Navios Maritime Partners L.P.
Form 20-F/A
March 02, 2011

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

FORM 20-F/A
Amendment No. 1

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2010

OR

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

OR

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

Date of event requiring this shell company report

For the transition period from to

Commission file number
333-146972

Navios Maritime Partners L.P.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant s Name into English)

Republic of Marshall Islands
(Jurisdiction of incorporation or organization)

85 Akti Miaouli Street
Piraeus, Greece 185 38

(011) +30-210-4595000
(Address of principal executive offices)

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Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

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

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

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

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

41,779,404 Common Units
7,621,843 Subordinated Units
1,000,000 Subordinated Series A Units

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x	International Financial Reporting Standards as issued by the International Accounting Standards Board o	Other o

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

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EXPLANATORY NOTE

This Annual Report on Form 20-F/A is being filed to include additional F-pages (pages F-14 through F-28) that were inadvertently excluded from the document during the EDGAR electronic filing process and no other changes to the Form 20-F have been made other than to include those pages that were previously excluded.

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FORWARD-LOOKING STATEMENTS

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

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

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

- our ability to make cash distributions on our common units;
- our future financial condition or results of operations and our future revenues and expenses;
- our anticipated growth strategies;
- future charter hire rates and vessel values;
- the repayment of debt;
- our ability to access debt and equity markets;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- future supply of, and demand for, drybulk commodities;
- increases in interest rates;
- our ability to maintain long-term relationships with major commodity traders;
- our ability to leverage to our advantage Navios Maritime Holdings Inc. s relationships and reputation in the shipping industry;
- our continued ability to enter into long-term, fixed-rate time charters;
- our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter;
- timely purchases and deliveries of newbuilding vessels;
- future purchase prices of newbuildings and secondhand vessels;

our ability to compete successfully for future chartering and newbuilding opportunities;

the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;

our anticipated incremental general and administrative expenses as a publicly traded limited partnership and our expenses under the management agreement and the administrative services agreement with Navios ShipManagement Inc. (Navios ShipManagement) and for reimbursements for fees and costs of our general partner;

the anticipated taxation of our partnership and our unitholders;

estimated future maintenance and replacement capital expenditures;

expected demand in the drybulk shipping sector in general and the demand for our Panamax, Capesize and Ultra-Handymax vessels in particular;

our ability to retain key executive officers;

customers increasing emphasis on environmental and safety concerns;

future sales of our common units in the public market; and

our business strategy and other plans and objectives for future operations.

These and other forward-looking statements are made based upon management s current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties, including those set forth below, as well as those risks discussed in Item 3. Key Information .

a lack of sufficient cash to pay the minimum quarterly distribution on our common units;

the cyclical nature of the international drybulk shipping industry;

fluctuations in charter rates for drybulk carriers;

the historically high numbers of newbuildings currently under construction in the drybulk industry;

changes in the market values of our vessels and the vessels for which we have purchase options;

an inability to expand relationships with existing customers and obtain new customers;

the loss of any customer or charter or vessel;

the aging of our fleet and resultant increases in operations costs;

damage to our vessels;

general domestic and international political conditions, including wars, terrorism and piracy; and

other factors detailed from time to time in our periodic reports filed with the Securities and Exchange Commission.

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

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

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. Selected Financial Data

In connection with the initial public offering (IPO) of Navios Maritime Partners L.P. (sometimes referred to as Navios Partners , the Partnership , we or us), on November 16, 2007 Navios Partners acquired interests in five wholly-owned subsidiaries of Navios Maritime Holdings Inc. (Navios Holdings), each of which owned a Panamax drybulk carrier (the Initial Vessels), as well as interests in three wholly-owned subsidiaries of Navios Holdings that operated and had options to purchase three additional vessels.

The following tables present, in each case for the periods and as of the dates indicated:

- for the periods prior to the IPO, selected historical financial and operating data of the five vessel-owing subsidiaries of Navios Holdings (collectively with Navios Holdings, the Company) that owned the Initial Vessels prior to the IPO; and

- selected historical financial and operating data of Navios Partners and its subsidiaries since the IPO.

The selected historical financial and operating results for the years ended December 31, 2006, 2007, 2008, 2009 and 2010 are derived from the audited consolidated financial statements of Navios Partners.

The historical consolidated financial statements of the Company prior to the IPO on November 16, 2007 have been carved out of the consolidated financial statements of Navios Holdings and reflect the consolidated financial position, results of operations and cash flows of the Company. These consolidated financial statements have been presented using historical carrying costs of the five vessel-owning subsidiaries for all periods presented as each vessel-owning company was under common control of Navios Holdings. Results of operations have been included from the respective dates (i) that the vessel-owning subsidiaries were acquired or when rights to operate the vessels were obtained by Navios Holdings or Navios Partners, as the case may be, or (ii) at the inception of charter-in agreements for chartered-in vessels.

As a result, the following tables should be read together with, and are qualified in their entirety by reference to, (a) Item 5. Operating and Financial Review and Prospects, included herein, and (b) the historical consolidated financial statements and the accompanying notes and the Report of Independent

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Registered Public Accounting Firm therein, with respect to the consolidated financial statements for the years ended December 31, 2010, 2009 and 2008.

	Year Ended December 31				
	2010	2009	2008	2007	2006
	(Expressed in thousands of U.S. dollars)				
Statement of Operations Data					
Time charter and voyage revenue	$ 143,231	$ 92,643	$ 75,082	$ 50,352	$ 31,764
Losses from forward freight agreements					(2,923)
Time charter and voyage expenses	(12,027)	(13,925)	(11,598)	(8,352)	(1,344)
Direct vessel expenses	(92)	(415)	(578)	(5,608)	(5,626)
Management fees	(19,746)	(11,004)	(9,275)	(920)	
General and administrative expenses	(4,303)	(3,208)	(3,798)	(1,419)	(698)
Depreciation and amortization	(41,174)	(15,877)	(11,865)	(9,375)	(8,250)
Interest expense and finance cost, net	(6,360)	(8,048)	(9,216)	(5,522)	(6,286)
Interest income	1,017	261	301		
Compensation expense		(6,082)			
Other income	85	94	23	93	61
Other expenses	(120)	(117)	(318)	(226)	(74)
Income before income taxes	$ 60,511	$ 34,322	$ 28,758	$ 19,023	$ 6,624
Deferred income tax				485	
Net income	$ 60,511	$ 34,322	$ 28,758	$ 19,508	$ 6,624
Earnings per unit (basic and diluted):					
Common unit (basic and diluted)	$ 1.51	$ 1.47	$ 1.56	$ 0.15	$
Subordinated unit (basic and diluted)	$ 1.11	$ 1.09	$ 1.22	$ 2.30	$ 0.85
General partner unit (basic and diluted)	$ 1.42	$ 1.40	$ 1.53	$ 1.06	$ 0.36
Balance Sheet Data (at period end)					
Current assets, including cash	$ 55,612	$ 92,579	$ 29,058	$ 11,312	$ 6,956
Vessels, net	612,358	299,695	291,340	135,976	143,834
Total assets	840,885	436,756	322,907	205,054	152,243
Current portion of long-term debt	29,200		40,000		7,893
Total long-term debt, including current portion	321,500	195,000	235,000	165,000	77,758
Total Owner s Net Investment and Partners Capital	491,503	207,990	76,847	26,786	70,902
Cash Flow Data					
Net cash provided by operating activities	$ 96,018	$ 80,565	$ 41,744	$ 10,516	$ 14,496
Net cash used in investing activities	(447,757)	(69,100)	(69,505)		(36,985)
Net cash provided by/ (used in) financing activities	325,139	38,039	46,040	(421)	22,489
Fleet Data:					

Vessels at end of period[1]	16	11	9	7	5

(1) Includes owned and chartered-in vessels.

B. Capitalization and indebtedness.

Not applicable.

C. Reasons for the offer and use of proceeds.

Not applicable.

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D. Risk factors

Risks Inherent in Our Business

We may not have sufficient cash from operations to enable us to pay the minimum quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses or to maintain or increase distributions.

We may not have sufficient cash available each quarter to pay the minimum quarterly distribution of $0.35 per common unit following the establishment of cash reserves and payment of fees and expenses. The amount of cash we can distribute on our common units depends principally upon the amount of cash we generate from our operations, which may fluctuate based on numerous factors including, among other things:

- the rates we obtain from our charters and the market for long-term charters when we recharter our vessels;
- the level of our operating costs, such as the cost of crews and insurance, following the expiration of the fixed term of our management agreement pursuant to which we pay a fixed daily fee until November 2011;
- the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled inspection, maintenance or repairs of submerged parts, or drydocking, of our vessels;
- demand for drybulk commodities;
- supply of drybulk vessels;
- prevailing global and regional economic and political conditions; and
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

The actual amount of cash we will have available for distribution also will depend on other factors, some of which are beyond our control, such as:

- the level of capital expenditures we make, including those associated with maintaining vessels, building new vessels, acquiring existing vessels and complying with regulations;
- our debt service requirements and restrictions on distributions contained in our debt instruments;
- interest rate fluctuations;
- the cost of acquisitions, if any;
- fluctuations in our working capital needs;
- our ability to make working capital borrowings, including the payment of distributions to unitholders; and
- the amount of any cash reserves, including reserves for future maintenance and replacement capital expenditures, working capital and other matters, established by our board of directors in its discretion.

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result of this and the other factors mentioned above, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

The cyclical nature of the international drybulk shipping industry may lead to decreases in long-term charter rates and lower vessel values, resulting in decreased distributions to our common unitholders.

The shipping business, including the dry cargo market, is cyclical in varying degrees, experiencing severe fluctuations in charter rates, profitability and, consequently, vessel values. For example, during the period from January 1, 2009 to December 31, 2010, the Baltic Exchange s Panamax time charter average daily rates

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experienced a low of $3,917 and a high of $37,099. Additionally, during the period from January 1, 2009 to December 31, 2010, the Baltic Exchange s Capesize time charter average daily rates experienced a low of $8,997 and a high of $93,197 and the Baltic Dry Index experienced a low of 772 points and a high of 4,661 points. We anticipate that the future demand for our drybulk carriers and drybulk charter rates will be dependent upon demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand and changes to the capacity of the world fleet. Recent adverse economic, political, social or other developments have decreased demand and prospects for growth in the shipping industry and thereby could reduce revenue significantly. A decline in demand for commodities transported in drybulk carriers or an increase in supply of drybulk vessels could cause a further decline in charter rates, which could materially adversely affect our results of operations and financial condition. If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel s carrying amount, resulting in a loss.

The demand for vessels has generally been influenced by, among other factors:

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

The supply of vessel capacity has generally been influenced by, among other factors:

- the number of vessels that are in or out of service;
- the scrapping rate of older vessels;
- port and canal traffic and congestion;
- the number of newbuilding deliveries; and
- vessel casualties.

Charter rates in the drybulk shipping industry have decreased from their historically high levels and may decrease further in the future, which may adversely affect our earnings and ability to pay dividends.

The industry s current charter rates have significantly decreased from their historic highs reached in the second quarter of 2008. If the drybulk shipping industry, which has been highly cyclical, is depressed in the future when our charters expire or at a time when we may want to sell a vessel, our earnings and available cash flow may be adversely affected. We cannot assure you that we will be able to successfully charter our vessels in the future or renew our existing charters at rates sufficient to allow us to operate our business profitably, to meet our obligations, including payment of

debt service to our lenders, or to pay dividends to our unitholders. Our ability to renew the charters on our vessels on the expiration or termination of our current charters, or on vessels that we may acquire in the future, the charter rates payable under any replacement charters and vessel values will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the transportation of commodities.

All of our time charters are scheduled to expire on dates ranging from July 2012 to September 2022. If, upon expiration or termination of these or other contracts, long-term recharter rates are lower than existing rates, particularly considering that we intend to enter into long-term charters, or if we are unable to obtain

replacement charters, our earnings, cash flow and our ability to make cash distributions to our unitholders could be materially adversely affected.

The market values of our vessels, which have declined from historically high levels, may fluctuate significantly, which could cause us to breach covenants in our Credit Facility and result in the foreclosure on our mortgaged vessels.

Factors that influence vessel values include:

- number of newbuilding deliveries;
- number of vessels scrapped or otherwise removed from the total fleet;
- changes in environmental and other regulations that may limit the useful life of vessels;
- changes in global drybulk commodity supply;
- types and sizes of vessels;
- development of and increase in use of other modes of transportation;
- cost of vessel acquisitions;
- governmental or other regulations;
- prevailing level of charter rates; and
- general economic and market conditions affecting the shipping industry.

If the market values of our owned vessels decrease, we may breach covenants contained in the credit facility we entered into in connection with our IPO, referred to herein as our Credit Facility. We purchased our vessels from Navios Holdings based on market prices that were at historically high levels. If we breach the Credit Facility covenants and are unable to remedy any relevant breach, our lenders could accelerate our debt and foreclose on the collateral, including our vessels. Any loss of vessels would significantly decrease our ability to generate positive cash flow from operations and therefore service our debt. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or a vessel is sold at a price below its book value, we would incur a loss.

We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.

We must make substantial capital expenditures to maintain, over the long term, the operating capacity of our fleet. These maintenance and replacement capital expenditures include capital expenditures associated with drydocking a vessel, modifying an existing vessel or acquiring a new vessel to the extent these expenditures are incurred to maintain the operating capacity of our fleet.

These expenditures could increase as a result of changes in:

the cost of our labor and materials;

the cost of suitable replacement vessels;

customer/market requirements;

increases in the size of our fleet; and

governmental regulations and maritime self-regulatory organization standards relating to safety, security or the environment.

Our significant maintenance and replacement capital expenditures will reduce the amount of cash we have available for distribution to our unitholders. Any costs associated with scheduled drydocking until November 2011 are included in a daily fee that we pay Navios ShipManagement under a management agreement. In October 2009, we fixed the rate with Navios ShipManagement for a period of two years at: (a) $4,500 daily rate per owned Ultra-Handymax vessel, (b) $4,400 daily rate per Panamax vessel and (c) $5,500 daily rate per Capesize vessel until November 16, 2011, while the initial term of the management agreement is until November 2012. From November 2011 to November 2012, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet, which may result in significantly higher fees for that period. In the event our management agreement is not renewed, we will separately deduct estimated capital expenditures associated with drydocking from our operating surplus in addition to estimated replacement capital expenditures.

Our partnership agreement requires our board of directors to deduct estimated, rather than actual, maintenance and replacement capital expenditures from operating surplus each quarter in an effort to reduce fluctuations in operating surplus. The amount of estimated capital expenditures deducted from operating surplus is subject to review and change by the conflicts committee of our board of directors at least once a year. If our board of directors underestimates the appropriate level of estimated maintenance and replacement capital expenditures, we may have less cash available for distribution in future periods when actual capital expenditures begin to exceed previous estimates.

If we expand the size of our fleet in the future, we generally will be required to make significant installment payments for acquisitions of vessels even prior to their delivery and generation of revenue. Depending on whether we finance our expenditures through cash from operations or by issuing debt or equity securities, our ability to make cash distributions to unitholders may be diminished or our financial leverage could increase or our unitholders could be diluted.

The actual cost of a vessel varies significantly depending on the market price, the size and specifications of the vessel, governmental regulations and maritime self-regulatory organization standards.

If we purchase additional vessels in the future, we generally will be required to make installment payments prior to their delivery. If we finance these acquisition costs by issuing debt or equity securities, we will increase the aggregate amount of interest payments or minimum quarterly distributions we must make prior to generating cash from the operation of the vessel. We filed a shelf registration statement on November 2, 2010, under which we may sell any combination of securities (debt or equity) for up to a total of $500.0 million.

To fund the remaining portion of these and other capital expenditures, we will be required to use cash from operations or incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations will reduce cash available for distributions to unitholders. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business, results of operations and financial condition and on our ability to make cash distributions. Even if we successfully obtain necessary funds, the terms of such financings could limit our ability to pay cash distributions to unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to meet our minimum quarterly distribution to unitholders, which could have a material adverse effect on our ability to make cash distributions to unitholders.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities and our interest rates under our Credit Facility may fluctuate and may impact our operations.

Our Credit Facility, as amended, provides us with the ability to borrow up to $321.5 million, of which $321.5 million was outstanding as of December 31, 2010. We have the ability to incur additional debt, subject to limitations in our Credit Facility. Our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- we will need a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;
- our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and
- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our debt depends upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. Our ability to service debt under our Credit Facility also will depend on market interest rates, since the interest rates applicable to our borrowings will fluctuate with the London Interbank Offered Rate, or LIBOR, or the prime rate. We do not currently hedge against increases in such rates and, accordingly, significant increases in such rate would require increased debt levels and reduce distributable cash. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to affect any of these remedies on satisfactory terms, or at all.

Our Credit Facility contains restrictive covenants, which may limit our business and financing activities.

The operating and financial restrictions and covenants in our Credit Facility and any future credit facility could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our Credit Facility requires the consent of our lenders or limits our ability to, among other items:

- incur or guarantee indebtedness;
- charge, pledge or encumber the vessels;
- merge or consolidate;
- change the flag, class or commercial and technical management of our vessels;
- make cash distributions;
- make new investments; and

sell or change the ownership or control of our vessels.

Our Credit Facility also requires us to comply with the International Safety Management Code, or ISM Code, and International Ship and Port Facilities Security Code, or ISPS Code, and to maintain valid safety management certificates and documents of compliance at all times.

On January 11, 2010, we (a) amended our Credit Facility and (b) borrowed an additional amount of $24.0 million to finance the acquisitions of the Navios Apollon, the Navios Sagittarius and the Navios

Hyperion. The amended Credit Facility agreement provides for (a) prepayment of $12.5 million held in a pledged account, that took place on January 11, 2010, (b) an increase in the minimum net worth covenant of the Partnership to $135.0 million, (c) the VMC (Value Maintenance Covenant) to be above 143% using charter free values and (d) the minimum leverage covenant to be calculated using charter free values. The new covenants have been applied since January 15, 2010.

Throughout 2010, we amended our Credit Facility to borrow additional amounts to partially finance the acquisition of various vessels. Pursuant to our most recent amendment, on December 15, 2010, in addition to borrowing an additional amount, the amendment provides for, among other things, a new margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011.

In addition, our Credit Facility, as amended on December 15, 2010, requires us to:

- maintain minimum free consolidated liquidity (which may be in the form of undrawn commitments under the Credit Facility) of at least $20.0 million as of December 31, 2010, at which level it is required to be maintained thereafter);
- maintain a ratio of EBITDA to interest expense of at least 2.00 : 1.00; and
- maintain a ratio of total liabilities to total assets (as defined in our Credit Facility) of less than 0.75 : 1.00.

