points. The loan facility requires compliance with certain financial covenants and the covenants contained in the 2019 Notes. As of December 31, 2011, the full amount was drawn and the outstanding amount under this facility was $38.5 million.

In August 2011, Navios Holdings entered into an additional facility agreement with Emporiki Bank of Greece for an amount of up to $23.0 million in order to partially finance the construction of a newbuilding bulk carrier, the Navios Avior, which is expected to be delivered in May 2012. The facility is repayable in 20 semi-annual equal installments of $0.8 million after the drawdown date, with a final balloon payment of $8.0 million on the last payment date. The loan bears interest at a rate of LIBOR plus 275 basis points. The loan facility requires compliance with certain covenants and with the covenants contained in the 2019 Notes. As of December 31, 2011, an amount of $20.9 million was drawn and outstanding under this facility.

In December 2011, Navios Holdings entered into another facility agreement with Emporiki Bank of Greece for an amount of up to $23.0 million in order to partially finance the construction of one newbuilding bulk carrier, the Navios Centaurus, which is expected to be delivered in March 2012. The facility is repayable in 20 semi-annual equal installments of $0.8 million after the drawdown date, with a final balloon payment of $8.0 million on the last payment date. The loan bears interest at a rate of LIBOR plus 325 basis points. The loan facility requires compliance with certain covenants and with the covenants contained in the 2019 Notes. As of December 31, 2011, an amount of $10.2 million was drawn and outstanding under this facility.

DNB Facilities: In June 2008, Navios Holdings entered into a facility agreement with DNB NOR BANK ASA for an amount of up to $133.0 million in order to partially finance the construction of two Capesize bulk carriers. In June 2009, following an amendment of the above-mentioned agreement, one of the two tranches amounting to $66.5 million was cancelled following the cancellation of construction of one Capesize bulk carrier. The interest rate of the amended facility is based on a margin of 225 basis points as defined in the new agreement. As of December 31, 2011, the outstanding loan facility is repayable in eight semi-annual installments of $2.9 million, with a final payment of $29.7 million on the last payment date. The loan facility requires compliance with certain financial covenants and the covenants contained in the 2019 Notes. As of December 31, 2011, the outstanding amount under this facility was $52.9 million.

In August 2010, Navios Holdings entered into a facility agreement with DNB NOR BANK ASA for an amount of up to $40.0 million in order to partially finance the construction of one Capesize bulk carrier, the Navios Altamira, which was delivered on January 28, 2011 to Navios Holdings, and amended the loan. The loan bears interest at a rate of LIBOR plus 275 basis points. As of December 31, 2011, the outstanding loan is repayable in 22 equal quarterly installments of $0.6 million, with a final balloon payment of $23.9 million on the last payment date. The loan facility requires compliance with certain financial covenants and the covenants contained in the 2019 Notes. As of December 31, 2011, the outstanding amount under this facility was $37.1 million.

Dekabank Facility: In February 2009 (amended and restated in May 2009), Navios Holdings entered into a facility of up to $120.0 million with Dekabank Deutsche Girozentrale to finance the acquisition of two Capesize vessels. The loan is repayable in 20 semi-annual installments and bears an interest rate based on a margin of 190 basis points. The loan facility requires compliance with certain financial covenants and the covenants contained in the 2019 Notes. Following the sale of the Navios Pollux to Navios Partners

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in May 2010, an amount of $39.0 million was kept in a pledged account pending the delivery of a substitute vessel as collateral to this facility. The amount of $39.0 million kept in the pledged account was released to finance the delivery of the Capesize vessel Navios Buena Ventura that was delivered to Navios Holdings on October 29, 2010. As of December 31, 2011, $75.0 million was outstanding under this facility.

Marfin Facility: In March 2009, Navios Holdings entered into a loan facility with Marfin Egnatia Bank of up to $110.0 million to be used to finance the pre-delivery installments for the construction of newbuilding vessels and for general corporate purposes. It. As of September 7, 2010, the available amount of the loan facility was reduced to $30.0 million. On May 10, 2011, the amount of $18.9 million was drawn to finance the acquisition of the Navios Astra. The loan is repayable beginning three months following the drawdown in seven equal quarterly installments of $0.5 million, with a final balloon payment of $15.6 million on the last payment date. This loan bears interest at a rate of LIBOR plus 275 basis points. The loan facility requires compliance with certain covenants. As of December 31, 2011, the outstanding amount under this facility was $17.9 million and an amount of $12.1 million was still undrawn.