Our ability to comply with the covenants and restrictions that are contained in our Credit Facility and any other debt instruments we may enter into in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we are in breach of any of the restrictions, covenants, ratios or tests in our Credit Facility, especially if we trigger a cross default currently contained in certain of our loan agreements, a significant portion of our obligations may become immediately due and payable, and our lenders commitment to make further loans to us may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our Credit Facility are secured by certain of our vessels, and if we are unable to repay borrowings under such Credit Facility, lenders could seek to foreclose on those vessels.

Restrictions in our debt agreements may prevent us from paying distributions to unitholders.

Our payment of principal and interest on the debt will reduce cash available for distribution on our common units. In addition, our Credit Facility prohibits the payment of distributions if we are not in compliance with certain financial covenants or upon the occurrence of an event of default.

Events of default under our Credit Facility include, among other things, the following:

- failure to pay any principal, interest, fees, expenses or other amounts when due;
- failure to observe any other agreement, security instrument, obligation or covenant beyond specified cure periods in certain cases;
- default under other indebtedness;
- an event of insolvency or bankruptcy;
- material adverse change in the financial position or prospects of us or our general partner;

- failure of any representation or warranty to be materially correct; and

- failure of Navios Holdings or its affiliates (as defined in the Credit Facility agreement) to own at least 20% of us.

We anticipate that any subsequent refinancing of our current debt or any new debt will have similar restrictions.

We depend on Navios Holdings and its affiliates to assist us in operating and expanding our business.

Pursuant to a management agreement between us and Navios ShipManagement, Navios ShipManagement provides to us significant commercial and technical management services (including the commercial and technical management of our vessels, vessel maintenance and crewing, purchasing and insurance and shipyard supervision). In addition, pursuant to an administrative services agreement between us and Navios ShipManagement, Navios ShipManagement provides to us significant administrative, financial and other support services. Our operational success and ability to execute our growth strategy depends significantly upon Navios ShipManagement s satisfactory performance of these services. Our business will be harmed if Navios ShipManagement fails to perform these services satisfactorily, if Navios ShipManagement cancels either of these agreements, or if Navios ShipManagement stops providing these services to us. We may also in the future contract with Navios Holdings for it to have newbuildings constructed on our behalf and to incur the construction-related financing. We would purchase the vessels on or after delivery based on an agreed-upon price.

Our ability to enter into new charters and expand our customer relationships will depend largely on our ability to leverage our relationship with Navios Holdings and its reputation and relationships in the shipping industry. If Navios Holdings suffers material damage to its reputation or relationships, it may harm our ability to:

- renew existing charters upon their expiration;
- obtain new charters;
- successfully interact with shipyards during periods of shipyard construction constraints;
- obtain financing on commercially acceptable terms; or
- maintain satisfactory relationships with suppliers and other third parties.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

As we expand our business, we may have difficulty managing our growth, which could increase expenses.

We intend to seek to grow our fleet, either through purchases, the increase of the number of chartered-in vessels or through the acquisitions of businesses. The addition of vessels to our fleet or the acquisition of new businesses will impose significant additional responsibilities on our management and staff. We will also have to increase our customer base to provide continued employment for the new vessels. Our growth will depend on:

- locating and acquiring suitable vessels;
- identifying and consummating acquisitions or joint ventures;
- integrating any acquired business successfully with our existing operations;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection therewith or that our acquisitions will perform as expected, which could materially adversely affect our results of operations and financial condition.

Our growth depends on continued growth in demand for drybulk commodities and the shipping of drybulk cargoes.

Our growth strategy focuses on expansion in the drybulk shipping sector. Accordingly, our growth depends on continued growth in world and regional demand for drybulk commodities and the shipping of drybulk cargoes, which could be negatively affected by a number of factors, such as declines in prices for drybulk commodities, or general political and economic conditions.

Reduced demand for drybulk commodities and the shipping of drybulk cargoes would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition. In particular, Asian Pacific economies and India have been the main driving force behind the current increase in seaborne drybulk trade and the demand for drybulk carriers. A negative change in economic conditions in any Asian Pacific country, but particularly in China, Japan or India, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects, by reducing demand and resultant charter rates.

Our growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.

Long-term time charters have the potential to provide income at pre-determined rates over more extended periods of time. However, the process for obtaining longer term time charters is highly competitive and generally involves a lengthy, intensive and continuous screening and vetting process and the submission of competitive bids that often extends for several months. In addition to the quality, age and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator, including:

- the operator s environmental, health and safety record;

- compliance with International Maritime Organization, or IMO, standards and the heightened industry standards that have been set by some energy companies;

- shipping industry relationships, reputation for customer service, technical and operating expertise;

- shipping experience and quality of ship operations, including cost-effectiveness;

- quality, experience and technical capability of crews;

- the ability to finance vessels at competitive rates and overall financial stability;

- relationships with shipyards and the ability to obtain suitable berths;

- construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;

- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and

- competitiveness of the bid in terms of overall price.

It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. Many of these competitors have significantly greater financial resources than we do. It is also likely that

we will face increased numbers of competitors entering into our transportation sectors, including in the drybulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for long-term charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term charters, our vessels will not be available for trading in the spot market during an upturn in the drybulk market cycle, when spot trading may be more profitable. If we cannot

successfully employ our vessels in profitable time charters our results of operations and operating cash flow could be adversely affected.

We may be unable to make or realize expected benefits from acquisitions, and implementing our growth strategy through acquisitions may harm our business, financial condition and operating results.

Our growth strategy focuses on a gradual expansion of our fleet. Any acquisition of a vessel may not be profitable to us at or after the time we acquire it and may not generate cash flow sufficient to justify our investment. In addition, our growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

- fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;
- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired; or
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

If we purchase any newbuilding vessels, delays, cancellations or non-completion of deliveries of newbuilding vessels could harm our operating results.

If we purchase any newbuilding vessels, the shipbuilder could fail to deliver the newbuilding vessel as agreed or their counterparty could cancel the purchase contract if the shipbuilder fails to meet its obligations. In addition, under charters we may enter into that are related to a newbuilding, if our delivery of the newbuilding to our customer is delayed, we may be required to pay liquidated damages during the delay. For prolonged delays, the customer may terminate the charter and, in addition to the resulting loss of revenues, we may be responsible for additional, substantial liquidated damages.

The completion and delivery of newbuildings could be delayed, cancelled or otherwise not completed because of:

- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial crisis of the shipbuilder;
- a backlog of orders at the shipyard;

political or economic disturbances;

weather interference or catastrophic event, such as a major earthquake or fire;

requests for changes to the original vessel specifications;

shortages of or delays in the receipt of necessary construction materials, such as steel;

inability to finance the construction or conversion of the vessels; or

inability to obtain requisite permits or approvals.

If delivery of a vessel is materially delayed, it could materially adversely affect our results of operations and financial condition and our ability to make cash distributions.

The loss of a customer or charter or vessel could result in a loss of revenues and cash flow in the event we are unable to replace such customer, charter or vessel.

We have 12 charter counterparties. Some of our major charter counterparties are Mitsui O.S.K. Lines, Ltd., Cargill International S.A., Cosco Bulk Carrier Co. Ltd., Samsun Logix and The Sanko Steamship Co. Ltd., and these charter counterparties accounted for approximately 27.7%, 11.8%, 11.2%, 8.5% and 8.3%, respectively, of total revenues for the year ended December 31, 2010. For the year ended December 31, 2009, Mitsui O.S.K. Lines, Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime accounted for approximately 34.3%, 18.8%, 13.0%, 9.6% and 9.3%, respectively, of total revenues. For the year ended December 31, 2008, Mitsui O.S.K. Lines, Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime accounted for approximately 28.2%, 22.2%, 15.6%, 11.9% and 9.7%, respectively, of total revenues.

We could lose a customer or the benefits of a charter if:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;
- the customer exercises certain rights to terminate the charter;
- the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or
- a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

If we lose a charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters and the cyclical nature of the industry or we may be forced to charter the vessel on the spot market at then market rates which may be less favorable that the charter that has been terminated. If we are unable to re-deploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition. In addition, if a customer exercises any right to purchase a vessel to the extent we have granted any such rights, we would not receive any further revenue from the vessel and may be unable to obtain a substitute vessel and charter. This may cause us to receive decreased revenue and cash flows from having fewer vessels operating in our fleet. Any replacement newbuilding would not generate revenues during its construction, and we may be unable to charter any replacement vessel on terms as favorable to us as those of the terminated charter. Any compensation under our charters for a purchase of the vessels may not adequately compensate us for the loss of the vessel and related time charter.

The permanent loss of a customer, time charter or vessel, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions in the event we are unable to replace such customer, time charter or vessel.

In January 2011, Korea Line Corporation (KLC) filed for receivership, which is a reorganization under South Korean bankruptcy law. Navios Partners has reviewed the matter, as its Capesize vessel Navios Melodia is charted out to

KLC. We have provided 30-day notice to KLC demanding that the charter be affirmed or terminated.

To mitigate the risk 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) for the remaining term of the charter-out contract.

The risks and costs associated with vessels increase as the vessels age.

As of February 28, 2011, the vessels in our fleet have an average age of approximately five years and most drybulk vessels have an expected life of approximately 25-28 years. We may acquire older vessels in the future. In some instances, charterers prefer newer vessels that are more fuel efficient than older vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well. Governmental regulations, safety or other equipment standards related to the age of the vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we may have to sell them at a loss, and if charterers no longer charter out vessels due to their age, it could materially adversely affect our earnings.

Vessels may suffer damage and we may face unexpected drydocking costs, which could affect our cash flow and financial condition.

If our owned vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease our revenues and earnings substantially, particularly if a number of vessels are damaged or drydocked at the same time. Under the terms of our management agreement with Navios ShipManagement, only the costs of routine drydocking repairs are included in the daily management fee of $4,500 per owned Ultra-Handymax vessel, $4,400 per owned Panamax vessel and $5,500 per owned Capesize vessel, which are fixed until November 2011. From November 2011 to November 2012, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

We are subject to various laws, regulations, and conventions, including environmental laws, that could require significant expenditures both to maintain compliance with such laws and to pay for any uninsured environmental liabilities resulting from a spill or other environmental disaster.

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

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

The operation of vessels is also affected by the requirements set forth in the ISM Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive safety management system that includes the adoption of a safety and environmental protection policy setting forth instructions and

procedures for safe vessel operation and describing procedures for dealing with emergencies. Non-compliance with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. For example, the United States Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in ports in the United States and European Union. Currently, each of the vessels in our owned fleet is ISM Code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

For all vessels other than oil tankers, including vessels operated under our fleet, international liability for bunker oil pollution is governed by the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention. In 2001, the IMO adopted the the Bunker Convention, which imposes strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker oil. The Bunker Convention defines bunker oil as any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended, or the 1976 Convention). The Bunker Convention entered into force on November 21, 2008, and in early 2011 it was in effect in 58 states. In other jurisdictions, liability for spills or releases of oil from ships bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which ship owners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution. U.S. federal legislation, including notably the Oil Pollution Act of 1990, or the OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from drybulk vessels as well as cargo or bunker oil spills from tankers. The OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone. Under the OPA, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In addition to potential liability under OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

In response to the 2010 Deepwater Horizon oil incident in the Gulf of Mexico, the U.S. House of Representatives passed and the U.S. Senate considered but did not pass a bill to strengthen certain requirements of the OPA; similar legislation may be introduced in the 112th Congress. In addition to potential liability under the federal OPA, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

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

uncertain.

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

We currently maintain, for each of our owned vessels, insurance coverage against pollution liability risks in the amount of $1.0 billion per incident. The insured risks include penalties and fines as well as civil liabilities and expenses resulting from accidental pollution. However, this insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if damages from a catastrophic incident exceed the $1.0 billion limitation of coverage per incident, our cash flow, profitability and financial position could be adversely impacted.

Climate change and government laws and regulations related to climate change could negatively impact our financial condition.

In addition to other climate-related risks set forth in this Risk Factors section, we are and will be, directly and indirectly, subject to the effects of climate change and may, directly or indirectly, be affected by government laws and regulations related to climate change. A number of countries have adopted or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. The IMO has announced its intention to develop limits on greenhouse gases from international shipping and is working on technical and operational measures to reduce emissions. In addition, while the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which requires adopting countries to implement national programs to reduce greenhouse gas emissions, a new treaty may be adopted in the future that includes restrictions on shipping emissions. The European Union has also indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include greenhouse gas emission from marine vessels. Similarly, the U.S. EPA is considering petitions to regulate greenhouse gas emissions from marine vessels. We cannot predict with any degree of certainty what effect, if any, possible climate change and government laws and regulations related to climate change will have on our operations, whether directly or indirectly. While we believe that it is difficult to assess the timing and effect of climate change and pending legislation and regulation related to climate change on our business, we believe that climate change, including the possible increase in severe weather events resulting from climate change, and government laws and regulations related to climate change may affect, directly or indirectly, (i) the cost of the vessels we may acquire in the future, (ii) our ability to continue to operate as we have in the past, (iii) the cost of operating our vessels, and (iv) insurance premiums, deductibles and the availability of coverage. As a result, our financial condition could be negatively impacted by significant climate change and related governmental regulation, and that impact could be material.

The loss of key members of our senior management team could disrupt the management of our business.

We believe that our success depends on the continued contributions of the members of our senior management team, including Ms. Angeliki Frangou, our Chairman and Chief Executive Officer. The loss of the services of Ms. Frangou or one of our other executive officers or those of Navios Holdings who provide us with significant managerial services

could impair our ability to identify and secure new charter contracts, to

maintain good customer relations and to otherwise manage our business, which could have a material adverse effect on our financial performance and our ability to compete.

We are subject to vessel security regulations and will incur costs to comply with recently adopted regulations and we may be subject to costs to comply with similar regulations that may be adopted in the future in response to terrorism.

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

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

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate, or ISSC, that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. The cost of vessel security measures has also been affected by dramatic escalation in recent years in the frequency and seriousness of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden and Arabian Sea area which could have a significant financial impact on us.

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

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

- damage or destruction of vessel due to marine disaster such as a collision;
- the loss of a vessel due to piracy and terrorism;

cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure and bad weather;

environmental accidents as a result of the foregoing; and

business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could substantially increase our costs. For example, the costs of replacing a vessel or cleaning up a spill could substantially lower its revenues by taking vessels out of operation permanently or for periods of time. The involvement of our vessels in a disaster or delays in delivery or damages or loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business.

A failure to pass inspection by classification societies could result in one or more vessels being unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessels for that period and a corresponding decrease in operating cash flows.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and with SOLAS. Our owned fleet is currently enrolled with Nippon Kaiji Kiokai, Bureau Veritas and Lloyd s Register.

A vessel must undergo an annual survey, an intermediate survey and a special survey. In lieu of a special survey, a vessel s machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel.

If any vessel fails any annual survey, intermediate survey or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until she is able to trade again.

We are subject to inherent operational risks that may not be adequately covered by our insurance.

The operation of ocean-going vessels in international trade is inherently risky. Although we carry insurance for our fleet against risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which include environmental damage and pollution insurance), all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business and our ability to pay distributions to our unitholders. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Our insurance policies also contain deductibles, limitations and exclusions which can

result in significant increased overall costs to us.

Because we obtain some of our insurance through protection and indemnity associations, we may also be subject to calls, or premiums, in amounts based not only on our own claim records, but also the claim records of all other members of the protection and indemnity associations.

We may be subject to calls, or premiums, in amounts based not only on our claim records but also the claim records of all other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. Our payment of these calls could result in significant expenses to us, which could have a material adverse effect on our business, results of operations and financial condition.

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could cause us to suffer exchange rate losses thereby increasing expenses and reducing income.

We will engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are at present predominantly U.S. dollar-denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase thereby decreasing our income or vice versa if the U.S. dollar increases in value. For example, during the year ended December 31, 2010, the value of the U.S. dollar increased by approximately 8.2% as compared to the Euro. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than the U.S. dollar.

Our operations expose us to global political risks, such as wars and political instability that may interfere with the operation of our vessels causing a decrease in revenues from such vessels.

We are an international company and primarily conduct our operations outside the United States. Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered will affect us. In the past, political conflicts, particularly in the Persian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. For example, in October 2002, the vessel Limburg, which was not affiliated with us, was attacked by terrorists in Yemen. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on September 11, 2001, and the military response of the United States, the likelihood of future acts of terrorism may increase, and our vessels may face higher risks of being attacked in the Middle East region and interruption of operations causing a decrease in revenues. In addition, future hostilities or other political instability in regions where our vessels trade could affect our trade patterns and adversely affect our operations by causing delays in shipping on certain routes or making shipping impossible on such routes, thereby causing a decrease in revenues.

In addition, a government could requisition title or seize our vessels during a war or national emergency. Requisition of title occurs when a government takes a vessel and becomes the owner. A government could also requisition our vessels for hire, which would result in the government s taking control of a vessel and effectively becoming the charterer at a dictated charter rate. Requisition of one or more of our vessels would have a substantial negative effect on us as we would potentially lose all revenues and earnings from the requisitioned vessels and permanently lose the vessels. Such losses might be partially offset if the requisitioning government compensated us for the requisition.

Acts of piracy on ocean-going vessels have increased recently in frequency and magnitude, which could adversely affect our business.

The shipping industry has historically been affected by acts of piracy in regions such as the South China Sea and the Gulf of Aden. In 2009 and continuing through 2010, acts of piracy saw a steep rise, particularly off the coast of Somalia in the Gulf of Aden. One of the most significant examples of the increase in piracy came in November 2008

when the M/V Sirius Star, a crude oil tanker which was not affiliated with us, was captured by pirates in the Indian Ocean while carrying crude oil estimated to be worth approximately

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$100 million. In December 2009, the Navios Apollon, one of our vessels, was seized by pirates 800 miles off the coast of Somalia while transporting fertilizer from Tampa, Florida to Rozi, India and was released on February 27, 2010. If these piracy attacks result in regions (in which our vessels are deployed) being characterized by insurers as war risk zones or Joint War Committee (JWC) war and strikes listed areas, premiums payable for such insurance coverage could increase significantly and such insurance coverage may be more difficult to obtain. Crew costs, including those due to employing onboard security guards, could increase in such circumstances. In addition, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not on-hire for a certain number of days and it is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and cash flows. Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business and operations.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a material adverse impact on our ability to obtain financing, our results of operations, financial condition and cash flows and could cause the market price of our common units to decline.

The United States and other parts of the world are exhibiting volatile economic trends and were recently in a recession in 2008 and 2009. Despite recent signs of recovery, the outlook for the world economy remains uncertain. For example, the credit markets worldwide and in the United States have experienced significant contraction, de-leveraging and reduced liquidity, and the United States federal and state governments, as well as foreign governments, have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws.