Convertible Debt: In February 2009, Navios Holdings issued $33.5 million of convertible debt at a fixed rate of 2% exercisable at a price of $11.00 per share, exercisable until February 2012, in order to partially finance the acquisition of the Navios Vega. Interest was payable semi-annually. Unless previously converted, the amount was payable in February 2012. The Company had the option to redeem the debt in whole or in part in multiples of a thousand dollars, at any time after February 2010 at a redemption price equal to 100% of the principal amount to be redeemed. The convertible debt was recorded at fair value on issuance at a discounted face value of 94.5%. The fair value was determined using a binomial stock price tree model that considered both the debt and conversion features. The model used takes into account the credit spread of the Company, the volatility of its stock, as well as the price of its stock at the issuance date.

On November 3, 2010, Navios Holdings purchased the 2% convertible debt having a principal amount of $33.5 million, dated February 18, 2009, for an aggregate price of $29.1 million, resulting in a gain of $3.8 million under Other income in the statements of income. The closing of the purchase of the convertible senior debt took place on November 16, 2010.

Commerzbank Facility: In June 2009, Navios Holdings entered into a facility agreement for an amount of up to $240.0 million (divided into four tranches of $60.0 million) with Commerzbank AG in order to partially finance the acquisition of a Capesize vessel and the construction of three Capesize vessels. Following the delivery of two Capesize vessels, the Navios Melodia and the Navios Buena Ventura, on September 20, 2010 and October 29, 2010, respectively, Navios Holdings cancelled two of the four tranches and in October 2010 fully repaid their outstanding loan balances of $53.6 million and $54.5 million, respectively. The third and fourth tranches of the facility are repayable starting three months after the delivery of each Capesize vessel in 40 quarterly installments of $0.9 million and $0.8 million, respectively, with a final payment of $24.7 million and $23.4 million, respectively, on the last payment date. The loan bears interest at a rate based on a margin of 225 basis points. The loan facility requires compliance with certain covenants and with the covenants contained in the 2019 Notes. As of December 31, 2011, the outstanding amount was $104.6 million.

Unsecured Bond: In July 2009, Navios Holdings issued a $20 million unsecured bond due in July 2012 as a partial payment for the acquisition price of a Capesize vessel. Interest accrues on the principal amount of the unsecured bond at the rate of 6% per annum. All accrued interest (which will not be compounded) will be first due and payable in July 2012, which is the maturity date. The unsecured bond may be prepaid by Navios Holdings at any time without prepayment penalty.

DVB Facility: On August 4, 2005, Kleimar entered into a $21.0 million loan facility with DVB Bank for the purchase of a vessel. The loan was assumed upon acquisition of Kleimar and was repayable in 20 quarterly installments of $0.3 million each with a final balloon payment of $15.4 million in August 2010. The loan was secured by a mortgage on a vessel together with assignment of earnings and insurances. As of December 31, 2010, the outstanding amount under this facility had been fully repaid.

Navios Logistics Loans

Logistics Senior Notes

On April 12, 2011, Navios Logistics and its wholly-owned subsidiary Navios Logistics Finance (US) Inc. (Logistics Finance and, together the Logistics Co-Issuers) issued $200.0 million in senior notes due on April 15, 2019 at a fixed rate of 9.25% (the Logistics Senior Notes). The Logistics Senior Notes are fully and unconditionally guaranteed, jointly and severally, by all of Navios Logistics direct and indirect subsidiaries except for Hidronave South American Logistics S.A. and Navios Logistics Finance (US) Inc. The subsidiary guarantees are full and unconditional , as those terms are used in Regulation S-X Rule 3-10, except that the indenture provides for an individual subsidiary s guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an unrestricted subsidiary for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the notes. The Logistics Co-Issuers have the option to redeem the notes in whole or in part, at their option, at any time (i) before April 15, 2014, at a redemption price equal to 100% of the principal amount plus the applicable

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make-whole premium plus accrued and unpaid interest, if any, to the redemption date and (ii) on or after April 15, 2014, at a fixed price of 106.938%, which price declines ratably until it reaches par in 2017. At any time before April 15, 2014, the Logistics Co-Issuers may redeem up to 35% of the aggregate principal amount of the Logistics Senior Notes with the net proceeds of an equity offering at 109.25% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the redemption date so long as at least 65% of the originally issued aggregate principal amount of the notes remains outstanding after such redemption. In addition, upon the occurrence of certain change of control events, the holders of the Logistics Senior Notes will have the right to require the Logistics Co-Issuers to repurchase some or all of the notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