A number of financial institutions have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. The uncertainty surrounding the future of the credit markets in the United States and the rest of the world has resulted in reduced access to credit worldwide. Due to the fact that we may cover all or a portion of the cost of vessel acquisition with debt financing, such uncertainty, combined with restrictions imposed by our current debt, may hamper our ability to finance vessel or new business acquisition.

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

Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or

attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted. We are not currently aware of the existence of any such maritime lien on our vessels.

In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest both the vessel which is subject to the claimant s maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one vessel in our fleet for claims relating to another ship in the fleet.

Navios Holdings and its affiliates may compete with us.

Pursuant to the omnibus agreement that we entered into with Navios Holdings in connection with the closing of the IPO, referred to herein as the Omnibus Agreement, Navios Holdings and its controlled affiliates (other than us, our general partner and our subsidiaries) generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of our general partner. The Omnibus Agreement, however, contains significant exceptions that allows Navios Holdings or any of its controlled affiliates to compete with us under specified circumstances which could harm our business. In addition, concurrently with the successful consummation of the initial business combination by Navios Maritime Acquisition Corporation, or Navios Acquisition, on May 28, 2010, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we entered into a business opportunity right of first refusal agreement which provides the types of business opportunities in the marine transportation and logistics industries, we, Navios Holdings and Navios Acquisition must share with the each other.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and, upon delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Holdings received 1,000,000 subordinated Series A units and was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet). Pursuant to our release from the Omnibus Agreement restrictions, in June 2009, we had waived our rights of first refusal with Navios Acquisition with respect to an acquisition opportunity until the earlier of (a) the consummation of a business combination by Navios Acquisition, (b) the liquidation of Navios Acquisition and (c) June 2011. Such waiver ended with the successful consummation of the initial business combination by Navios Acquisition, on May 28, 2010, when we entered into the business opportunity right of first refusal agreement as described above.

Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning more than 4.9% of our common units.

Holders of our common units have only limited voting rights on matters affecting our business. We hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Common unitholders may only elect four of the seven members of our board of directors. The elected directors are elected on a staggered basis and serve for three year terms. Our general partner in its sole discretion has the right to appoint the remaining three directors and to set the terms for which those directors will serve. The partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders ability to influence the manner or direction of management. Unitholders will have no right to elect our general partner and our general partner may not be removed except by a vote of the holders of at least 662/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class.

Our partnership agreement further restricts unitholders voting rights by providing that if any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our

board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will effectively be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of

all classes of units entitled to vote. Our general partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

Our general partner and its affiliates, including Navios Holdings, own a significant interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to the detriment of unitholders.

Navios Holdings indirectly owns the 2.0% general partner interest and a 26.7% limited partner interest in us, and owns and controls our general partner. All of our officers and three of our directors are directors and/or officers of Navios Holdings and its affiliates, and our Chief Executive Officer is also the Chief Executive Officer of Navios Acquisition and Navios Holdings. As such these individuals have fiduciary duties to Navios Holdings and Navios Acquisition that may cause them to pursue business strategies that disproportionately benefit Navios Holdings or Navios Acquisition or which otherwise are not in our best interests or those of our unitholders. Conflicts of interest may arise between Navios Acquisition, Navios Holdings and their respective affiliates including our general partner, on the one hand, and us and our unitholders on the other hand. As a result of these conflicts, our general partner and its affiliates may favor their own interests over the interests of our unitholders. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires our general partner or Navios Holdings or its affiliates to pursue a business strategy that favors us or utilizes our assets, and Navios Holdings officers and directors have a fiduciary duty to make decisions in the best interests of the stockholders of Navios Holdings, which may be contrary to our interests;

- our general partner and our board of directors are allowed to take into account the interests of parties other than us, such as Navios Holdings, in resolving conflicts of interest, which has the effect of limiting their fiduciary duties to our unitholders;

- our general partner and our directors have limited their liabilities and reduced their fiduciary duties under the laws of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing common units, unitholders are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by our general partner and our directors, all as set forth in the partnership agreement;

- our general partner and our board of directors will be involved in determining the amount and timing of our asset purchases and sales, capital expenditures, borrowings, issuances of additional partnership securities and reserves, each of which can affect the amount of cash that is available for distribution to our unitholders;

- our general partner may have substantial influence over our board of directors decision to cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units or to make incentive distributions or to accelerate the expiration of the subordination period;

- our general partner is entitled to reimbursement of all reasonable costs incurred by it and its affiliates for our benefit;

- our partnership agreement does not restrict us from paying our general partner or its affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf; and

our general partner may exercise its right to call and purchase our common units if it and its affiliates own more than 80% of our common units.

Although a majority of our directors will be elected by common unitholders, our general partner will likely have substantial influence on decisions made by our board of directors.

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Our officers face conflicts in the allocation of their time to our business.

Navios Holdings and Navios Acquisition conduct businesses and activities of their own in which we have no economic interest. If these separate activities are significantly greater than our activities, there will be material competition for the time and effort of our officers, who also provide services to Navios Acquisition, Navios Holdings and its affiliates. Our officers are not required to work full-time on our affairs and are required to devote time to the affairs of Navios Acquisition, Navios Holdings and their respective affiliates. Each of our Chief Executive Officer and our Chief Financial Officer is also an executive officer of Navios Holdings, and our Chief Executive Officer is the Chief Executive Officer of Navios Acquisition and Navios Holdings.

Our partnership agreement limits our general partner s and our directors fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner or our directors.

Our partnership agreement contains provisions that reduce the standards to which our general partner and directors would otherwise be held by Marshall Islands law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. Where our partnership agreement permits, our general partner may consider only the interests and factors that it desires, and in such cases it has no fiduciary duty or obligation to give any consideration to any interest of, or factors affecting us, our affiliates or our unitholders. Decisions made by our general partner in its individual capacity will be made by its sole owner, Navios Holdings. Specifically, pursuant to our partnership agreement, our general partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership;

- appoints any directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership;

- provides that our general partner and our directors are entitled to make other decisions in good faith if they reasonably believe that the decision is in our best interests;

- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of our board of directors and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be fair and reasonable to us and that, in determining whether a transaction or resolution is fair and reasonable, our board of directors may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and

- provides that neither our general partner nor our officers or our directors will be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or directors or our officers or directors or those other persons engaged in actual fraud or willful misconduct.

In order to become a limited partner of our partnership, a common unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above.

Fees and cost reimbursements, which Navios ShipManagement determines for services provided to us, are significant, are payable regardless of profitability and reduce our cash available for distribution.

Under the terms of our management agreement with Navios ShipManagement, we pay a daily fee of $4,500 per owned Ultra-Handymax vessel, $4,400 per owned Panamax vessel and $5,500 per owned Capesize vessel for technical and commercial management services provided to us by Navios ShipManagement for a period of two years ending November 16, 2011. The initial term of the management agreement is until November 2012.

The daily fee paid to Navios ShipManagement includes all costs incurred in providing certain commercial and technical management services to us. While this fee is fixed until November 2011, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet until November 2012, which may result in significantly higher fees that period. All of the fees we are required to pay to Navios ShipManagement under the management agreement are payable without regard to our financial condition or results of operations. In addition, Navios ShipManagement provides us with administrative services, including the services of our officers and directors, pursuant to an administrative services agreement which has an initial term until November 2012, and we reimburse Navios ShipManagement for all costs and expenses reasonably incurred by it in connection with the provision of those services. The fees and reimbursement of expenses to Navios ShipManagement are payable regardless of our profitability and could materially adversely affect our ability to pay cash distributions to unitholders.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner, and even if public unitholders are dissatisfied, they will be unable to remove our general partner without Navios Holdings consent, unless Navios Holdings ownership share in us is decreased.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner.

- The unitholders will be unable initially to remove our general partner without its consent because our general partner and its affiliates own sufficient units to be able to prevent its removal. The vote of the holders of at least 662/3% of all outstanding common and subordinated units voting together as a single class is required to remove the general partner. Navios Holdings currently owns 28.7% of the total number of outstanding common and subordinated units based on all outstanding limited, subordinated and general partner units.

- If our general partner is removed without cause during the subordination period and units held by our general partner and Navios Holdings are not voted in favor of that removal, (i) all remaining subordinated units will automatically convert into common units, (ii) any existing arrearages on the common units will be extinguished and (iii) our general partner will have the right to convert its general partner interest and its incentive distribution rights into common units or to receive cash in exchange for those interests based on the fair market value of the interests at the time. A removal of our general partner under these circumstances would adversely affect the common units by prematurely eliminating their distribution and liquidation preference over the subordinated units, which would otherwise have continued until we had met certain distribution and performance tests. Any conversion of the general partner interest and incentive distribution rights would be dilutive to existing unitholders. Furthermore, any cash payment in lieu of such conversion could be prohibitively large. Cause is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful or wanton misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor business decisions such as charges of poor management of our business by the directors appointed by our general partner, so the removal of our general partner because of the unitholders dissatisfaction with the

general partner s decisions in this regard would most likely result in the termination of the subordination period.

Common unitholders elect only four of the seven members of our board of directors. Our general partner in its sole discretion has the right to appoint the remaining three directors.

Election of the four directors elected by unitholders is staggered, meaning that the members of only one of three classes of our elected directors are selected each year. In addition, the directors appointed by our general partner will serve for terms determined by our general partner.

Our partnership agreement contains provisions limiting the ability of unitholders to call meetings of unitholders, to nominate directors and to acquire information about our operations as well as other provisions limiting the unitholders ability to influence the manner or direction of management.

Unitholders voting rights are further restricted by the partnership agreement provision providing that if any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. Our general partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

We have substantial latitude in issuing equity securities without unitholder approval.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party.

In establishing cash reserves, our board of directors may reduce the amount of cash available for distribution to unitholders.

Our partnership agreement requires our general partner to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. These reserves also will affect the amount of cash available for distribution to our unitholders. Our board of directors may establish reserves for distributions on the subordinated units, but only if those reserves will not prevent us from distributing the full minimum quarterly distribution, plus any arrearages, on the common units for the following four quarters. Our partnership agreement requires our board of directors each quarter to deduct from operating surplus estimated maintenance and replacement capital expenditures, as opposed to actual expenditures, which could reduce the amount of available cash for distribution. The amount of estimated maintenance and replacement capital expenditures deducted from operating surplus is subject to review and change by our board of directors at least once a year, provided that any change must be approved by the conflicts committee of our board of directors.

Our general partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates, including Navios Holdings, own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their units.

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At the end of the subordination period, assuming no additional issuances of common units and conversion of our subordinated units into common units, Navios Holdings will own 12,715,847 common units and 1,000,000 subordinated Series A units and 1,028,597 general partner units, representing a 28.7% limited partner interest in us based on all limited and general partner units.

Unitholders may not have limited liability if a court finds that unitholder action constitutes control of our business.

As a limited partner in a partnership organized under the laws of the Marshall Islands, unitholders could be held liable for our obligations to the same extent as a general partner if they participate in the control of our business. Our general partner generally has unlimited liability for the obligations of the partnership, such as its debts and environmental liabilities, except for those contractual obligations of the partnership that are expressly made without recourse to our general partner.

We can borrow money to pay distributions, which would reduce the amount of credit available to operate our business.

Our partnership agreement will allow us to make working capital borrowings to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital borrowings we can make for operating our business.

Increases in interest rates may cause the market price of our common units to decline.

An increase in interest rates may cause a corresponding decline in demand for equity investments in general, and in particular for yield-based equity investments such as our common units. Any such increase in interest rates or reduction in demand for our common units resulting from other relatively more attractive investment opportunities may cause the trading price of our common units to decline. In addition, our interest expense will increase, since initially our debt will bear interest at a floating rate, subject to any interest rate swaps we may enter into the future.

Unitholders may have liability to repay distributions.

Under some circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under the Marshall Islands Act, we may not make a distribution to unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Marshall Islands law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Marshall Islands law will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the assignee at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Tax Risks

In addition to the following risk factors, you should read Item 4. Information on the Partnership and Item 10. Additional Information for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of common units.

U.S. tax authorities could treat us as a passive foreign investment company, which could have adverse U.S. federal income tax consequences to U.S. unitholders.

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a passive foreign investment company, or a PFIC, for U.S. federal income tax purposes if at least 75.0% of its

gross income for any taxable year consists of certain types of passive income, or at least 50.0% of the average value of the entity s assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income generally includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute passive income. U.S. unitholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected method of operation, and on opinion of counsel, we believe that we were not a PFIC for our 2010 taxable year, and we expect that we will not become a PFIC with respect to any other taxable year. Our U.S. counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., is of the opinion that (1) the income we receive from time chartering activities and the assets we own that are engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25.0% of our gross income from all sources for each taxable year after our initial taxable year and the fair market value of our vessels contracted under time charters exceeds 50.0% of the average fair market value of all of our assets for each taxable year after our initial taxable year, we should not be a PFIC for any taxable year. This opinion is based on representations and projections provided by us to our counsel regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections. We expect that all of the vessels in our fleet will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes. However, no assurance can be given that the Internal Revenue Service, or the IRS, will accept this position.

The preferential tax rates applicable to qualified dividend income are temporary, and the enactment of previously proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Certain of our distributions may be treated as qualified dividend income eligible for preferential rates of U.S. federal income tax to U.S. individual unitholders (and certain other U.S. unitholders). In the absence of legislation extending the term for these preferential tax rates, all dividends received by such U.S. taxpayers in tax years beginning on January 1, 2013, or later, will be taxed at graduated tax rates applicable to ordinary income.

In addition, legislation proposed in the U.S. Congress would, if enacted, deny the preferential rate of U.S. federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation, if the non-U.S. corporation is created or organized under the laws of a jurisdiction that does not have a comprehensive income tax system. Because the Marshall Islands imposes only limited taxes on entities organized under its laws, it is likely that, if this legislation were enacted, the preferential tax rates would no longer be applicable to distributions received from us. As of the date hereof, it is not possible to predict with any certainty whether this proposed legislation will be enacted.

We may have to pay tax on U.S.-source income, which would reduce our earnings.

Under the Internal Revenue Code, or the Code, 50.0% of the gross shipping income of a vessel owning or chartering corporation that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S.-source shipping income. U.S.-source shipping income generally is subject to a 4.0% U.S. federal income tax without allowance for deduction or, if such U.S.-source shipping income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (the highest statutory rate presently is 35.0%) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings), unless that corporation qualifies for exemption from tax under Section 883 of the Code.

Based on an opinion of counsel, and certain assumptions and representations, we believe that we will qualify for this statutory tax exemption, and we will take this position for U.S. federal income tax return reporting purposes. However, there are factual circumstances, including some that may be beyond our control, that could cause us to lose the benefit of this tax exemption. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in this tax exemption not applying to us in the future. In addition, our conclusion that we qualify for this exemption, as well as the conclusions in this regard of our counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., is based upon legal authorities that do not expressly contemplate an organizational structure such as ours; specifically, although we have elected to be treated as a corporation for U.S. federal income tax purposes, we are organized as a limited partnership under Marshall Islands law. Therefore, we can give no assurances that the IRS will not take a different position regarding our qualification for this tax exemption.

If we were not entitled to the Section 883 exemption for any taxable year, we generally would be subject to a 4.0% U.S. federal gross income tax with respect to our U.S.-source shipping income or, if such U.S. source shipping income were effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax as well as a branch profits tax for those years. Our failure to qualify for the Section 883 exemption could have a negative effect on our business and would result in decreased earnings available for distribution to our unitholders.

You may be subject to income tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. Such laws may require you to file a tax return with and pay taxes to those countries.

We intend that our affairs and the business of each of our controlled affiliates will be conducted and operated in a manner that minimizes income taxes imposed upon us and these controlled affiliates or which may be imposed upon you as a result of owning our common units. However, because we are organized as a partnership, there is a risk in some jurisdictions that our activities and the activities of our subsidiaries may be attributed to our unitholders for tax purposes and, thus, that you will be subject to tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. If you are subject to tax in any such country, you may be required to file a tax return with and to pay tax in that country based on your allocable share of our income. We may be required to reduce distributions to you on account of any withholding obligations imposed upon us by that country in respect of such allocation to you. The United States may not allow a tax credit for any foreign income taxes that you directly or indirectly incur.

We believe we can conduct our activities in such a manner that our unitholders should not be considered to be carrying on business in Greece solely as a consequence of the acquisition, holding, disposition or redemption of our common units. However, the question of whether either we or any of our controlled affiliates will be treated as carrying on business in any particular country, including Greece, will be largely a question of fact to be determined based upon an analysis of contractual arrangements, including the management agreement and the administrative services agreement we will enter into with Navios ShipManagement, and the way we conduct business or operations, all of which may change over time. Furthermore, the laws of Greece or any other country may change in a manner that causes that country s taxing authorities to determine that we are carrying on business in such country and are subject to its taxation laws. Any foreign taxes imposed on us or any subsidiaries will reduce our cash available for distribution.

Item 4. Information on the Partnership

A. History and Development of the Partnership

Navios Partners is an international owner and operator of dry cargo vessels, formed on August 7, 2007 under the laws of the Republic of the Marshall Islands by Navios Holdings, a vertically integrated seaborne shipping and logistics company with over 55 years of operating history in the drybulk shipping industry. Navios GP L.L.C. (the 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 a limited Partnership formed under the Marshall Islands Partnership Act and domiciled in the Republic of the Marshall Islands. Navios Partners is engaged in the seaborne transportation services of a wide range of drybulk commodities including iron ore, coal, grain and fertilizer, chartering its vessels under medium to long term charters. The operations of Navios Partners are managed by Navios ShipManagement from its executive offices at 85 Akti Miaouli Street, Piraeus 185 38, Greece. Our telephone number at such address is (+30) 210 4595000. Our agent for service is Trust Company of the Marshall Islands, Inc., located at Trust Company Complex, Ajeltake Island, P.O. Box 1405, Majuro, Marshall Islands MH96960.

Pursuant to the initial public offering (IPO) on November 16, 2007, Navios Partners entered into the following agreements:

(a) a management agreement with Navios Shipmanagement pursuant to which Navios Shipmanagement provides Navios Partners commercial and technical management services;

(b) an administrative services agreement with Navios Shipmanagement pursuant to which Navios Shipmanagement provides Navios Partners administrative services; and

(c) an omnibus agreement with Navios Holdings (Omnibus Agreement), governing, among other things, when Navios Partners and Navios Holdings may compete against each other as well as rights of first offer on certain drybulk carriers.