Under a registration rights agreement, the Logistics Co-Issuers and the subsidiary guarantors were obliged to file a registration statement prior to January 7, 2012 that enables the holders of the Logistics Senior Notes to exchange the privately placed notes with publicly registered notes with identical terms. Pursuant to this registration rights agreement, the Logistics Co-Issuers and the subsidiary guarantors filed a registration statement on November 11, 2011 that was declared effective on February 17, 2012. The exchange offer of the privately placed notes with publicly registered notes with identical terms expired on March 23, 2012 and was completed on March 27, 2012 with an aggregate of $191.6 million in principal amount, or 95.81%, of the outstanding privately placed notes tendered for exchange. The Logistics Senior Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, in excess of 6% per annum of the net proceeds received by or contributed to Navios Logistics in or from any public offering, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Logistics properties and assets and creation or designation of restricted subsidiaries.

The net proceeds from the Logistics Senior Notes were approximately $193.2 million after deducting fees and estimated expenses relating to the offering. The net proceeds from the Logistics Senior Notes have been used to (i) repay existing indebtedness, including any indebtedness of Navios Logistics non-wholly owned subsidiaries excluding Hidronave South American Logistics S.A. (non-wholly owned subsidiaries), (ii) purchase barges and pushboats and (iii) to the extent there are remaining proceeds after the uses in (i) and (ii), for general corporate purposes.

Marfin Facility

On March 31, 2008, Nauticler S.A. (Nauticler)(a subsidiary of Navios Logistics) entered into a $70.0 million loan facility for the purpose of providing Nauticler with investment capital to be used in connection with one or more investment projects. In March 2009, Navios Logistics transferred its loan facility of $70.0 million to Marfin Popular Bank Public Co. Ltd. The loan provided for an additional one year extension and an increase in margin to 275 basis points. On March 23, 2010, the loan was extended for one additional year, providing an increase in margin to 300 basis points. On March 29, 2011, Marfin Popular Bank committed to amend its current loan agreement with Nauticler to provide for a $40.0 million revolving credit facility. On March 20, 2012, Marfin Popular Bank Co. Ltd. and Nauticler S.A., a subsidiary of Navios Holdings, finalized the documentation of the $40.0 million revolving credit facility for working and investment capital purposes. On April 12, 2011, following the completion of the sale of $200.0 million of Logistics Senior Notes, Navios Logistics fully repaid the $70.0 million loan facility with Marfin Popular Bank using a portion of the proceeds from the Logistics Senior Notes. The loan bears interest at a rate based on a margin of 300 basis points and the obligations will be secured by mortgages on four tanker vessels or alternative security over other assets acceptable to the bank. The commitment requires that we maintain a loan-to-value ratio of 120% based on charter-free valuations and compliance with the covenants contained in the indenture governing the Logistics Senior Notes.

Non-Wholly Owned Subsidiaries Indebtedness

On July 25, 2011, Navios Logistics acquired the noncontrolling interests of its joint ventures Thalassa Energy S.A., HS Tankers Inc., HS Navigation Inc., HS Shipping Ltd .Inc. and HS South Inc., in accordance with the terms of certain stock purchase agreements with HS Energy Ltd., an affiliate of Vitol S.A. Navios Logistics paid total consideration of $8.5 million for such noncontrolling interests ($8.6 million including transactions expenses), and simultaneously paid $53.2 million in full and final settlement of all amounts of indebtedness of such joint ventures.

In connection with the acquisition of Horamar, Navios Logistics had assumed a $9.5 million loan facility that was entered into by HS Shipping Ltd. Inc. in 2006, in order to finance the building of a 8,974 dwt double hull tanker, the Malva H. After the vessel s delivery, the interest rate had been LIBOR plus 150 basis points. The loan was repayable in installments of at least 90% of the amount of the last hire payment due to be paid to HS Shipping Ltd. Inc. The repayment date was not to extend beyond December 31, 2011. The loan could be pre-paid before such date, with two days written notice. The loan also required compliance with certain covenants. This loan was repaid in full on July 25, 2011 using a portion of the proceeds from the Logistics Senior Notes.