Navios Partners had also entered into a share purchase agreement pursuant to which Navios Partners had agreed to acquire the capital stock of a subsidiary that will own the Capesize vessel Navios Bonavis and related time charter, upon delivery of the vessel to Navios Holdings which occurred in late June 2009. On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and, upon delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. The option elapsed without being exercised. In return, Navios Holdings received 1,000,000 subordinated Series A units, which were recognized as non-cash compensation expense in Navios Partners statement of income. The Series A units are not eligible to receive distributions until the third anniversary of their issuance, at which point they will automatically convert into common units and receive distributions in accordance with all other common units. In addition, Navios Holdings was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet).

As of December 31, 2010, 51,429,846 units were outstanding, including: 41,779,404 common units, 7,621,843 subordinated units, 1,000,000 subordinated Series A units and 1,028,599 general partnership units. Navios Holdings owns a 28.7% interest in Navios Partners, which includes the 2% general partner interest.

Equity Offerings

2010

On February 8, 2010, Navios Partners completed its public offering of 3,500,000 common units at $15.51 per unit and raised gross proceeds of approximately $54.3 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding estimated offering costs of $0.2 million, were approximately $51.8 million. Pursuant to this offering, Navios Partners issued 71,429 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $1.1 million. On the same

date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 3,500,000 common units and issued 525,000 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $8.1 million and net proceeds of approximately $7.8 million. Navios Partners issued 10,714 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million.

On May 5, 2010, Navios Partners completed its public offering of 4,500,000 common units at $17.84 per unit and raised gross proceeds of approximately $80.3 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of $0.2 million, were approximately $76.7 million. Pursuant to this offering, Navios Partners issued 91,837 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $1.6 million. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 4,500,000 common units and issued 675,000 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $12.0 million and net proceeds of approximately $12.0 million. Navios Partners issued 13,776 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million.

On October 14, 2010, Navios Partners completed its public offering of 5,500,000 common units at $17.65 per unit and raised gross proceeds of approximately $97.0 million to fund its fleet expansion. The net proceeds of this offering, including the underwriting discount and excluding offering costs of $0.2 million were approximately $92.7 million. Pursuant to this offering, Navios Partners issued 112,245 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $2.0 million. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering and issued 825,000 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $14.6 million and net proceeds, including the underwriting discount, of approximately $13.9 million. Navios Partners issued 16,837 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.3 million.

2009

On May 8, 2009, Navios Partners completed its public offering of 3,500,000 common units at $10.32 per unit and raised gross proceeds of approximately $36.1 million to fund its fleet expansion. The net proceeds of this offering, including discount and excluding offering costs of $0.5 million, were approximately $34.3 million . Pursuant to this offering, Navios Partners issued 71,429 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.7 million.

On June 9, 2009 Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. The option elapsed without being exercised. In return, Navios Partners issued 1,000,000 subordinated Series A units recognizing in the results a non-cash compensation expense amounting to $6.1 million. In addition, Navios Holdings was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet). Pursuant to the issuance of 1,000,000 units, Navios Partners issued 20,408 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million.

On September 23, 2009, Navios Partners completed its public offering of 2,800,000 common units at $12.21 per unit and raised gross proceeds of approximately $34.2 million to fund its fleet expansion. The net proceeds of this offering, including discount and excluding offering costs of $0.3 million, were approximately $32.5 million. Pursuant to this offering, Navios Partners issued 57,143 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.7 million.

On October 15, 2009, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 2,800,000 common units and issued 360,400 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $4.4 million and

net proceeds of approximately $4.2 million. Navios Partners issued 7,355 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.1 million.

On November 24, 2009, Navios Partners completed its public offering of 4,000,000 common units at $14.90 per unit and raised gross proceeds of approximately $59.6 million to fund its fleet expansion. The net proceeds of this offering, including discount and excluding offering costs of $0.2 million, were approximately $56.8 million. Pursuant to this offering, Navios Partners issued 81,633 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $1.2 million.

Vessel Acquisitions

On October 29, 2009, Navios Partners purchased from Navios Holdings the vessel Navios Apollon for a purchase price of $32.0 million. Favorable lease terms recognized through this transaction amounted to $8.3 million and were related to the acquisition of the rights on the time charter out contract of the vessel and the amount of $23.7 million was classified under vessels and other fixed assets.

On January 8, 2010, Navios Partners purchased from Navios Holdings the vessel Navios Hyperion, for a cash consideration of $63.0 million. Favorable lease terms recognized through this transaction amounted to $30.7 million and were related to the acquisition of the rights on the time charter-out contract of the vessel and the amount of $32.3 million was classified under vessels, net.

On January 12, 2010, Navios Partners, purchased the vessel Navios Sagittarius for a total cash payment of $25.3 million (including capitalized expenses of $0.3 million), of which $2.5 million was paid as advance in December 2009 and $22.8 million was paid in January 2010.

On March 18, 2010, Navios Partners purchased from Navios Holdings the vessel Navios Aurora II for a purchase price of $110.0 million, consisting of $90.0 million cash and the issuance of 1,174,219 common units to Navios Holdings. The number of the common units issued was calculated based on a price of $17.0326 per common unit, which was the NYSE volume weighted average trading price of the common units for the five business days immediately prior to the acquisition. For accounting purposes the transaction was valued based on the closing price of the day before the transaction. Favorable lease terms recognized through this transaction amounted to $42.5 million and were related to the acquisition of the rights on the time charter out contract of the vessel and the amount of $67.8 million was classified under vessels, net.

On May 21, 2010, Navios Partners purchased from Navios Holdings the vessel Navios Pollux for a purchase price of $110.0 million, paid in cash. Favorable lease terms recognized through this transaction amounted to $38.0 million and were related to the acquisition of the rights on the time charter-out contract of the vessel and the amount of $72.0 was classified under vessels, net.

On November 15, 2010, Navios Partners acquired from Navios Holdings the vessels Navios Melodia, for a purchase price of $78.8 million, and Navios Fulvia, for a purchase price of $98.2 million. The purchase price consisted of the issuance of 788,370 common units to Navios Holdings and $162.0 million cash. The number of common units issued was calculated based on a price of $19.0266 per common unit, which was the NYSE volume weighted average trading price of the common units for the 10 business days immediately prior to the acquisition. For accounting purposes the transaction was valued based on the closing price of the day before the transaction. Favorable lease terms recognized through this transaction amounted to $13.8 million for the Navios Melodia and $31.2 million for the Navios Fulvia and were related to the acquisition of the rights on the time charter out contract of the vessels. The amounts of $65.0 million for the Navios Melodia and the amount of $67.0 million for the Navios Fulvia were classified under vessels, net.

B. Business Overview

Introduction

We are an international owner and operator of drybulk carriers formed by Navios Maritime Holdings Inc. (NYSE: NM), a vertically integrated seaborne shipping company with over 55 years of operating history in the drybulk shipping industry. Our vessels are chartered-out under medium to long-term time charters with an average remaining term of approximately 4.5 years to a strong group of counterparties, consisting of Mitsui O.S.K. Lines Ltd., Cosco Bulk Carrier Co. Ltd., Samsun Logix, STX Panocean, The Sanko Steamship

Co. Ltd., Constellation Energy Group, Augustea Imprese Maritime, Daiichi Chuo Kisen Kaisha, and Rio Tinto Shipping Pty Ltd.

Our Fleet

Our fleet consists of ten modern, active Panamax vessels, five modern Capesize vessels and one Ultra-Handymax vessel. Our fleet of high quality dry cargo vessels has an average age of approximately five years, which is significantly younger than the current industry average of about 14.2 years. Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer and of being accommodated in most major discharge ports, while Capesize vessels are primarily dedicated to the carriage of iron ore and coal. Ultra-Handymax vessels are similar to Panamax vessels although with less carrying capacity and generally have self-loading and discharging gear on board to accommodate undeveloped ports. We may from time to time purchase additional vessels, including vessels from Navios Holdings.

All of our current vessels operate under long-term time charters of three or more years at inception with counterparties that we believe are creditworthy. Under certain circumstances we may operate vessels in the spot market until the vessels are fixed under appropriate long-term charters.

The following table provides summary information about our fleet:

Owned Vessels	Type	Built	Capacity (DWT)	Original Charter Expiration Date/New Charter Expiration Date(1)		Original Charter Out Rate/ New Charter Out Rate per day(2)
Navios Apollon	Ultra Handymax	2000	52,073	November 2012	$	23,700
Navios Gemini S	Panamax	1994	68,636	February 2014	$	24,225
Navios Libra II	Panamax	1995	70,136	November 2012	$	18,525
Navios Felicity	Panamax	1997	73,867	June 2013	$	26,169
Navios Galaxy I	Panamax	2001	74,195	February 2018	$	21,937
Navios Hyperion	Panamax	2004	75,707	April 2014	$	37,953
Navios Alegria	Panamax	2004	76,466	February 2014	$	16,984
Navios Hope	Panamax	2005	75,397	August 2013	$	17,562
Navios Sagittarius	Panamax	2006	75,756	November 2018	$	26,125
Navios Fantastiks	Capesize	2005	180,265	March 2011	$	32,279
				February 2014	$	36,290
Navios Aurora II	Capesize	2009	169,031	November 2019	$	41,325
Navios Pollux	Capesize	2009	180,727	July 2019	$	42,250
Navios Fulvia	Capesize	2010	179,263	September 2015	$	50,588
Navios Melodia(5)	Capesize	2010	179,132	September 2022	$	29,356

Long-term Chartered-in Vessels	Type	Built	Capacity (DWT)	Charter Expiration Date	Rate per day(2)

Navios Prosperity[3]	Panamax	2007	82,535	July 2012	$ 24,000
Navios Aldebaran[4]	Panamax	2008	76,500	March 2013	$ 28,391

(1) Represents the initial expiration date of the time charter and, if applicable, the new time charter expiration date for the vessels with new time charters.

(2) Net time charter-out rate per day (net of commissions). Represents the charter-out rate during the time charter period prior to the time charter expiration date and, if applicable, the charter-out rate under the new time charter.

(3) Navios Prosperity is chartered-in for seven years and we will have options to extend for two one-year periods. We have the option to purchase the vessel after June 2012 at a purchase price that is initially 3.8 billion Japanese Yen

($46.6 million based upon the exchange rate at December 31, 2010), declining pro rata by 145 million Japanese Yen ($1.8 million based upon the exchange rate at December 31, 2010) per calendar year.

(4) Navios Aldebaran was delivered on March 17, 2008. Navios Aldebaran is chartered-in for seven years and we have options to extend for two one-year periods. We have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Japanese Yen ($44.1 million based upon the exchange rate at December 31, 2010) declining pro rata by 150 million Japanese Yen ($1.8 million based upon the exchange rate at December 31, 2010) per calendar year.

(5) In January 2011, Korea Line Corporation (KLC) filed for receivership, which is a reorganization under South Korean bankruptcy law. Navios Partners has reviewed the matter, as its Capesize vessel Navios Melodia is charted out to KLC. We have provided 30-day notice to KLC demanding that the charter be affirmed or terminated.

Business Opportunities

We believe that the following factors create opportunities for us to successfully execute our business plan and grow our business:

Additional demand for seaborne transportation of drybulk commodities. The marine industry is fundamental to international trade, as it is the only practical and cost effective means of transporting large volumes of basic commodities and finished products over long distances. In 2010, approximately 3.2 billion tons of drybulk cargo was transported by sea, comprising more than one-third of all international seaborne trade. From 2002 to 2010, trade in all drybulk commodities experienced an aggregate increase of 42%. The increase in demand and ton-mile demand for drybulk carriers has been driven by increasing global industrial production and consumption and international trade, economic growth and urbanization in China, Russia, Brazil, India and the Far East, with attendant increases in steel production, power generation and grain consumption. World growth recovered during 2010 and we believe that these global market dynamics will be the major growth factors for the foreseeable future.

Demand for long-term time charter contracts with modern drybulk vessels. There are several factors impacting the current and future supply of drybulk vessels available for cargos. We expect to benefit from these trends as many customers are seeking longer-term time charter contracts in order to secure tonnage for the carriage of their drybulk shipments. These trends are being driven by the following factors. First, there are currently several inefficient infrastructure bottlenecks due to long-term under-investment in global transportation infrastructure that are causing delays in cargo discharging and loading at main exporting terminals worldwide. These delays, coupled with increasing voyage lengths from producers to consumers requiring additional ton-miles to service the demands of the global drybulk trade, are reducing the supply of vessels available for hire at any particular time. Second, the age of the world drybulk fleet is increasing. Approximately 23% of the industry s drybulk vessels are more than 20 years old and, with an economic and commercial life of approximately 25 years, many of these vessels will need to be disposed of in the coming years.

Our Competitive Strengths

We believe that our future prospects for success are enhanced by the following aspects of our business:

Stable and growing cash flows. We believe that the long-term, fixed-rate nature of our charters will provide a stable base of revenue. In addition, we believe that the potential opportunity to purchase additional vessels

from Navios Holdings and through the secondary market provide visible future growth in our revenue and distributable cash flow. We believe that our management agreement, which provides for a fixed management fee until November 16, 2011, will initially provide us with predictable expenses. During the remaining one-year term of the management agreement, from November 16, 2011 to November 16, 2012, we will reimburse our manager for all of the costs and expenses it incurs in connection with the management of our fleet, which may make our cash flows less predictable.

Strong relationship with Navios Holdings. We believe our relationship with Navios Holdings and its affiliates provides us with numerous benefits that are key to our long-term growth and success, including Navios Holdings expertise in commercial management and Navios Holdings reputation

within the shipping industry and its network of strong relationships with many of the world s drybulk raw material producers, agricultural traders and exporters, industrial end-users, shipyards, and shipping companies. We also benefit from Navios Holdings expertise in technical management through its in-house technical manager, which provides efficient operations and maintenance for our vessels at costs significantly below the industry average for vessels of a similar age. Navios Holdings expertise in fleet management is reflected in Navios Holdings history of a low number of off-hire days and in its record of no material incidents giving rise to loss of life or pollution or other environmental liability.

High-quality, flexible fleet. Our fleet consists of ten modern, active Panamax vessels, five modern Capesize vessel and one Ultra-Handymax vessel. The average age of the vessels in our fleet is significantly lower than the average age of the world drybulk fleet. Our fleet had an average age of approximately five years as of February 2011, compared to a current industry average age of about 14.2 years. Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer, and of being accommodated in most major discharge ports. Ultra-Handymax vessels are similar to Panamax vessels although with less carrying capacity and generally have self-loading and discharging gear on board to accommodate undeveloped ports. Capesize vessels are primarily dedicated to the carriage of iron ore and coal. We believe that our high-quality, flexible fleet provides us with a competitive advantage in the time charter market, where vessel age, flexibility and quality are of significant importance in competing for business.

Operating visibility through long-term charters with strong counterparties. All of our vessels are chartered-out under long-term time charters with an average remaining charter duration of 4.5 years to a strong group of counterparties consisting of , amongst others: Constellation Energy, Cosco Bulk Carrier Co. Ltd., Mitsui O.S.K. Lines, Ltd., Samsun Logix, Rio Tinto Shipping Pty Ltd., Augustea Imprese Maritime, The Sanko Steamship Co., Ltd., STX Panocean and Daiichi Chuo Kisen Kaisha. We believe our existing charter coverage with strong counterparties provides us with predictable contracted revenues and operating visibility.

Business Strategies

Our primary business objective is to increase quarterly distributions per unit over time by executing the following strategies:

Pursue stable cash flows through long-term charters for our fleet. We intend to continue to utilize long-term, fixed-rate charters for our existing fleet. Currently, the vessels in our fleet have an average remaining charter duration of 4.5 years and have staggered charter expirations with no more than three vessels subject to re-chartering in any one year. We will seek to opportunistically re-charter our vessels in order to add incremental stable cash flow and improve the long-term charter terms.

Continue to grow and diversify our fleet of owned and chartered-in vessels. We will seek to make strategic acquisitions to expand our fleet in order to capitalize on the demand for drybulk carriers in a manner that is accretive to distributable cash flow per unit. We will have the right to purchase certain additional drybulk vessels currently owned or chartered-in by Navios Holdings when those vessels are fixed under long-term charters for a period of three or more years. In addition, we may seek to expand and diversify our fleet through the open market purchase of owned and chartered-in drybulk vessels with charters of three or more years. We believe that our long-term charters and financial flexibility will assist us to make additional accretive acquisitions.

Capitalize on our relationship with Navios Holdings and expand our charters with recognized charterers. We believe that we can use our relationship with Navios Holdings and its established reputation

in order to obtain favorable long-term time charters and attract new customers. We plan to increase the number of vessels we charter to our existing charterers, as well as enter into charter agreements with new customers, in order to develop a portfolio that is diverse from a customer, geographic and maturity perspective.

Provide superior customer service by maintaining high standards of performance, reliability and safety. Our customers seek transportation partners that have a reputation for high standards of performance, reliability and safety. We intend to use Navios Holdings operational expertise and customer relationships to further expand a sustainable competitive advantage with consistent delivery of superior customer service.

Our Customers

We provide or will provide seaborne shipping services under long-term time charters with customers that we believe are creditworthy. Currently, our major customers are: Mitsui O.S.K. Lines, Ltd., Cosco Bulk Carrier Co. Ltd., Samsun Logix, The Sanko Steamship Co. Ltd., Constellation Energy Group, Augustea Imprese Maritime, STX Panocean and Daiichi Chuo Kisen Kaisha. For the year ended December 31, 2010, three customers accounted for 27.7%, 11.8% and 11.2% of total revenues. For the year ended December 31, 2009, three customers accounted for approximately 34.3%, 18.8% and 13.0%, of total revenues and for the fiscal year ended December 31, 2008, four customers accounted for approximately 28.2%, 22.2%, 15.6% and 11.9% of total revenues.

Although we believe that if any one of our charters were terminated, we could recharter the related vessel at the prevailing market rate relatively quickly, the permanent loss of a significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, financial condition and results of operations if we were unable to recharter our vessel on a favorable basis due to then-current market conditions, or otherwise.

Competition

The drybulk shipping industry is extensive, diversified, competitive and highly fragmented, divided among approximately 1,600 independent drybulk carrier owners. The world s active drybulk fleet consists of about 8,000 vessels, aggregating over 535 million dwt. As a general principle, the smaller the cargo carrying capacity of a drybulk carrier, the more fragmented is its market, both with regard to charterers and vessel owner/operators. Even among the larger drybulk owners and operators, whose vessels are mainly in the larger sizes, only five companies are known to have fleets of 100 vessels or more: the two largest Chinese shipping companies, China Ocean (Cosco) and China Shipping Group, and the three largest Japanese shipping companies, Nippon Yusen Kaisha, Mitsui O.S.K. Lines, Ltd. and Kawasaki Kisen. There are about 45 owners known to have fleets of between 20 and 100 vessels. However, vessel ownership is not the only determinant of fleet control. Many owners of bulk carriers charter their vessels out for extended periods, not just to end users (owners of cargo), but also to other owner/operators and to tonnage pools. Such operators may, at any given time, control a fleet many times the size of their owned tonnage. Navios Holdings is one such operator; others include CCM (Ceres Hellenic/Coeclerici), Bocimar, Zodiac Maritime, Louis Dreyfus/Cetragpa, Cobelfret and Torvald Klaveness.

It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. Many of these competitors will have significantly greater financial resources than we do. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the drybulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

The process for obtaining longer term time charters generally involves a lengthy and intensive screening and vetting process and the submission of competitive bids. In addition to the quality and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator, including:

- environmental, health and safety record;

compliance with regulatory industry standards;

reputation for customer service, technical and operating expertise;

shipping experience and quality of ship operations, including cost-effectiveness;

quality, experience and technical capability of crews;

the ability to finance vessels at competitive rates and overall financial stability;

relationships with shipyards and the ability to obtain suitable berths;

construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;

willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and

competitiveness of the bid in terms of overall price.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for long-term time charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term time charters, our vessels will not be available for trading in the spot market during an upturn in the market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters our results of operations and operating cash flow could be materially adversely affected.

Time Charters

A time charter is a contract for the use of a vessel for a fixed period of time at a specified daily rate. Under a time charter, the vessel owner provides crewing and other services related to the vessel s operation, the cost of which is included in the daily rate and the customer is responsible for substantially all of the vessel voyage costs. All of the vessels in our fleet are hired out under time charters, and we intend to continue to hire out our vessels under time charters. The following discussion describes the material terms common to all of our time charters.

Basic Hire Rate

Basic hire rate refers to the basic payment from the customer for the use of the vessel. The hire rate is generally payable semi-monthly, in advance, in U.S. dollars as specified in the charter.

Expenses

In October 2009, under the terms of our management agreement with Navios ShipManagement, we fixed the rate with Navios ShipManagement for two years. The management fees are: (a) $4,500 daily rate per Ultra-Handymax vessel; (b) $4,400 daily rate per Panamax vessel; and (c) $5,500 daily rate per Capesize vessel for the two-year period ending November 16, 2011. This fixed fee covers vessel operating expenses, which include crewing, repairs and maintenance, insurance and the cost of the special survey and related scheduled drydocking. Navios ShipManagement is directly responsible for providing all of these items and services. The charterer generally pays the voyage expenses, which include all expenses relating to particular voyages, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. The initial term of the management agreement expires in November 2012, and for the remaining term we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

Off-hire

When the vessel is "off-hire," the charterer generally is not required to pay the basic hire rate, and we are responsible for all costs. Prolonged off-hire may lead to vessel substitution or termination of the time charter. A vessel generally will be deemed off-hire if there is a loss of time due to, among other things:

- operational deficiencies; drydocking for repairs, maintenance or inspection; equipment breakdowns; or delays due to accidents, crewing strikes, certain vessel detentions or similar problems; or

the shipowner s failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew.

Under some of our charters, the charterer is permitted to terminate the time charter if the vessel is off-hire for an extended period, which is generally defined as a period of 90 or more consecutive off-hire days.

Ship Management and Maintenance

We are responsible for the technical management of the vessels we own and for maintaining the vessels we own, periodic drydocking, cleaning and painting and performing work required by regulations. Navios ShipManagement provides all services related to the vessels we own pursuant to the management agreement.

Termination

We are generally entitled to suspend performance under the time charters covering our vessels if the customer defaults in its payment obligations. Under some of our time charters, either party may terminate the charter in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel. Under some of our time charters covering our vessels require us to return to the charterer, upon the loss of the vessel, all advances paid by the charterer but not earned by us.

Classification, Inspection and Maintenance

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

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

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

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

Class Renewal Surveys: Class renewal surveys, also known as special surveys, are carried out for the ship s hull, machinery (including the electrical plant), and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging, to determine the thickness of its steel structure. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial

amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a ship owner has the option of arranging with the classification society for the vessel s integrated hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle.

Management of Ship Operations, Administration and Safety

Navios Holdings provides, through its wholly-owned subsidiary, Navios ShipManagement, expertise in various functions critical to our operations. Pursuant to a management agreement and an administrative services agreement with Navios ShipManagement, we have access to human resources, financial and other administrative functions, including:

- bookkeeping, audit and accounting services;
- administrative and clerical services;
- banking and financial services; and
- client and investor relations.

Technical management services are also provided, including:

- commercial management of the vessel;
- vessel maintenance and crewing;
- purchasing and insurance; and
- shipyard supervision.

For more information on the management agreement we have with Navios ShipManagement and the administrative services agreement we have with Navios ShipManagement, please read Item 7. Unitholders and Related Party Transactions .

Crewing and Staff

Navios ShipManagement crews its vessels primarily with Filipino, Ukrainian, Polish, Russian and Georgian officers and Filipino, Georgian, Bulgarian and Ukrainian seamen. For these nationalities, officers and seamen are referred to Navios ShipManagement by local crewing agencies. Navios ShipManagement is also responsible for travel and payroll of the crew. The crewing agencies handle each seaman s training. Navios ShipManagement requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage, business interruption due to political circumstances in foreign countries, hostilities, and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. The OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of any vessel trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability

insurance more expensive for ship owners and operators trading in the U.S. market. While we believe that our present insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery and War Risk Insurances

We have marine hull and machinery and war risk insurance, which include coverage of the risk of actual or constructive total loss, for all of our owned vessels. Each of the owned vessels is covered up to at least fair market value, with a deductible of $0.1 million per Panamax, $0.2 million per Capesize and $0.08 million per Ultra-Handymax vessel for the hull and machinery insurance. There are no deductibles for the war risk insurance. We have also arranged increased value insurance for most of the owned vessels. Under the

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increased value insurance, in case of total loss of the vessel, we will be able to recover the sum insured under the increased value policy in addition to the sum insured under the hull and machinery policy. Increased value insurance also covers excess liabilities that are not recoverable in full by the hull and machinery policies by reason of under-insurance.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, which covers third-party liabilities in connection with its shipping activities. This includes third-party liability and other related expenses for injury or death of crew, passengers and other third parties, loss of or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or clubs. Subject to the capping discussed below, for pollution, our coverage is $5.4 billion per incident except for pollution where our current protection and indemnity insurance coverage for each owned vessel is $1.0 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world s commercial tonnage and have entered into a pooling agreement to reinsure each association s liabilities. As a member of a P&I Association, which is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising the International Group.

Uninsured Risks

Not all risks are insured and not all risks are insurable. The principal insurable risks which nonetheless remain uninsured across our fleet are loss of hire and strikes, except in cases of loss of hire due to war or a piracy event. Specifically, Navios Holdings does not insure these risks because the costs are regarded as disproportionate. These insurances provide, subject to a deductible, a limited indemnity for hire that would not be receivable by the shipowner for reasons set forth in the policy. Should a vessel on time charter, where the vessel is paid a fixed hire day by day, suffer a serious mechanical breakdown, the daily hire will no longer be payable by the charterer. The purpose of the loss of hire insurance is to secure the loss of hire during such periods. In the case of strikes insurance, if a vessel is being paid a fixed sum to perform a voyage and the ship becomes strike bound at a loading or discharging port, the insurance covers the loss of earnings during such periods. However, in some cases when a vessel is transiting high risk war and/or piracy areas Navios Holdings purchases war loss of hire insurance for cover up to 270 days of detention/loss of time.

Credit Risk Insurance

Our charter-out contracts have been insured 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) for the remaining term of the charter-out contract.

Regulation

Sources of applicable rules and standards

Shipping is one of the world s most heavily regulated industries, and, in addition, it is subject to many industry standards. Government regulation significantly affects the ownership and operation of vessels. These regulations consist mainly of rules and standards established by international conventions, but they also include national, state,

and local laws and regulations in force in jurisdictions where vessels may operate or are registered, and which are commonly more stringent than international rules and standards. This is the case particularly in the United States and, increasingly, in Europe.

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

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

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

Ship safety regulation

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

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

Another amendment of SOLAS, made after the terrorist attacks in the United States on September 11, 2001, introduced special measures to enhance maritime security, including the International Ship and Port Facilities Security Code (ISPS Code).

Our owned fleet maintains ISM and ISPS certifications for safety and security of operations. In addition, Navios ShipManagement voluntarily implements and maintains certifications pursuant to the International Organization for Standardization, or ISO, for its office and ships covering both quality of services and environmental protection (ISO 9001 and ISO 14001, respectively).

International regulations to prevent pollution from ships

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

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

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

For example, MARPOL Annex VI, together with the NOx Technical Code established thereunder, sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. It also includes a global cap on the sulphur content of fuel oil and allows for special areas to be established with more stringent controls on sulphur emissions. Originally adopted in September 1997, Annex VI came into force in May 2005 and was amended in October 2008 (as was the NOx Technical Code) to provide for progressively more stringent limits on such emissions from 2010 onwards. The revised Annex VI provides, in particular, for a reduction of the global sulfur cap, initially to 3.5% (from the current cap of 4.5%), effective from January 1, 2010, then progressively reducing to 0.50% effective from January 1, 2020, subject to a feasibility review to be completed no later than 2010; and the establishment of new tiers of stringent nitrogen oxide emissions standards for marine engines, depending on their date of installation. We anticipate incurring costs in complying with these more stringent standards.

The revised Annex VI further allows for designation, in response to proposals from member parties, of Emission Control Areas (ECAs) that impose accelerated and/or more stringent requirements for control of sulfur oxide, particulate matter, and nitrogen oxide emissions. Such ECAs have been formally adopted for the Baltic Sea, the North Sea including the English Channel, and the coasts of North America, and a US Caribbean ECA is expected to be adopted in 2011. For the currently-designated ECAs, much lower sulfur limits on fuel oil content are being phased in (1% in July 2010 for the Baltic and North Sea ECAs and beginning in 2012 for the North American ECA; and 0.1% in these ECAs beginning in 2015), as well as nitrogen oxide aftertreatment requirements that will become applicable in 2016. These more stringent fuel standards, when fully in effect, are expected to require measures such as fuel switching, vessel modification adding distillate fuel storage capacity, or addition of exhaust gas cleaning scrubbers, to achieve compliance, and may require installation and operation of further control equipment at significant increased cost.

Greenhouse gas emissions

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the greenhouse gas emissions from international shipping do not come under the Kyoto Protocol but are under consideration by the International Maritime Organization (IMO). The European Union announced in April 2007 that it planned to expand the European Union emissions trading scheme by adding vessels, and a proposal from the European Commission is expected if no global regime for reduction of seaborne emissions has been agreed by the end of 2011. In the United States, in 2007 the California Attorney General and a coalition of environmental groups petitioned the U.S. Environmental Protection Agency, or EPA, in October 2007 to regulate greenhouse gas emissions from ocean-going ships under the Clean Air Act, and in 2010 another coalition of environmental groups filed suit to require the EPA to do the same. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, or individual countries where we operate, including the U.S. that restrict emissions of greenhouse gases from vessels could require us to make significant financial expenditures we cannot predict with certainty at this time.

Other international regulations to prevent pollution

In addition to MARPOL, other more specialized international instruments have been adopted to prevent different types of pollution or environmental harm from ships. In February 2004, the IMO adopted an International Convention for the Control and Management of Ships Ballast Water and Sediments, or the BWM Convention. The BWM Convention s implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits.

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The BWM Convention will not enter into force until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world s merchant shipping. To date, there has not been sufficient adoption of this standard by governments that are members of the Convention for it to take force. However, as of January 31, 2011, the Convention has been ratified by 27 states, and its entry-into-force with attendant compliance costs may therefore be anticipated in the foreseeable future.

European regulations

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

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

United States environmental regulations and laws governing civil liability for pollution

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which ship owners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution.

U.S. federal legislation, including notably the Oil Pollution Act of 1990, or OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from drybulk vessels as well as cargo or bunker oil spills from tankers. OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone. Under OPA, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels. In addition to potential liability under OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

Title VII of the Coast Guard and Maritime Transportation Act of 2004, or the CGMTA, amended OPA to require the owner or operator of any non-tank vessel of 400 gross tons or more, that carries oil of any kind as a fuel for main propulsion, including bunkers, to prepare and submit a response plan for each vessel on or before August 8, 2005. Prior to this amendment, these provisions of OPA applied only to vessels that carry oil

in bulk as cargo. The vessel response plans must include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of ore from the vessel due to operational activities or casualties. OPA had historically limited liability of responsible parties to the greater of $600 per gross ton or $0.5 million per containership that is over 300 gross tons (subject to periodic adjustment for inflation); 2006 amendments to OPA and subsequent Coast Guard adjustments have increased the liability limits for responsible parties for any vessel other than a tank vessel, effective July 2009, to $1,000 per gross ton or $0.85 million, whichever is greater.

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

In response to the Deepwater Horizon incident in the Gulf of Mexico, in 2010 the U.S. House of Representatives passed a bill that would have amended OPA to mandate stronger safety standards and increased liability and financial responsibility for offshore drilling operations, but the bill did not seek to change the OPA liability limits applicable to vessels. The U.S. Senate considered, but did not pass, similar legislation. In the 112th Congress, further proposals for oil spill response legislation maybe introduced. While Congressional activity on this topic is expected to continue to focus on offshore facilities rather than on vessels generally, it cannot be known with certainty what form any such new legislative initiatives may take.

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

We currently maintain, for each of our owned vessels, insurance coverage against pollution liability risks in the amount of $1.0 billion per incident. The insured risks include penalties and fines as well as civil liabilities and expenses resulting from accidental pollution. However, this insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if damages from a catastrophic incident exceed the $1.0 billion limitation of coverage per incident, our cash flow, profitability and financial position could be adversely impacted.

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

Under OPA, an owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessel in the fleet having the greatest maximum liability under

OPA. Under the self-insurance provisions, the ship owner or operator must have a net worth and working capital, measured in assets located in the United States against liabilities located anywhere in the world, that exceeds the applicable amount of financial responsibility. We have complied with the U.S. Coast Guard regulations by providing a certificate of responsibility from third party entities that are acceptable to the U.S. Coast Guard evidencing sufficient self-insurance.

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

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states environmental laws impose unlimited liability for oil spills. In some cases, states which have enacted such legislation have not yet issued implementing regulations defining vessels owners responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call.

The United States Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under CERCLA. Pursuant to regulations promulgated by the EPA in the early 1970s, the discharge of sewage and effluent from properly functioning marine engines was exempted from the permit requirements of the National Pollution Discharge Elimination System, or NPDES. This exemption allowed vessels in U.S. ports to discharge certain substances, including ballast water, without obtaining a permit to do so. However, in response to a federal Court order invalidating the exemption in EPA s regulations and directing the EPA to develop a system for regulating all discharges from vessels, effective February 6, 2009, the EPA has regulated the discharge of ballast water and other substances incidental to the normal operation of vessels in U.S. waters using a Vessel General Permit, or VGP, system pursuant to the CWA, in order to combat the risk of harmful organisms that can travel in ballast water carried from foreign ports. Compliance with the conditions of the VGP is required for commercial vessels 79 feet in length or longer (other than commercial fishing vessels.) Currently the EPA and the U.S. Coast Guard are studying the technical feasibility of strengthened requirements for ballast water management that could be incorporated as further conditions of the VGP or other new rulemaking. In addition, through the CWA certification provisions that allow US states to place additional conditions on use of the VGP within state waters, a number of states have proposed or implemented a variety of stricter ballast water requirements including, in some states, specific treatment standards. Compliance with new U.S. federal and state requirements could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

The Federal Clean Air Act (CAA), requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to CAA vapor control and recovery standards (VCS) for cleaning fuel tanks and conducting other operations in regulated port areas, and to CAA emissions standards for so-called Category 3 marine diesel engines operating in U.S. waters. In April 2010, EPA adopted regulations implementing the provision of MARPOL Annex VI regarding emissions from Category 3 marine diesel engines. Under these regulations, both U.S. and foreign-flagged ships must comply with the applicable engine and fuel standards of MARPOL Annex VI, including the stricter North America Emission Control Area (ECA) standards which take effect in 2012, when they enter U.S. ports or operate in most internal U.S. waters including the Great Lakes. MARPOL Annex VI requirements are discussed in greater detail above under International regulations to prevent pollution from ships. We may incur costs to install control equipment on our vessels to comply with the new

standards.

Also under the CAA, the U.S. Coast Guard has since 1990 regulated the safety of VCSs that are required under EPA and state rules. Our vessels operating in regulated port areas have installed VCSs that are

compliant with EPA, state and U.S. Coast Guard requirements. In October 2010, the U.S. Coast Guard proposed a rule that would make its VCS requirements more compatible with new EPA and State regulations, reflect changes in VCS technology, and codify existing U.S. Coast Guard guidelines. It appears unlikely that the updated U.S. Coast Guard rule when finalized will impose a material increase in costs.

We intend to comply with all applicable state and U.S. federal regulations in the ports where our vessels call.

Security Regulations

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

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

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. The vessels in our initial fleet have on board valid International Ship Security Certificates and, therefore, are exempt from obtaining U.S. Coast Guard approved MTSA security plans.

International laws governing civil liability to pay compensation or damages

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

Outside the United States, national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely

applicable international regime limiting maritime pollution liability is the 1976 Convention. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowners intentional or reckless conduct. Some states have ratified the 1996 LLMC Protocol to the 1976 Convention, which provides for liability limits substantially higher than those set forth in the 1976 Convention to apply in such states. Finally, some jurisdictions are not a party to either the 1976 Convention or the 1996

LLMC Protocol, and, therefore, shipowners rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Taxation of the Partnership

United States Taxation

The following is a discussion of the material U.S. federal income tax considerations applicable to us. This discussion is based upon provisions of the Internal Revenue Code, or the Code, final and temporary regulations thereunder (Treasury Regulations), and administrative rulings and court decisions, all as in effect currently and during our year ended December 31, 2010 and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. The following discussion is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations applicable to us.

Election to be Treated as a Corporation. We have elected to be treated as a corporation for U.S. federal income tax purposes. As such, we are subject to U.S. federal income tax on our income to the extent it is from U.S. sources or otherwise is effectively connected with the conduct of a trade or business in the Unites States as discussed below.

Taxation of Operating Income. Substantially all of our gross income is attributable to the transportation of drybulk and related products. For this purpose, gross income attributable to transportation (Transportation Income) includes income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel to transport cargo, or the performance of services directly related to the use of any vessel to transport cargo, and thus includes both time charter and bareboat charter income.