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Navios Logistics assumed a $2.3 million loan facility that was entered into by its majority owned subsidiary, Thalassa Energy S.A., in October 2007 to finance the purchase of two self-propelled barges, the Formosa and the San Lorenzo. The loan bore interest at LIBOR plus 150 basis points. The loan was repayable in five equal installments of $0.5 million, which were made in November 2008, June 2009, January 2010, August 2010, and March 2011. The loan was secured by a first priority mortgage over the two self-propelled barges. As of December 31, 2011, the loan had been fully repaid.

On September 4, 2009, HS Navigation Inc. had entered into a loan facility for an amount of up to $18.7 million that bore interest at LIBOR plus 225 basis points in order to finance the acquisition cost of the Estefania H. The loan was repayable in installments equal to at least the higher of (a) 90% of the amount of the last hire payment due to HS Navigation Inc. prior to the repayment date, and (b) $0.3 million, inclusive of any interest accrued in relation to the loan at that time. The loan was repayable by May 15, 2016 and could have been prepaid before such date with two days written notice. The loan also required compliance with certain covenants. This loan was repaid in full on July 25, 2011 using a portion of the proceeds from the Logistics Senior Notes.

On December 15, 2009, HS Tankers Inc., a majority owned subsidiary of Navios Logistics, had entered into a loan facility in order to finance the acquisition cost of the Makenita H for an amount of $24.0 million which bore interest at LIBOR plus 225 basis points. The loan was repayable in installments equal to at least the higher of (a) 90% of the amount of the last hire payment due to HS Tankers Inc. prior to the repayment date, and (b) $0.3 million, inclusive of any interest accrued in relation to the loan at that time. The loan was repayable by March 24, 2016 and could have been prepaid before such date with two days written notice. The loan also required compliance with certain covenants. This loan was repaid in full on July 25, 2011 using a portion of the proceeds from the Logistics Senior Notes.

On December 20, 2010, HS South Inc., a majority owned subsidiary of Navios Logistics, had entered into a loan facility in order to finance the acquisition cost of the Sara H for an amount of $14.4 million which bore interest at LIBOR plus 225 basis points. The loan was repayable in installments equal to at least the higher of (a) 90% of the amount of the last hire payment due to be HS South Inc. prior to the repayment date and (b) $0.3 million, inclusive of any interest accrued in relation to the loan at that time. The loan was repayable by May 24, 2016 and could have been prepaid before such date with two days written notice. The loan also required compliance with certain covenants. This loan was repaid in full on July 25, 2011 using a portion of the proceeds from the Logistics Senior Notes.

Other Indebtedness

In connection with the acquisition of Hidronave S.A. on October 29, 2009, Navios Logistics assumed an $0.8 million loan facility that was entered into by Hidronave S.A. in 2001 in order to finance the construction of a pushboat (Nazira). As of December 31, 2011, the outstanding loan balance was $0.7 million. The loan facility bears interest at a fixed rate of 600 basis points. The loan is to be repaid in equal monthly installments of $5,740 each and the final repayment date cannot extend beyond August 10, 2021. The loan also requires compliance with certain covenants.

As of December 31, 2011, the Company and its subsidiaries were in compliance with all of the covenants under each of its credit facilities.

The maturity table below reflects the principal payments for the next five years and thereafter of all borrowings of Navios Holdings (including Navios Logistics) outstanding as of December 31, 2011, based on the repayment schedules of the respective loan facilities (as described above) and the outstanding amount due under the debt securities. The maturity table below includes principal payments of the drawn portion of credit facilities associated with the financing of the construction of two Panamax vessels which will be delivered during the first and second quarter of 2012.

Year	**Amount in millions of U.S. dollars**
2012	$ 70.1
2013	64.8
2014	85.9
2015	60.6
2016	24.3
2017 and thereafter	1.152.3
Total	$ 1.458.0

Working Capital Position: On December 31, 2011, Navios Holdings current assets totalled $371.0 million, while current liabilities totalled $252.0 million, resulting in a positive working capital position of $119.0 million. Navios Holdings cash forecast indicates that it will generate sufficient cash during 2012 to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and remain in a positive cash position during 2012.

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While projections indicate that existing cash balances and operating cash flows will be sufficient to service the existing indebtedness, Navios Holdings continues to review its cash flows with a view toward increasing working capital.

Capital expenditures: Since 2007, the Company entered into various agreements for the acquisition of newbuild Capesize vessels which were delivered on various dates until February 2011. As of December 31, 2011, the Company took delivery of 16 Capesize vessels (the Navios Bonavis, the Navios Happiness, the Navios Pollux, the Navios Aurora II, the Navios Lumen, the Navios Phoenix, the Navios Stellar, the Navios Antares, the Navios Melodia, the Navios Fulvia, the Navios Buena Ventura, the Navios Bonheur, the Navios Etoile, the Navios Luz, the Navios Altamira and the Navios Azimuth) and three Ultra Handymax vessels (the Navios Celestial, the Navios Vega and the Navios Astra). Navios Holdings has no further newbuilding vessel capital expenditures commitments for the vessels Navios Centaurus and Navios Avior, which are scheduled for delivery in the first and second quarter of 2012, respectively.

Concentration of Credit Risk:

Accounts receivable

Concentrations of credit risk with respect to accounts receivables are limited due to Navios Holdings large number of customers, who are internationally dispersed and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in Navios Holdings trade receivables. For the year ended December 31, 2011 and 2010, none of the customers accounted for more than 10% of the Company s revenue. For the year ended December 31, 2009, one customer accounted for 13.2% of the Company s revenue.

In addition we have insured our charter-out contracts through a AA rated governmental agency of a European Union member state, which provides that if the charterer goes into payment default, the insurer will reimburse us for the charter payments under the terms of the policy (subject to applicable deductibles and other customary limitations for such insurance).

Cash deposits with financial institutions

Cash deposits in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Holdings does maintain cash deposits in excess of government-provided insurance limits. Navios Holdings also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Effects of Inflation: Navios Holdings does not consider inflation to be a significant risk to the cost of doing business in the foreseeable future. Inflation has a moderate impact on operating expenses, drydocking expenses and corporate overhead. Refer to Statement of Operations Breakdown by Segment in Operating Results for the discussion of the effects of inflation in Navios Logistics operations.

C. Research and development, patents and licenses, etc.

Not applicable.

D. Trend information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our vessels, which depend on the demand and supply dynamics characterizing the dry bulk market at any given time. For other trends affecting our business, please see other discussions in Item 5-Operating and Financial Review and Prospects .

E. Off-Balance Sheet Arrangements

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. Navios Holdings is also committed to making rental payments under operating leases for its office premises. Future minimum rental payments under Navios Holdings non-cancelable operating leases are disclosed in Navios Holdings Consolidated Financial Statements included in this Annual Report. As of December 31, 2011, Navios Holdings was contingently liable for letters of guarantee and letters of credit amounting to $0.6 million issued by various banks in favor of various organizations and the total amount was collateralized by cash deposits which are included as a component of restricted cash. Navios Holdings issued no guarantees to third parties at December 31, 2011 and 2010.

In connection with the acquisition of Horamar, Navios Logistics recorded liabilities for certain pre-acquisition contingencies amounting to $6.6 million ($2.9 million relating to VAT-related matters, $1.7 million for withholding tax-related matters, $1.5 million relating to provisions for claims and others and $0.5 million for income tax-related matters) that were included in the allocation of the purchase price based on their respective fair values. As it relates to these contingencies, the prior owners of Horamar agreed to

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indemnify Navios Logistics in the event that any of the above contingencies materialize before agreed-upon dates, extending to various dates through January 2020. As of December 31, 2011, the remaining liability related to these pre-acquisition contingencies amounted to $2.8 million ($4.7 million in 2010 and $6.0 million in 2009) and was entirely offset by an indemnification asset for the same amount, which was reflected in other non-current assets.

On July 19, 2011, in consideration of Gunvor S.A. entering into sales of oil or petroleum products with Petrosan, Navios Logistics had undertaken to pay to Gunvor S.A. on first demand any obligations arising directly from the non-fulfillment of said contracts. The guarantee did not exceed $1.5 million and remained in full force and effective until December 31, 2011.

F. Contractual Obligations as at December 31, 2011:

Payment due by period ($ in millions)

Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt[(1)(2)(5)]	$ 1,458.0	$ 70.1	$ 150.7	$ 84.9	$ 1,152.3
Operating Lease Obligations (Time Charters)	974.6	112.4	216.9	202.9	442.4
Operating Lease Obligations Pushboats and Barges (Time Charters)	10.2	5.2	3.9	1.1	
Capital lease obligations	31.2	31.2			
Dry vessel deposits[(3)]	9.3	9.3			
Rent Obligations[(4)]	15.2	2.2	4.1	4.3	4.6
Total	**$ 2,498.5**	**$ 230.4**	**$ 375.6**	**$ 293.2**	**$ 1,599.3**

(1) The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR rates, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.30% to 3.00% per annum.