Transportation Income that is attributable to transportation that either begins or ends, but that does not both begin and end in the United States (U.S. Source International Transportation Income) is considered to be 50.0% derived from sources within the United States. Transportation Income attributable to transportation that both begins and ends in the United States (U.S. Source Domestic Transportation Income) is considered to be 100.0% derived from sources within the United States. Transportation Income attributable to transportation exclusively between non-U.S. destinations is considered to be 100.0% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally is not subject to U.S. federal income tax.

We believe that we did not earn any U.S. Source Domestic Transportation Income for our fiscal year ended December 31, 2010 and expect that we will not earn any such income for future years. However, certain of our activities gave rise to U.S. Source International Transportation Income, and future expansion of our operations could result in an increase in the amount of U.S. Source International Transportation Income, which generally would be subject to U.S. federal income taxation, unless the exemption from U.S. federal income taxation under Section 883 of the Code (the Section 883 Exemption) applied.

The Section 883 Exemption. In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder (the Section 883 Regulations), it will not be subject to the net basis and branch profit taxes or the 4.0% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption applies only to U.S. Source International Transportation Income and does not apply to U.S. Source Domestic Transportation Income. We qualify for the Section 883 Exemption if, among other matters, we meet the following three requirements:

We are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States with respect to the types of U.S. Source International

Transportation Income that we earn (an Equivalent Exemption);

We satisfy the Publicly Traded Test (as described below) or the Qualified Shareholder Stock Ownership Test (as described below); and

We meet certain substantiation, reporting and other requirements.

We are organized under the laws of the Republic of the Marshall Islands. The U.S. Treasury Department has recognized the Republic of the Marshall Islands as a jurisdiction that grants an Equivalent Exemption with respect to the type of income we have earned and are expected to earn. Consequently, our U.S. Source International Transportation Income (including for this purpose, any such income earned by our subsidiaries, all of which have elected to be disregarded as entities separate from us for U.S. federal income tax purposes) will be exempt from U.S. federal income taxation provided we meet the Publicly Traded Test or the Qualified Shareholder Stock Ownership Test and we satisfy certain substantiation, reporting and other requirements.

In order to meet the Publicly Traded Test , the equity interests in the non-U.S. corporation at issue must be primarily traded and regularly traded on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption. The Section 883 Regulations generally provide, in pertinent part, that a class of equity interests in a non-U.S. corporation will be considered to be primarily traded on an established securities market in a given country if the number of units of such class that are traded during any taxable year on all established securities markets in that country exceeds the number of units in such class that are traded during that year on established securities markets in any other single country. Equity interests in a non-U.S. corporation will be considered to be regularly traded on an established securities market under the Section 883 Regulations provided one or more classes of such equity interests representing more than 50.0% of the aggregate vote and value of all of the outstanding equity interests in the non-U.S. corporation satisfy certain listing and trading volume requirements. These listing and trading volume requirements are satisfied with respect to a class of equity interests listed on an established securities market provided trades in such class are effected, other than in de minimis quantities, on such market on at least 60 days during the taxable year and the aggregate number of units in such class that are traded on such market or markets during the taxable year are at least 10% of the average number of units outstanding in that class during the taxable year (with special rules for short taxable years). In addition, a class of equity interests traded on an established securities market in the United States will be considered to satisfy the listing and trading volume requirements if the equity interests in such class are regularly quoted by dealers making a market in such class (within the meaning of the Section 883 Regulations). Notwithstanding these rules, a class of equity that would otherwise be treated as regularly traded on an established securities market will not be so treated if, for more than half of the number of days during the taxable year, one or more 5.0% unitholders (i.e., unitholders owning, actually or constructively, at least 5.0% of the vote and value of that class) own in the aggregate 50.0% or more of the vote and value of that class (the Closely Held Block Exception), unless the corporation can establish that a sufficient proportion of such 5.0% unitholders are Qualified Shareholders (as defined below) so as to preclude other persons who are 5.0% unitholders from owning 50.0% or more of the value of that class for more than half the days during the taxable year.

Because our common units are and have been traded solely on the New York Stock Exchange, which is considered to be an established securities market, our common units are and have been primarily traded on an established securities market for purposes of the Publicly Traded Test.

Further, although the matter is not free from doubt, based upon our expected cash flow and distributions on our outstanding equity interests, we believe that our common units represented more than 50.0% of the total value of all of our outstanding equity interests, and we believe that we satisfied the trading volume requirements described previously for our fiscal year ended December 31, 2010. We believe that we did not lose eligibility for the Section 883 Exemption as a result of the Closely Held Block Exception for such year, and consequently, we believe we satisfied the Publicly Traded Test for our fiscal year ended December 31, 2010.

While there can be no assurance that we will continue to satisfy the requirements for the Publicly Traded Test in the future, and our board of directors could determine that it is in our best interests to take an action that would result in our not being able to satisfy the Publicly Traded Test, we presently expect to continue to satisfy the requirements for

the Publicly Traded Test and the Section 883 Exemption for future years. Please see below for a discussion of the consequences in the event we do not satisfy the Publicly Traded Test or otherwise fail to qualify for the Section 883 Exemption.

Even if we were not able to satisfy the Publicly Traded Test for a given taxable year, we may be able to satisfy a Qualified Shareholder Stock Ownership Test for a year in the event Navios Holdings owned more

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than 50.0% of the value of our outstanding equity interests for more than half of the days in such year, Navios Holdings itself met the Publicly Traded Test for such year and Navios Holdings provided us with certain information that we need in order to claim the benefits of the Qualified Shareholder Stock Ownership Test. In connection with our IPO, Navios Holdings has represented that it then met the Publicly Traded Test and agreed to provide the information described above. However, there can be no assurance that Navios Holdings will meet the Publicly Traded Test or be able to provide the information we need to claim the benefits of the Section 883 Exemption under the Qualified Shareholder Ownership Test. Further, the relative values of our equity interests are uncertain and subject to change, and as a result Navios Holdings may not own more than 50.0% of the value of our outstanding equity interests for any year. Consequently, there can be no assurance that we would meet the Qualified Shareholder Stock Ownership Test based upon the ownership by Navios Holdings of an indirect ownership interest in us.

The Net Basis Tax and Branch Profits Tax. If we earn U.S. Source International Transportation Income and the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as effectively connected with the conduct of a trade or business in the United States (Effectively Connected Income) if we have a fixed place of business in the United States and substantially all of our U.S. Source International Transportation Income is attributable to regularly scheduled transportation or, in the case of bareboat charter income, is attributable to a fixed place of business in the United States.

We believe that, for our fiscal year ended December 31, 2010, none of our U.S. Source International Transportation Income was attributable to regularly scheduled transportation or received pursuant to bareboat charters. As a result, we believe that none of our U.S. Source International Transportation Income for such year would be treated as Effectively Connected Income even in the event we did not qualify for the Section 883 Exemption. However, there is no assurance that we will not earn income pursuant to regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States in the future, which would result in such income being treated as Effectively Connected Income. In addition, any U.S. Source Domestic Transportation Income generally will be treated as Effectively Connected Income. Any income we earn that is treated as Effectively Connected Income would be subject to U.S. federal corporate income tax (the highest statutory rate is currently 35.0%) as well as 30.0% branch profits tax imposed under Section 884 of the Code. In addition, a 30.0% branch interest tax could be imposed on certain interest paid or deemed paid by us.

On the sale of a vessel that has produced Effectively Connected Income, we could be subject to the net basis corporate income tax as well as branch profits tax with respect to the gain recognized up to the amount of certain prior deductions for depreciation that reduced Effectively Connected Income. Otherwise, we would not be subject to U.S. federal income tax with respect to gain realized on the sale of a vessel, provided the gain is not attributable to an office or other fixed place of business maintained by us in the United States under U.S. federal income tax principles.

The 4.0% Gross Basis Tax. If the Section 883 Exemption does not apply and the net basis tax does not apply, we would be subject to a 4.0% U.S. federal income tax on the U.S. source portion of our gross U.S. Source International Transportation Income, without benefit of deductions.

Marshall Islands Taxation

Based on the opinion of Reeder and Simpson, P.C., our counsel as to matters of the law of the Republic of the Marshall Islands, because we, our operating subsidiary and our controlled affiliates do not, and do not expect to, conduct business or operations in the Republic of the Marshall Islands, neither we nor our controlled affiliates will be subject to income, capital gains, profits or other taxation under current Marshall Islands law. As a result, distributions by our operating subsidiary and our controlled affiliates to us will not be subject to Marshall Islands taxation.

Other Tax Jurisdictions

Certain of Navios Partners subsidiaries are incorporated in countries which impose taxes, such as Malta, however such taxes are immaterial to Navios Partners operations.

C. Organizational Structure

Please read exhibit 8.1 to this Annual Report for a list of our significant subsidiaries as of December 31, 2010.

D. Property, plants and equipment

Other than our vessels, we do not have any material property, plants or equipment.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

Overview

We are an international owner and operator of drybulk carriers, formed in August 2007 by Navios Holdings, a vertically integrated seaborne shipping company with over 55 years of operating history in the drybulk shipping industry. We completed our IPO on November 16, 2007. In connection with the IPO, through a series of transactions, we acquired all of the capital stock of the subsidiaries of Navios Holdings that owned or had rights to eight vessels as follows:

Prior to the closing of the IPO, Navios Holdings contributed to us all of the outstanding shares of the capital stock of one vessel-owning subsidiary in exchange for 4,195,000 subordinated units;

We sold 10,500,000 common units, representing a 56.8% limited partner interest in us;

At the closing of the IPO, Navios Holdings sold to us all of the outstanding shares of capital stock of the subsidiaries which owned or had the rights to seven vessels in exchange for: (i) all of the net proceeds from the IPO of 10,000,000 common units and the concurrent offering of 500,000 common units to a corporation owned by Angeliki Frangou; (ii) $160.0 million of the $165.0 million that we borrowed under our new Credit Facility; (iii) the issuance of 3,426,843 additional subordinated units to Navios Holdings; and (iv) the issuance to our general partner, Navios GP L.L.C., of a 2.0% general partner interest in us and all of our incentive distribution rights, which entitle it to increasing percentages of the cash we distribute in excess of $0.4025 per unit per quarter.

On November 15, 2007, Navios Partners entered into a Credit Facility agreement with Commerzbank AG and DVB Bank AG maturing on November 15, 2017. This Credit Facility initially provided Navios Partners with financing availability of up to $260.0 million, of which $165.0 million was drawn on November 16, 2007. On June 25, 2008, the available borrowings under the Credit Facility were increased by $35.0 million to finance the acquisition of the Navios Hope on July 1, 2008, and on May 2, 2008, Navios Partners borrowed $35.0 million to finance the acquisition of the vessel Navios Fantastiks.

The availability of the $60.0 million provided by the Credit Facility, to partially finance the purchase of the capital stock of the Navios Holdings subsidiary that would own the Navios Bonavis upon its delivery to Navios Holdings in June 2009, was cancelled.

In January 2009, Navios Partners amended the terms of its Credit Facility. The Credit Facility amendment was effective until January 15, 2010 and provided, among other things, for (a) repayment of $40.0 million, which took

place in February 2009, (b) maintenance of a cash reserve balance into a pledged account with the agent bank as follows: $2.5 million on January 31, 2009; $5.0 million on March 31, 2009; $7.5 million on June 30, 2009, $10.0 million on September 30, 2009; and $12.5 million on December 31, 2009, and (c) amendments of the margin and certain covenants.

In January 2009, Navios Partners and its counterparty to the Navios Hope charter party mutually agreed for a lump sum amount of approximately $30.4 million ($29.5 million net of expenses) paid to Navios Partners in February 2009. Under a new charter agreement, the balance of the aggregate value of the original contract has been allocated to the period until its original expiration in 2013.

On January 11, 2010, Navios Partners further amended its Credit Facility and borrowed an additional amount of $24.0 million to finance the acquisitions of the Navios Apollon, the Navios Sagittarius and the Navios Hyperion. The amended facility agreement provided for (a) prepayment of $12.5 million that took place on January 11, 2010, (b) increase of the minimum net worth to $135.0 million, (c) VMC (Value Maintenance Covenant) to be above 143% using charter free values and (d) the minimum leverage covenant to be calculated using charter-free values. The new covenants were applied after January 15, 2010.

On March 30, 2010, Navios Partners borrowed an additional amount of $30.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Aurora II.

On June 1, 2010, Navios Partners borrowed an additional amount of $35.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Pollux.

On December 15, 2010, Navios Partners borrowed an additional amount of $50.0 million under a new tranche to its Credit Facility to partially finance the acquisitions of the Navios Melodia and the Navios Fulvia. The amendment provides for, among other things, a new margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011.

As of December 31, 2010, the total borrowings under the Credit Facility are $321.5 million. As of December 31, 2010, Navios Partners was in compliance with the financial covenants of its Credit Facility.

Equity Offerings

During fiscal 2009, Navios Partners completed three equity offering and issued a total amount of 10,660,400 common units and raised gross proceeds of total $134.3 million (excluding the general partner contribution) to fund its fleet expansion.

During fiscal 2010, Navios Partners completed three equity offering and issued a total amount of 15,525,000 common units and raised gross proceeds of total $266.4 million (excluding the general partner contribution) to fund its fleet expansion.

As of February 28, 2011, there were outstanding: 41,779,404 common units, 7,621,843 subordinated units, 1,000,000 subordinated Series A units and 1,028,599 general partnership units. Navios Holdings owns a 28.7% interest in Navios Partners, including the 2% general partner interest.

Please see Item 4. Information on the Partnership .

Fleet Development

On October 29, 2009, Navios Partners purchased from Navios Holdings the vessel Navios Apollon for a purchase price of $32.0 million.

On January 8, 2010, Navios Partners acquired from Navios Holdings the vessel Navios Hyperion for a purchase price of $63.0 million. Upon delivery of the vessel, the remaining term of its charter-out contract was 4.2 years at a net rate of $32,300 per day until February 2010 and $37,953 per day until April 2014.

On March 18, 2010, Navios Partners acquired from Navios Holdings the vessel Navios Aurora II for a purchase price of $110.0 million. Upon delivery of the vessel, the remaining term of its charter-out contract was 9.7 years at a net rate of $41,325 per day. The purchase price of the vessel consists of 1,174,219 common units of Navios Partners issued to

Navios Holdings and $90.0 million cash. The number of common units were issued at $17.0326, which reflects the NYSE volume weighted average price of the common units for the five business days prior to the acquisition of the vessel. For accounting purposes the transaction was valued based on the closing price of the day before the transaction.

On May 21, 2010, Navios Partners acquired from Navios Holdings the vessel Navios Pollux for a purchase price of $110.0 million. Upon delivery of the vessel, the remaining term of its charter-out contract was 9.2 years at a net rate of $42,250 per day.

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On November 15, 2010, Navios Partners acquired from Navios Holdings the vessels Navios Melodia, for a purchase price of $78.8 million, and Navios Fulvia, for a purchase price of $98.2 million. Upon delivery of the vessels, the remaining term of their charter-out contracts were: for Navios Melodia 11.8 years at a net rate of $29,356 per day and for Navios Fulvia 4.9 years at a net rate of $50,588 per day. The purchase price consisted of the issuance of 788,370 common units issued to Navios Holdings and $162.0 million cash. The number of common units issued was calculated based on a price of $19.0266 per common unit, which was the NYSE volume weighted average trading price of the common units for the 10 business days immediately prior to the acquisition. For accounting purposes the transaction was valued based on the closing price of the day before the transaction.

The historical results discussed below, and the historical financial statements and related notes included elsewhere in this annual report, present operating results of the fleet for the periods beginning from January 1, 2008 to December 31, 2010.

		Country of	Statement of operations					
Company name	**Vessel name**	**incorporation**	**2010**		**2009**		**2008**	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is	1/1	12/31	1/1	12/31	1/1	12/31
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is	1/1	12/31	1/1	12/31	7/1	12/31
Palermo Shipping S.A.	Navios Apollon	Marshall Is	1/1	12/31	10/29	12/31		
Fantastiks Shipping Corporation (**)	Navios Fantastiks	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Sagittarius Shipping Corporation (***)	Navios Sagittarius	Marshall Is.	1/1	12/31	6/10	12/31		
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is	1/8	12/31				
Chilali Corp.	Navios Aurora II	Marshall Is	3/18	12/31				
Surf Maritime Co.	Navios Pollux	Marshall Is	5/21	12/31				
Pandora Marine Inc.	Navios Melodia	Marshall Is	11/15	12/31				
Customized Development S.A.	Navios Fulvia	Liberia	11/15	12/31				
Chartered-in vessels								
Prosperity Shipping Corporation(*)	Navios Prosperity	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31
Aldebaran Shipping Corporation(*)	Navios Aldebaran	Marshall Is.	1/1	12/31	1/1	12/31	3/17	12/31
JTC Shipping and Trading Ltd.(*)	Operating Co.	Malta	3/18	12/31				
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31

Navios Maritime Operating LLC	N/A	Marshall Is.	1/1	12/31	1/1	12/31	1/1	12/31

(*) Not a vessel-owning subsidiary and only holds rights to charter-in contract.

(**) Fantastiks Shipping Corporation took ownership of the vessel Navios Fantastiks on May 2, 2008.

(***) Sagittarius Shipping Corporation took ownership of the vessel Navios Sagittarius on January 12, 2010.

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Our Charters

We generate revenues by charging our customers for the use of our vessels to transport their drybulk commodities. All of the vessels in our fleet are chartered-out under time charters, with an average remaining duration n of 4.5 years. We may in the future operate vessels in the spot market until the vessels have been chartered under appropriate long-term charters.

For the fiscal year ended December 31, 2010, we had 12 charter counterparties, the most significant of which were Mitsui O.S.K. Lines, Ltd., Cargill International S.A., Cosco Bulk Carrier Co, Ltd., Samsun Logix and The Sanko Steamship Co. Ltd. which accounted for approximately 27.7%, 11.8%, 11.2%, 8.5% and 8.3%, respectively, of our total revenues. For the fiscal year ended December 31, 2009, Mitsui O.S.K. Lines Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime, accounted for approximately 34.3%, 18.8%, 13.0%, 9.6% and 9.3%, respectively, of total revenues. For the fiscal year ended December 31, 2008, Mitsui O.S.K. Lines, Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime accounted for approximately 28.2%, 22.2%, 15.6%, 11.9% and 9.7%, respectively, of total revenues. We believe that the combination of the long-term nature of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with Navios ShipManagement (which provides for a fixed management fee until November 16, 2012) provides us with a strong base of stable cash flows.

Our revenues are driven by the number of vessels in the fleet, the number of days during which the vessels operate and our charter hire rates, which, in turn, are affected by a number of factors, including:

- the duration of the charters;
- the level of spot and long-term market rates at the time of charter;
- decisions relating to vessel acquisitions and disposals;
- the amount of time spent positioning vessels;
- the amount of time that vessels spend undergoing repairs and upgrades in drydock;
- 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 long-term which may be many years. 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. We intend to operate our vessels in the long-term charter market. 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 our control.