(2) The long-term debt contractual obligations includes in the amount shown for more than five years the future principal payments of the drawn portion of credit facilities associated with the financing of the construction of two Panamax vessels, the Navios Centaurus and the Navios Avior, which will be delivered during the first and second quarter of 2012, respectively.

(3) Future remaining contractual deposits for the two Navios Holdings owned Panamax vessels, the Navios Centaurus and the Navios Avior, which will be delivered during the first and second quarter of 2012, respectively.

(4) Navios Corporation also leases approximately 16,703 square feet of space at 825 Third Avenue, New York pursuant to a lease that expires on April 29, 2019. Navios ShipManagement Inc. and Navios Corporation lease approximately 3,882 square meters of space at 85 Akti Miaouli, Piraeus, Greece, pursuant to a lease agreements that expires in 2017 and 2019. On July 1, 2010, Kleimar N.V. signed a new contract and currently leases approximately 632 square meters for its offices. Navios Tankers Management Inc. leases approximately for 254 square meters at 85 Akti Miaouli, Piraeus, Greece pursuant to a lease that expires in 2019. The table above incorporates the lease obligations of the offices of Navios Holdings, indicated in this footnote, and of Navios Logistics. See also Item 4.B. Business Overview Facilities.

(5) The amount does not include unamortized discount associated with our senior notes and ship mortgage notes.

Recent Accounting Pronouncements

Fair Value Disclosures

In January 2010, the Financial Accounting Standards Board (FASB) issued amended standards requiring additional fair value disclosures. The amended standards require disclosures of transfers in and out of Levels 1 and 2 of the fair value hierarchy, as well as requiring gross basis disclosures for purchases, sales, issuances and settlements within the Level 3 reconciliation. Additionally, the update clarifies the requirement to determine the level of disaggregation for fair value measurement disclosures and to disclose valuation techniques and inputs used for both recurring and nonrecurring fair value measurements in either Level 2 or Level 3. Navios Holdings adopted the new guidance in the first quarter of fiscal 2010, except for the disclosures related to purchases, sales, issuance and settlements, which was effective for Navios Holdings beginning in the first quarter of fiscal year 2011. The adoption of the new standards did not have a significant impact on Navios Holdings consolidated financial statements.

Supplementary Pro Forma Information for Business Combinations

In December 2010, the FASB issued an amendment of the Accounting Standards Codification regarding Business Combinations. This amendment affects any public entity as defined by Topic 805 that enters into business combinations that are material on an individual or aggregate basis. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this update also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material,

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nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Navios Holdings adopted these new requirements in fiscal 2011 and the adoption did not have a significant impact on Navios Holdings consolidated financial statements.

Fair Value Measurement

In May 2011, the FASB issued amendments to achieve common fair value measurement and disclosure requirements. The new guidance (i) prohibits the grouping of financial instruments for purposes of determining their fair values when the unit of accounting is specified in another guidance, unless the exception provided for portfolios applies and is used; (ii) prohibits application of a blockage factor in valuing financial instruments with quoted prices in active markets and (iii) extends that prohibition to all fair value measurements. Premiums or discounts related to size as a characteristic of the entity s holding (that is, a blockage factor) instead of as a characteristic of the asset or liability (for example, a control premium), are not permitted. A fair value measurement that is not a Level 1 measurement may include premiums or discounts other than blockage factors when market participants would incorporate the premium or discount into the measurement at the level of the unit of accounting specified in another guidance. The new guidance aligns the fair value measurement of instruments classified within an entity s shareholders equity with the guidance for liabilities. As a result, an entity should measure the fair value of its own equity instruments from the perspective of a market participant that holds the instruments as assets. The disclosure requirements have been enhanced. The most significant change will require entities, for their recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed. The new guidance is effective for interim and annual periods beginning on or after December 15, 2011, with early adoption prohibited. The new guidance requires prospective application. The adoption of the new standard is not expected to have a significant impact on Navios Holdings consolidated financial statements.

Presentation of Comprehensive Income

In June 2011, the FASB issued an update in the presentation of comprehensive income. According to the update an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The statement of other comprehensive income should immediately follow the statement of net income and include the components of other comprehensive income and a total for other comprehensive income, along with a total for comprehensive income. On December 23, 2011, the FASB issued an amendment to the new standard on comprehensive income to defer the requirement to measure and present reclassification adjustments from accumulated other comprehensive income to net income by income statement line item in net income and also in other comprehensive income. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted, because compliance with the amendments is already permitted. The amendments do not require any transition disclosures. Navios Holdings elected to early adopt this amendment and adoption of the new amendment did not have a significant impact on Navios Holdings consolidated financial statements.