We could lose a customer or the benefits of a charter if:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

the customer exercises certain rights to terminate the charter the vessel;

the customer terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

If we lose a charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters and the cyclical nature of the industry or we may be forced to charter

the vessel on the spot market at then market rates which may be less favorable that the charter that has been terminated. However, we believe that if any one of our current charters were terminated, we could recharter the vessel in an expeditious manner at a favorable rate, based on current conditions in the drybulk carrier market. The loss of any of our customers, time charters or vessels, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions in the event we are unable to replace such customer, time charter or vessel.

Under some of our time charters, either party may terminate the charter contract in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel. Some of the time charters covering our vessels require us to return to the charterer, upon the loss of the vessel, all advances paid by the charterer but not earned by us.

Our charter out contracts have been insured 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) for the remaining term of the charter-out contract.

Vessel Operations

Under our charters, our vessel manager is generally responsible for commercial, technical, health and safety and other management services related to the vessels operation, and the charterer is responsible for bunkering and substantially all of the vessel voyage costs, including canal tolls and port charges.

Under the management agreement we entered into with Navios ShipManagement, Navios ShipManagement bears all of our vessel operating expenses in exchange for the payment of fees as described below. Under this agreement, Navios ShipManagement is responsible for commercial, technical, health and safety and other management services related to the vessels operation, including chartering, technical support and maintenance, insurance and costs associated with special surveys and related drydockings. The initial term of the management agreement is five years until November 2012, and we currently pay Navios ShipManagement a daily fee of $4,500 per owned Ultra-Handymax vessel, $4,400 per owned Panamax vessel and $5,500 per owned Capesize vessel, which is fixed for a two-year period ending November 16, 2011. This fixed daily fee covers all of our vessel operating expenses, other than certain extraordinary costs. Extraordinary costs and expenses include fees and costs resulting from:

- time spent on insurance and salvage claims;
- time spent vetting and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;
- the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;
- the significant increase in insurance premiums which are due to factors such as acts of God outside the control of Navios ShipManagement;
- repairs, refurbishment or modifications, including those not covered by the guarantee of the shipbuilder or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of Navios ShipManagement, its employees or its agents, unless and to the extent otherwise covered by insurance);

expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;

costs associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;

any taxes, dues or fines imposed on the vessels or Navios ShipManagement due to the operation of the vessels;

expenses incurred in connection with the sale or acquisition of a vessel such as inspections and technical assistance; and

any similar costs, liabilities and expenses that were not reasonably contemplated by us and Navios ShipManagement as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

Payment of any extraordinary fees or expenses to Navios ShipManagement could significantly increase our vessel operating expenses and impact our results of operations.

During the remaining term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

Administrative Services

Under the administrative services agreement we entered into with Navios ShipManagement, we reimburse Navios ShipManagement for reasonable costs and expenses incurred in connection with the provision of the services under this agreement within 15 days after Navios ShipManagement submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required. Under this agreement which expires in November 2012, Navios ShipManagement provides significant administrative, financial and other support services to us.

Trends and Factors Affecting Our Future Results of Operations

We believe the principal factors that will affect our future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which our vessels engage in business. Other key factors that will be fundamental to our business, future financial condition and results of operations include:

the demand for seaborne transportation services;

the ability of Navios Holdings commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;

the effective and efficient technical management of our vessels;

Navios Holdings ability to satisfy technical, health, safety and compliance standards of major commodity traders; and

the strength of and growth in the number of our customer relationships, especially with major commodity traders.

In addition to the factors discussed above, we believe certain specific factors will impact our combined and consolidated results of operations. These factors include:

- the charter hire earned by our vessels under our charters;
- our access to capital required to acquire additional vessels and/or to implement our business strategy;
- our ability to sell vessels at prices we deem satisfactory;
- our level of debt and the related interest expense and amortization of principal; and
- the level of any distribution on our common units.

Please read Risk Factors for a discussion of certain risks inherent in our business.

A. Operating results

Overview

Our historical results of operations and cash flows prior to the IPO are not indicative of results of operations and cash flows to be expected from any future period, principally for the following reasons:

Different Fleet Size. Our historical financial statements for 2010, 2009 and 2008 reflect the results of operations of sixteen, eleven and nine vessels, respectively.

Different Structure of Operating and General and Administrative Expenses. Our historical operating expenses represented actual costs incurred by the vessel-owning subsidiaries and Navios ShipManagement in the operation of the vessels. In October 2009, pursuant to the management agreement that we entered into with Navios ShipManagement upon the closing of the IPO, we fixed the rate with Navios ShipManagement for a period of two years until November 2011. The management fees are: (a) $4,500 daily rate per owned Ultra-Handymax vessel, (b) $4,400 daily rate per Panamax vessel and (c) $5,500 daily rate per Capesize vessel until November 16, 2011. During the remaining year of the term of the management agreement, from November 2011 until November 2012, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet. Under the administrative services agreement that we entered into with Navios ShipManagement upon the closing of the IPO, Navios ShipManagement provides significant administrative, financial and other support services to us. We reimburse Navios ShipManagement for reasonable costs and expenses incurred in connection with the provision of the services under this agreement, including certain general and administrative expenses that we incur as a publicly traded limited partnership.

Different Financing Arrangements. Our historical financing and derivative arrangements prior to the IPO are not representative of the arrangements we entered into to finance the acquisition of our initial fleet from Navios Holdings in connection with the closing of the IPO. For example, we entered into the Credit Facility in connection with the IPO, which has been amended subsequently. In addition, we have not entered into forward freight arrangements and we do not expect to do so in the future.

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

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

	December 31, 2010	December 31, 2009
	(In thousands of U.S. dollars)	
Time charter and voyage revenue	$ 143,231	$ 92,643
Time charter and voyage expenses	(12,027)	(13,925)
Direct vessel expenses	(92)	(415)

Management fees	(19,746)	(11,004)
General and administrative expenses	(4,303)	(3,208)
Depreciation and amortization	(41,174)	(15,877)
Interest expense and finance cost, net	(6,360)	(8,048)
Interest income	1,017	261
Compensation expense		(6,082)
Other income	85	94
Other expense	(120)	(117)
Net income	**$ 60,511**	**$ 34,322**

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Time Charter and Voyage Revenues. Time charter and voyage revenues are comprised of the charter hire received from unaffiliated third-party customers. Time charter revenues amounted to approximately $143.2 million for the year ended December 31, 2010 compared to $92.6 million for the year ended 2009. The increase was mainly attributable to the acquisition of the Navios Apollon on October 29, 2009, the Navios Hyperion on January 8, 2010, the Navios Aurora II on March 18, 2010, the Navios Pollux on May 21, 2010 and the Navios Fulvia and the Navios Melodia on November 15, 2010. As a result of the vessel acquisitions, available days of the fleet increased to 4,879 days for the year ended December 31, 2010, as compared to 3,553 days for the year ended December 31, 2009 and time charter equivalent (TCE) increased to $29,358 for the year ended December 31, 2010, from $26,071 for the year ended December 31, 2009.

Time Charter and Voyage Expenses. Time charter and voyage expenses amounted to $12.0 million for the year ended December 31, 2010 compared to $13.9 million for the year ended December 31, 2009. The decrease was mainly attributable to the exercise of the purchase option of the Navios Sagittarius which became part of the owned fleet on January 12, 2010 and no longer incurred time charter expenses.

Direct Vessel Expenses. Direct vessel expenses, comprised of the amortization of drydock and special survey costs, decreased by $0.3 million or 75.0% to $0.1 million for the year ended December 31, 2010, as compared to $0.4 million for the year ended on December 31, 2009 due to the full amortization of drydock and special survey costs for certain of the owned vessels during 2009 and 2010.

Management Fees. Total management fees for the years ended December 31, 2010 and 2009 amounted to $19.7 million and $11.0 million, respectively. The increase of $8.7 million or 79.1% was mainly attributable to the acquisitions of the Navios Apollon on October 29, 2009, the Navios Hyperion on January 8, 2010, the Navios Sagittarius on January 12, 2010, the Navios Aurora II on March 18, 2010, the Navios Pollux on May 21, 2010 and the Navios Fulvia and the Navios Melodia on November 15, 2010.

Pursuant to the management agreement dated November 16, 2007, Navios Partners fixed the rate for ship management services of its owned fleet for two years until November 16, 2011 at: (a) $4,500 daily rate per Ultra-Handymax vessel; (b) $4,400 daily rate per Panamax vessel; and (c) $5,500 daily rate per Capesize vessel whereas the initial term of the agreement is until November 16, 2012. These daily fees cover all of the vessels operating expenses, including the cost of drydock and special surveys and are classified as management fees in the consolidated statements of income.

General and Administrative Expenses. Total general and administrative fees for the year ended December 31, 2010 amounted to $4.3 million compared to $3.2 million for the year ended December 31, 2009. The increase of 34.4% was mainly due to the increase of the operating vessels in our fleet during 2010.

Pursuant to the administrative services agreement, Navios ShipManagement provides administrative services and is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. For the years ended December 31, 2010 and 2009, the expenses charged by Navios ShipManagement for administrative services were $2.7 million and $1.8 million, respectively. The remaining balances of $1.6 million and $1.4 million of general and administrative expenses for the years ended December 31, 2010 and 2009 related to legal and professional fees including audit fees.

Depreciation and Amortization. Depreciation and amortization amounted to $41.2 million for the year ended December 31, 2010 compared to $15.9 million for the year ended December 31, 2009. The main reasons for the increase of $25.3 million were: (a) the increase in depreciation expense of $8.2 million following the acquisitions of the Navios Sagittarius and the Navios Hyperion in January 2010, the acquisition of the Navios Aurora II on March 18, 2010, the acquisition of the Navios Pollux on May 21, 2010 and the acquisitions of the Navios Fulvia and the Navios Melodia on November 15, 2010; (b) the increase in amortization expense of $17.1 million due to the favorable lease

terms that were recognized in relation to the acquisition of the rights on the time charter-out contracts of the vessels mentioned above. Depreciation of vessels is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from three to twelve years.

Interest Expense and Finance Cost, Net. Interest expense and finance cost, net amounted to $6.4 million for the year ended December 31, 2010 compared to $8.0 million for the year ended December 31, 2009. Interest expense relating to the Credit Facility for the purchase of our vessels amounted to $6.0 million for the year ended December 31, 2010 compared to $7.3 million for the year ended December 31, 2009, while amortization of deferred finance fees amounted to $0.4 million and $0.7 million for the years ended December 31, 2010 and 2009, respectively. The decrease in interest expense was mainly attributable to the decrease in effective interest rate to 2.33% for the year ended December 31, 2010 from 3.60% for the year ended December 31, 2009, as a result of the decrease in Libor rates, partially offset by the increase in average outstanding loan balance from $200.3 million in 2009 to $251.6 million in 2010. The decrease in the amortization of deferred finance fees was mainly attributable to the $0.4 million write off in 2009 due to the cancellation of the availability of the $60.0 million under the Credit Facility. The outstanding loan balance under our Credit Facility was $312.5 million and $195.0 million as of December 31, 2010 and 2009, respectively.

Compensation expense: On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and, with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Partners issued 1,000,000 subordinated Series A units to Navios Holdings and recognized a non-cash compensation expense of $6.1 million.

Net Income. Net income for year ended December 31, 2010 amounted to $60.5 million compared to $34.3 million for the year ended December 31, 2009. The increase in net income of $26.2 million was due to the factors discussed above.

Seasonality. Because Navios Partners vessels operate under long-term charters, the results of operations are not generally subject to the effect of seasonable variations in demand.

Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008

The following table presents consolidated revenue and expense information for the years ended December 31, 2009 and 2008. This information was derived from the audited consolidated revenue and expense accounts of Navios Partners for the respective periods.

	December 31, 2009	**December 31, 2008**
	(In thousands of U.S. dollars)	
Time charter and voyage revenue	$ 92,643	$ 75,082
Time charter and voyage expenses	(13,925)	(11,598)
Direct vessel expenses	(415)	(578)
Management fees	(11,004)	(9,275)
General and administrative expenses	(3,208)	(3,798)
Depreciation and amortization	(15,877)	(11,865)
Interest expense and finance cost, net	(8,048)	(9,216)
Interest income	261	301
Compensation expense	(6,082)	
Other income	94	23
Other expense	(117)	(318)

Net income	**$**	**34,322**	**$**	**28,758**

Time Charter and Voyage Revenues. Time charter and voyage revenues are comprised of the charter hire received from unaffiliated third-party customers. Time charter revenues amounted to approximately $92.6 million for the year ended December 31, 2009 compared to $75.1 million for the year ended 2008. The increase was mainly attributable to the delivery of the Navios Aldebaran on March 17, 2008, the acquisition of the Navios Hope on July 1, 2008, both of which were fully operating during the year ended December 31,

2009, the acquisition of the rights to the Navios Sagittarius on June 10, 2009 and the acquisition of the Navios Apollon on October 29, 2009.

Time Charter and Voyage Expenses. Time charter and voyage expenses amounted to $13.9 million for the year ended December 31, 2009 compared to $11.6 million for the year ended December 31, 2008. The increase was mainly attributable to the deliveries of the following chartered-in vessels: of the Navios Aldebaran on March 17, 2008, which was fully operating during the year ended December 31, 2009, and the delivery of the Navios Sagittarius on June 10, 2009. The increase was mitigated by the acquisition of the Navios Fantastiks from Navios Holdings into the owned fleet on May 2, 2008, from chartered-in vessel.

Direct Vessel Expenses. For the year ended December 31, 2009, direct vessel expenses amounted to $0.4 million compared to $0.6 million for the year ended December 31, 2008, and comprised of the amortization of drydock and special survey costs.

Management Fees. Management fees were paid to Navios ShipManagement for providing commercial and technical management services to Navios Partners for a daily fee of $4,000 per owned Panamax vessel and $5,000 per owned Capesize vessel until November 16, 2009. In October 2009, Navios Partners fixed the rate with Navios ShipManagement for an additional period of two years. The new management fees are: (a) $4,500 daily rate per Ultra-Handymax vessel; (b) $4,400 daily rate per Panamax vessel; and (c) $5,500 daily rate per Capesize vessel for the two-year period ending November 16, 2011. Total management fees for the years ended December 31, 2009 and 2008 amounted to $11.0 million and $9.3 million, respectively. The increase of $1.7 million was mainly attributable to the increase in the number of owned vessels.

General and Administrative Expenses. Total general and administrative fees for the year ended December 31, 2009 amounted to $3.2 million compared to $3.8 million for the year ended December 31, 2008.

Pursuant to the administrative services agreement, Navios ShipManagement provides administrative services and is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. For the years ended December 31, 2009 and 2008, the expenses charged by Navios ShipManagement for administrative services were $1.8 million and $1.5 million, respectively. The remaining balances of $1.4 million and $2.3 million of general and administrative expenses for the years ended December 31, 2009 and 2008 related to legal and professional fees including audit fees.

Depreciation and Amortization. Depreciation and amortization amounted to $15.9 million for the year ended December 31, 2009 compared to $11.9 million for the year ended December 31, 2008. The main reasons for the increase of $4.0 million were: (a) the increase in depreciation expense of $3.2 million due to the acquisitions of the Navios Fantastiks on May 2, 2008 (which until then was part of the chartered-in fleet of Navios Partners) and the Navios Hope on July 1, 2008, both of which were fully operating during the year ended December 31, 2009, and the acquisition of the Navios Apollon on October 29, 2009; and (b) the increase in amortization expense of $2.5 million relating to the $30.9 million of favorable lease terms recognized with the acquisition of the rights to the Navios Sagittarius and the $8.3 million of favorable lease term recognized with the acquisition of the Navios Apollon on October 29, 2009. The above increase of $5.7 million was mitigated by a $1.7 million decrease in amortization expense relating to the $52.9 million of intangible assets (favorable lease terms charter-in) recognized on the acquisition of the Navios Fantastiks, which were transferred to vessel cost when the vessel was owned on May 2, 2008. Depreciation of vessels is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods, which range from four to ten years.

Interest Expense and Finance Cost, Net Interest expense and finance cost, net amounted to $8.0 million for the year ended December 31, 2009 compared to $9.2 million for the year ended December 31, 2008. Interest expense relating to the Credit Facility for the purchase of our vessels amounted to $7.4 million for the year ended December 31, 2009 compared to $9.0 million for the year ended December 31, 2008, while amortization of deferred finance fees amounted to $0.7 million and $0.2 million for the years ended December 31, 2009 and 2008, respectively. The decrease in interest expense was mainly attributable to: (a) the decrease in average outstanding loan balance from $206.0 million in 2008 to $200.3 million in 2009; and

(b) the decrease in the effective interest rate from 4.17% for the year ended December 31, 2008 to 3.60% for the year ended December 31, 2009, as a result of the decrease in Libor rates. The increase in the amortization of deferred finance fees was mainly attributable to the $0.4 million write off due to the cancellation of the availability of the $60.0 million under the Credit Facility. The outstanding loan balance under our Credit Facility was $195.0 million and $235.0 million as of December 31, 2009 and 2008, respectively.

Compensation expense: On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and, with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Partners issued 1,000,000 subordinated Series A units to Navios Holdings and recognized a non-cash compensation expense of $6.1 million.

Net Income. Net income for year ended December 31, 2009 amounted to $34.3 million compared to $28.8 million for the year ended December 31, 2008. The increase in net income of $5.5 million was due to the factors discussed above.

Seasonality. Because Navios Partners vessels operate under long-term charters, the results of operations are not generally subject to the effect of seasonable variations in demand.

B. Liquidity and Capital Resources

Credit Facility

Upon the closing of the IPO, we entered into a $260.0 million Credit Facility with DVB Bank AG and Commerzbank AG. We borrowed $165.0 million upon the closing of the IPO to fund a portion of the purchase price of the capital stock of the subsidiaries that owned or had rights to the nine vessels in our initial fleet. The balance of the drawn amount was used as working capital. On June 25, 2008, the available borrowings under the Credit Facility were increased by $35.0 million to finance the acquisition of the vessel Navios Hope on July 1, 2008. On May 2, 2008, Navios Partners borrowed $35.0 million to finance the acquisition of the vessel Navios Fantastiks.

In January 2009, Navios Partners amended the terms of its Credit Facility. The amendment was effective until January 15, 2010 and provided for (a) repayment of $40.0 million, which took place in February 2009, (b) maintenance of a cash reserve balance into a pledged account with the agent bank as follows: $2.5 million on January 31, 2009; $5.0 million on March 31, 2009; $7.5 million on June 30, 2009, $10.0 million on September 30, 2009; and $12.5 million on December 31, 2009, and (c) amendments of the margin and certain covenants.