Goodwill Impairment Guidance

In September 2011, the FASB issued an update to simplify how public entities test goodwill for impairment. The amendments in the update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount on a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted including for annual and interim impairment tests performed as of a date before September 15, 2011, if an entity s financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The amendment will be adopted by Navios Holdings in the first quarter of 2012. The adoption of the new amendments is not expected to have a significant impact on Navios Holdings consolidated financial statements.

Critical Accounting Policies

The Navios Holdings consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires Navios Holdings to make estimates in the application of its accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and

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expenses and related disclosure of contingent assets and liabilities at the date of its financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Navios Holdings has described below what it believes are its most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of Navios Holdings significant accounting policies, see Note 2 to the Consolidated Financial Statements, included herein.

Use of Estimates: The preparation of consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future drydock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.

Accounting for Derivative Financial Instruments and Hedge Activities:

The Company enters into drybulk shipping FFAs as economic hedges relating to identifiable ship and or cargo positions and as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. By utilizing certain derivative instruments, including drybulk shipping FFAs, the Company manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to perform in accordance with the terms of their contracts.

The Company also trades drybulk shipping FFAs which are cleared through NOS ASA, a Norwegian clearing house and LCH, the London clearing house. NOS ASA and LCH call for both base and margin collaterals, which are funded by Navios Holdings, and which in turn substantially eliminate counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by NOS ASA and LCH.

At the end of each calendar quarter, the fair value of drybulk shipping FFAs traded over-the-counter are determined from an index published in London, United Kingdom and the fair value of those FFAs traded with NOS ASA and LCH are determined from the NOS and LCH valuations accordingly.

The Company records all of its derivative financial instruments and hedges as economic hedges except for those qualifying for hedge accounting. Gains or losses of instruments qualifying for hedge accounting as cash flow hedges are reflected under Accumulated Other Comprehensive Income/(Loss) in stockholders equity, while those instruments that do not meet the criteria for hedge accounting are reflected in the statements of income. For FFAs that qualify for hedge accounting the changes in fair values of the effective portion representing unrealized gain or losses are recorded under Accumulated Other Comprehensive Income/(Loss) in stockholders equity while the unrealized gains or losses of the FFAs not qualifying for hedge accounting together with the ineffective portion of those qualifying for hedge accounting, are recorded in the statement of operations under Gain/(Loss) on derivatives . The gains/(losses) included in Accumulated Other Comprehensive Income/(Loss) are being reclassified to earnings under Revenue in the statements of income in the same period or periods during which the hedged forecasted transaction affects earnings. The reclassification to earnings commenced in the third quarter of 2006 and extended until December 31, 2008, depending on the period or periods during which the hedged forecasted transactions affected earnings. All of the amount included in Accumulated Other Comprehensive Income/(Loss) had been reclassified to earnings as of December 31, 2008. For all years ended December 31, 2011, 2010 and 2009, no losses/gains were included in Accumulated Other Comprehensive Income/ (Loss) , and losses/gains were reclassified to earnings.

The Company classifies cash flows related to derivative financial instruments within cash provided by operating activities in the consolidated statements of cash flows.

Stock-based Compensation: On October 18, 2007 and December 16, 2008, the Compensation Committee of the Board of Directors authorized the issuance of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors. The Company awarded shares of restricted common stock and restricted stock units to its employees, officers and directors and stock options to its officers and directors, based on service conditions only, which vest over two or three years and three years, respectively. On December 17, 2009 and December 16, 2010, the Company authorized the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the

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Company s stock option plan for its employees, officers and directors. The awards on December 17, 2009 and December 16, 2010 of restricted common stock and restricted stock units to its employees, officers and directors vest over three years. On December 5, 2011, the Company authorized the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors, which vest over three years.

The fair value of stock option grants is determined with reference to option pricing models, principally adjusted Black-Scholes models. The fair value of restricted stock and restricted stock units is determined by reference to the quoted stock price on the date of grant. Compensation expense, net of estimated forfeitures, is recognized based on a graded expense model over the vesting period.

Impairment of Long lived Assets: Vessels, other fixed assets and other long lived assets held and used by Navios Holdings are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. Navios Holdings management evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events or changes in circumstances have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, certain indicators of potential impairment, are reviewed such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions.

Undiscounted projected net operating cash flows are determined for each asset group and compared to the vessel carrying value of the vessel and related carrying value of the intangible with respect to the time charter agreement attached to that vessel or the carrying value of deposits for newbuldings. Within the shipping industry, vessels are customarily bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to then current market rates. The loss recognized either on impairment (or on disposition) will reflect the excess of carrying value over fair value (selling price) for the vessel asset group.

During the fourth quarter of fiscal year 2011, management concluded that events occurred and circumstances had changed, which indicated that potential impairment of Navios Holdings long-lived assets may exist. These indicators included continued deterioration in the spot market, and the related, impact of the current drybulk sector has on management s expectation for future revenues. As a result, an impairment assessment of long-lived assets was performed.

The Company determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel s carrying value together with the carrying value of the related intangible. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (the Company s remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on a combination of two year forward freight agreements and the 10-year average historical one year time charter rates adjusted for outliers) over the remaining economic life of each vessel, net of brokerage and address commissions, excluding days of scheduled off-hires, running cost based on current year actual, and assuming an annual increase of 3.0% after 2012, and a utilization rate of 98.6% based on the fleet s historical performance. The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels and the intangible assets existed as of December 31, 2011, as the undiscounted projected net operating cash flows exceeded the carrying value.

For the deposits for newbuild vessels, the net cash flows also included the future cash outflows to make vessels ready for use, all remaining progress payments to shipyards and other pre-delivery expenses (e.g. capitalized interest). Accordingly, no impairment charge was recorded.

The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels and the intangible assets existed as of December 31, 2011, as the undiscounted projected net operating cash flows exceeded the carrying value.

In the event that impairment would occur, the fair value of the related asset would be determined and an impairment charge would be recorded to operations calculated by comparing the asset s carrying value to its fair value. Fair value is typically estimated primarily through the use of third-party valuations performed on an individual vessel basis.

Although management believes the underlying assumptions supporting this assessment are reasonable, if charter rate trends and the length of the current market downturn, vary significantly from our forecasts, management may be required to perform step two of the impairment analysis in the future that would expose Navios Holdings to material impairment charges in the future.

No impairment loss was recognized for any of the periods presented.

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Vessel, Port Terminal, Tanker Vessels, Barges, Pushboats and Other Fixed Assets, net: Vessels, port terminal, tanker vessels, barges, pushboats and other fixed assets acquired as parts of business combination or asset acquisitions are recorded at fair value on the date of acquisition. Vessels constructed by the company would be stated at historical cost, which consists of the contract price, capitalized interest and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earnings capability or improve the efficiency or safety of the vessels. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of income.

Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, port terminal, tanker vessels, barges, push boats and other fixed assets, after considering the estimated residual value.

Annual depreciation rates used, which approximate the useful life of the assets are:

Vessels	25 years
Port facilities and transfer station	3 to 40 years
Tanker vessels, barges and pushboats	15 to 44 years
Furniture, fixtures and equipment	3 to 10 years
Computer equipment and software	5 years
Leasehold improvements	shorter of lease term or 6 years

Management estimates the residual values of the Company s vessels based on a scrap value of $285 per lightweight ton, as the Company believes this level is common in the shipping industry. Management estimates the useful life of its vessels to be 25 years from the vessel s original construction. However, when regulations place limitations on the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective. An increase in the useful life of a vessel or in its residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of a vessel or in its residual value would have the effect of increasing the annual depreciation charge.

Deferred Drydock and Special Survey Costs:

The Company s vessels, barges and pushboats are subject to regularly scheduled drydocking and special surveys which are carried out every 30 and 60 months, respectively for vessels, every 60 months for oceangoing vessels and every 84 months for pushboats and barges, to coincide with the renewal of the related certificates issued by the Classification Societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys are deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels, barges and pushboats sold are written off to income in the year the vessel, barge or push boat is sold. Costs capitalized as part of the drydocking or special survey consist principally of the actual costs incurred at the yard, and expenses relating to spare parts, paints, lubricants and services incurred solely during the drydocking or special survey period.

Goodwill and Other Intangibles:

(i) Goodwill: Goodwill is tested for impairment at the reporting unit level at least annually and written down with a charge to operations if its carrying amount exceeds the estimated implied fair value.

The Company evaluates impairment of goodwill using a two-step process. First, the aggregate fair value of the reporting unit is compared to its carrying amount, including goodwill. The Company determines the fair value of the reporting unit based on discounted ca