On January 11, 2010, Navios Partners further amended its existing Credit Facility and borrowed an additional amount of $24.0 million to finance the acquisitions of the Navios Apollon, the Navios Sagittarius and the Navios Hyperion. The amended facility agreement provided for: (a) prepayment of the $12.5 million, held in a pledged account, which took place on January 11, 2010; (b) increase of the minimum net worth covenant to $135.0 million; (c) adjustment of the VMC (Value Maintenance Covenant) to be above 143% using charter-free values; and (d) adjusting the minimum leverage covenant to be calculated using charter-free values. The new covenants were applied after January 15, 2010. The commitment fee for undrawn amounts under the amended terms is 0.50%.

On March 30, 2010, Navios Partners borrowed an additional amount of $30.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Aurora II.

On June 1, 2010, Navios Partners borrowed an additional amount of $35.0 million under a new tranche to its Credit Facility to partially finance the acquisition of the Navios Pollux.

On December 15, 2010, Navios Partners borrowed an additional amount of $50.0 million under a new tranche to its Credit Facility to partially finance the acquisitions of the Navios Melodia and the Navios Fulvia. The amendment provides for, among other things, a new margin from 1.65% to 1.95% depending on the loan to value ratio and a repayment schedule that began in February 2011.

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As of December 31, 2010, the total borrowings under the Credit Facility are $321.5 million. As of December 31, 2010, Navios Partners was in compliance with the financial covenants of its Credit Facility.

Amounts drawn under this Credit Facility are secured by first preferred mortgages on Navios Partners owned vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The Credit Facility contains a number of restrictive covenants that prohibit Navios Partners from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Partners vessels; changing the commercial and technical management of Navios Partners vessels; selling or changing the ownership or control of Navios Partners vessels; and subordinating the obligations under the credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

The credit facility also requires us to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

In addition, our Credit Facility, as amended, also requires us to:

- maintain minimum free consolidated liquidity (which may be in the form of undrawn commitments under the Credit Facility) which, as per the amended terms, is at least $20.0 million for the year ended December 31, 2010, which level is required to be maintained thereafter;

- maintain a ratio of EBITDA (as defined in our Credit Facility) to interest expense of at least 2.00 to 1.00; and

- maintain a ratio of total liabilities to total assets (as defined in our Credit Facility) of less than 0.75 to 1.00.

The Credit Facility prohibits us from paying distributions to our unitholders or making new investments if, before and after giving effect to such distribution or investment we are not in compliance with the financial covenants described above or upon the occurrence of an event of default. Events of default under our Credit Facility include:

- failure to pay any principal, interest fees, expenses or other amounts when due;

- breach of certain undertakings, negative covenants and financial covenants contained in the Credit Facility, any related security document or guarantee, including failure to maintain unencumbered title to any of the vessel-owning subsidiaries or any of the assets of the vessel-owning subsidiaries and failure to maintain proper insurance and in some cases subject to certain grace and due periods;

- default under other indebtedness;

- any representation, warranty or statement made by us in the Credit Facility or any drawdown notice thereunder or related security document or guarantee is untrue or misleading when made;

- any of our or our subsidiaries assets are subject to any form of execution, attachment, arrest, sequestration or distress in that is not discharged within a specified period of time;

- an event of insolvency or bankruptcy;

- material adverse change in the financial position or prospects of us or our General Partner;

unlawfulness, non-effectiveness or repudiation of any material provision of our Credit Facility, of any of the related finance and guarantee documents;

failure of effectiveness of security documents or guarantee; and

instability affecting a country where the vessels are flagged.

Liquidity and Cash Needs

On February 8, 2010, Navios Partners completed its public offering of 3,500,000 common units at $15.51 per unit and raised gross proceeds of approximately $54.3 million to fund its fleet expansion. The net proceeds

of this offering, including discount and excluding estimated offering costs of $0.2 million, were approximately $51.8 million. Pursuant to this offering, Navios Partners issued 71,429 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $1.1 million. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 3,500,000 common units and issued 525,000 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $8.1 million and net proceeds of approximately $7.8 million. Navios Partners issued 10,714 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million.

On March 18, 2010, Navios Partners acquired from Navios Holdings the vessel Navios Aurora II for a purchase price of $110.0 million. The purchase price of the vessel consists of 1,174,219 common units of Navios Partners issued to Navios Holdings and $90.0 million cash. The number of common units were issued at $17.0326, which reflects the NYSE volume weighted average price of the common units for the five business days prior to the acquisition of the vessel. For accounting purposes the transaction was valued based on the closing price of the day before the transaction. Navios Partners issued 23,964 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.4 million.

On May 5, 2010, Navios Partners completed its public offering of 4,500,000 common units at $17.84 per unit and raised gross proceeds of approximately $80.3 million to fund its fleet expansion. The net proceeds of this offering, including discount and excluding offering costs of $0.2 million, were approximately $76.7 million. Pursuant to this offering, Navios Partners issued 91,837 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 4,500,000 common units and issued 675,000 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $12 million and net proceeds of approximately $11.5 million. Navios Partners issued 13,776 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.2 million.

On October 14, 2010, Navios Partners completed its public offering of 5,500,000 common units at $17.65 per unit and raised gross proceeds of approximately $97.0 million to fund its fleet expansion. The net proceeds of this offering, including discount and excluding offering costs of $0.2 million, were approximately $92.7 million. Pursuant to this offering, Navios Partners issued 112,245 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $2.0 million. On the same date, Navios Partners completed the exercise of the overallotment option previously granted to the underwriters in connection with the offering of 5,500,000 common units and purchased 825,000 additional common units at the public offering price less the underwriting discount. Navios Partners raised gross proceeds of $14.6 million and net proceeds of approximately $13.9 million. Navios Partners issued 16,837 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.3 million.

On November 15, 2010, Navios Partners acquired from Navios Holdings the vessels Navios Melodia, for a purchase price of $78.8 million, and Navios Fulvia, for a purchase price of $98.2 million. The purchase price consisted of the issuance of 788,370 common units issued to Navios Holdings and $162.0 million cash. The number of the common units issued was calculated based on a price of $19.0266 per common unit, which was the NYSE volume weighted average trading price of the common units for the 10 business days immediately prior to the acquisition. For accounting purposes the transaction was valued based on the closing price of the day before the transaction. Navios Partners issued 16,089 additional general partnership units to the General Partner. The net proceeds from the issuance of the general partnership units were $0.3 million.

On January 21, 2011, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2010 of $0.43 per unit. The distribution was paid on February 14, 2011 to all holders of record of common, subordinated and general partner units (not including

holders of subordinated Series A units) on February 9, 2011. The aggregate amount of the declared distribution was $21.9 million.

As of February 28, 2011, there were outstanding: 41,779,404 common units, 7,621,843 subordinated units, 1,000,000 subordinated Series A units and 1,028,599 general partnership units. The amount of available cash we need to pay the minimum quarterly distributions for four quarters on our common units, subordinated units (not including holders of subordinated Series A units) and the 2.0% general partner interest is $70.6 million. During the years ended December 31, 2010 and 2009, the aggregate amount of cash distribution paid was $72.0 million and $39.0 million, respectively.

In addition to distributions on our units, our primary short-term liquidity needs are to fund general working capital requirements, drydocking expenditures, cash reserve requirements as per our December 2010 amended Credit Facility agreement and debt repayment, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of drydocking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures.

We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations. We believe that cash flows from operations will be sufficient to meet our existing short-term liquidity needs for at least the next 12 months. In addition, we filed a shelf registration statement on November 9, 2010 under which we may sell any combination of securities (debt or equity) for up to a total of $500.0 million.

Generally, our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financings. Because we distribute all of our available cash, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the Omnibus Agreement, as amended in June 2009. We cannot assure you that we will be able to raise the size of our Credit Facility or obtaining additional funds on favorable terms.

Cash flows for the year ended December 31, 2010 compared to the year ended December 31, 2009:

The following table presents cash flow information for the years ended December 31, 2010 and 2009. This information was derived from the audited consolidated statement of cash flows of Navios Partners for the respective periods.

	Year Ended December 31, 2010	**Year Ended December 31, 2009**
	(In thousands of U.S. dollars)	
Net cash provided by operating activities	$ 96,018	$ 80,565
Net cash used in investing activities	(447,757)	(69,100)
Net cash provided by financing activities	325,139	38,039

Change in cash and cash equivalents	**$ (26,600)**	**$ 49,504**

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

Net cash provided by operating activities increased by $15.5 million to $96.0 million for the year ended December 31, 2010 as compared to $80.6 million for the same period in 2009.

The increase resulted from higher net income for the year ended December 31, 2010 of $60.5 million compared to $34.3 million for the year ended December 31, 2009 and other factors as discussed below. In determining net cash provided by operating activities, net income was adjusted for, among other things, the

effect of depreciation and amortization of $41.2 million and $15.9 million for the years ended December 31, 2010 and 2009, respectively.

Amounts due to related parties 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 an increase in the administrative fees payable to Navios ShipManagement of $0.2 million, a decrease in other payables due to affiliated companies by $0.9 million which was partially offset by a decrease in management fees payable by $0.4 million.

Restricted cash decreased from $13.3 million for the year ended December 31, 2009 to $0.8 million for the year ended December 31, 2010. Out of the $13.3 million, an amount of $0.8 million was held as deposit to guarantee a claim related to an owned vessel and the remaining $12.5 million, which is presented in financing activities, was the cash reserve maintained in pledged account and was repaid in January 2010 under the amendment of our Credit Facility.

Accounts receivable increased by $0.3 million from $0.6 million for the year ended December 31, 2009 to $0.9 million for the year ended December 31, 2010. The primary reason was an increase in amounts receivable from charterers.

Deferred voyage revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period. Deferred voyage revenue decreased by $5.2 million from $26.8 million on December 31, 2009 to $21.6 million on December 31, 2010. In January 2009, Navios Partners and its counterparty to the Navios Hope charter party mutually agreed for a lump sum amount of approximately $30.4 million, of which Navios Partners received net of expenses in the amount of $29.6 million in February 2009. Under a new charter agreement, the balance of the aggregate value of the original contract is allocated to the period until its original expiration. The amount of $30.4 million has been recognized as deferred revenue and amortized over the life of the vessel s contract.

Accounts payable increased by $0.5 million to $1.0 million on December 31, 2010 from $0.5 million on December 31, 2009. The increase was mainly attributed to the increase in brokers payable by $0.4 million and the increase in professional and legal fees and other payables by $0.1 million.

Prepaid expenses and other current assets increased by $1.8 million to $2.6 million at December 31, 2010 from $0.8 million at December 31, 2009. The main reason for the increase was the $1.9 million insurance claim that is related to the Navios Apollon capture by pirates in December 2009, mitigated by the net decrease in other assets by $0.1 million.

Accrued expenses increased by $0.1 million from $1.8 million at December 31, 2009 to $1.9 million at December 31, 2010. This increase was due to the increase in accrued loan interest of $0.1 million.

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

Net cash used in investing activities of $447.8 million in the year ended December 31, 2010 was related to the fleet expansion.

On January 8, 2010, Navios Partners purchased from Navios Holdings the vessel Navios Hyperion for a purchase price of $63.0 million paid in cash. Favorable lease terms recognized through this transaction amounted to $30.7 million and were related to the acquisition of the rights on the time charter out contract of the vessel and the amount of $32.3 million was classified under vessels, net.

On January 12, 2010, Sagittarius Shipping Corporation, a wholly owned subsidiary of Navios Partners, purchased the vessel Navios Sagittarius for a total cash payment of $25.3 million (including capitalized expenses of $0.3 million), of which $2.5 million was paid as advance in December 2009 and $22.8 million was paid in January 2010.

On March 18, 2010, Navios Partners purchased from Navios Holdings the vessel Navios Aurora II for a purchase price of $110.0 million, consisting of $90.0 million cash and the issuance of 1,174,219 common

units to Navios Holdings. Favorable lease terms recognized through this transaction amounted to $42.5 million and were related to the acquisition of the rights on the time charter-out contract of the vessel and the amount of $67.8 million was classified under vessels, net.

On May 21, 2010, Navios Partners purchased from Navios Holdings the vessel Navios Pollux for a purchase price of $110.0 million, paid in cash. Favorable lease terms recognized through this transaction amounted to $38.0 million and were related to the acquisition of the rights on the time charter-out contract of the vessel and the amount of $72.0 million was classified under vessels, net.

On November 15, 2010, Navios Partners acquired from Navios Holdings the vessels Navios Melodia, for a purchase price of $78.8 million, and Navios Fulvia, for a purchase price of $98.2 million. The purchase price consisted of the issuance of 788,370 common units issued to Navios Holdings and $162.0 million cash. Favorable lease terms recognized through this transaction amounted to $13.8 million for the Navios Melodia and $31.2 million for the Navios Fulvia and were related to the acquisition of the rights on the time charter-out contract of the vessels. The amounts of $65.0 million for the Navios Melodia and the amount of $67.0 million for the Navios Fulvia were classified under vessels, net.

During the corresponding period of 2009, net cash used in investing activities of $69.1 million was mostly related to the acquisition of vessels. On June 10, 2009, Navios Partners acquired from Navios Holdings the rights to the Navios Sagittarius for a cash payment of $34.6 million including a long-term charter-out agreement through November 2018. On December 16, 2009, Navios Partners exercised its option to purchase the vessel at a purchase price of $25.0 million, and paid $2.5 million in advance.

On October 29, 2009, Navios Partners purchased from Navios Holdings the vessel Navios Apollon for a purchase price of $32.0 million. Favorable lease terms recognized through this transaction amounted to $8.3 million and were related to the acquisition of the rights on the time charter-out contract of the vessel, and the amount of $23.7 million was classified under vessels and other fixed assets.

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

Cash provided by financing activities of $325.1 million for the year ended December 31, 2010 was due to the following: (a) net proceeds of $253.9 million from the issuance of 15,525,000 common units; (b) $6.2 million from the issuance of 356,891 general partnership units to the General Partner; (c) proceeds of $139.0 million under certain amendments to our Credit Facility; and (d) release of the $12.5 million as cash reserves held in pledged account under the January 2010 amendment of our Credit Facility. This overall increase partially offset by: (a) prepayment of $12.5 million which took place in January 2010, according to the amendment dated January 11, 2010 to the Credit Facility; (b) payment of $1.6 million financing costs relating to the amendments to the Credit Facility, described above; and (c) payment of a total cash distribution of $72.3 million.

Cash provided by financing activities of $38.0 million for the year ended December 31, 2009 was due to the following: (a) net proceeds of $126.8 million from the issuance of 10,660,400 common units; (b) $2.9 million from the issuance of 237,968 general partnership units to the General Partner; (c) total cash distribution of $39.0 million paid during the year ended December 31, 2009; (d) repayment of $40.0 million on the Credit Facility and $0.2 million restructuring fees; and (e) maintenance of $12.5 million as cash reserves in pledged account under the January 2009 amendment of our Credit Facility.

Cash flows for the year ended December 31, 2009 compared to the year ended December 31, 2008:

The following table presents cash flow information for the years ended December 31, 2009 and 2008. This information was derived from the audited consolidated statement of cash flows of Navios Partners for the respective periods.

	Year Ended December 31, 2009	Year Ended December 31, 2008
	(In thousand of U.S. dollars)	
Net cash provided by operating activities	$ 80,565	$ 41,744
Net cash used in investing activities	(69,100)	(69,505)
Net cash provided by financing activities	38,039	46,040
Change in cash and cash equivalents	**$ 49,504**	**$ 18,279**

Cash provided by operating activities for the year ended December 31, 2009 as compared to the year ended December 31, 2008:

Net cash provided by operating activities increased by $38.9 million to $80.6 million for the year ended December 31, 2009 as compared to $41.7 million for the same period in 2008.

The increase resulted from higher net income for the year ended December 31, 2009 of $34.3 million compared to $28.8 million for the year ended December 31, 2008 and other factors as discussed below. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including compensation expense of $6.1 million and $0 for the years ended December 31, 2009 and 2008, respectively, and depreciation and amortization of $15.9 million and $11.9 million for the years ended December 31, 2009 and 2008, respectively.

Amounts due to related parties increased by $0.5 million from $1.5 million in amounts due to related parties at December 31, 2008 to $2.0 million in amounts due to related parties at December 31, 2009. The increase was due to an increase in the management fees payable to Navios ShipManagement of $2.2 million partially offset by an amount due to Navios Partners of $1.7 million, which was received in January 2010.

Restricted cash increased from $0 as of December 31, 2008 to $13.3 million as of December 31, 2009. Out of the $13.3 million, an amount of $0.8 million was held as a deposit to guarantee a claim related to an owned vessel and the remaining $12.5 million, that is presented in financing activities, was the cash reserve maintained in pledged account under the January 2009 amendment of our Credit Facility.

Accounts receivable increased by $0.3 million from $0.3 million at December 31, 2008 to $0.6 million at December 31, 2009. The primary reason was an increase in amounts receivable from charterers.

Deferred voyage revenue primarily relates to cash received from charterers prior to it being earned. These amounts are recognized as revenue over the voyage or charter period. Deferred voyage revenue increased by $24.2 million from $2.6 million at December 31, 2008 to $26.8 million at December 31, 2009. In January 2009, Navios Partners and its

counterparty to the Navios Hope charter party mutually agreed for a lump sum amount of approximately $30.4 million, of which Navios Partners received net of expenses in the amount of $29.6 million in February 2009. Under a new charter agreement, the balance of the aggregate value of the original contract is allocated to the period until its original expiration. The amount of $30.4 million has been recognized as deferred revenue and amortized over the life of the vessel s contract

Accounts payable decreased by $0.1 million to $0.5 million at December 31, 2009 from $0.6 million at December 31, 2008. The main reason was a decrease in insurers payable of $0.1 million.

Prepaid expenses and other current assets increased by $0.4 million to $0.8 million at December 31, 2009 from $0.4 million at December 31, 2008. The increase was mainly attributable to the increase in prepaid voyage costs by $0.3 million and the increase in other current assets by $0.1 million, respectively.

Accrued expenses increased by $0.2 million from $1.6 million at December 31, 2008 to $1.8 million at December 31, 2009. This increase was due to the increase in accrued voyage expenses by $0.5 million, which was partially offset by a decrease in accrued loan interest of $0.2 million and a decrease in accrued legal and professional fees of $0.1 million.

Cash used in investing activities for the year ended December 31, 2009 as compared to the year ended December 31, 2008:

Net cash used in investing activities of $69.1 million in the year ended December 31, 2009 was related to the fleet expansion. On June 10, 2009, Navios Partners acquired from Navios Holdings, the rights to the Navios Sagittarius for a cash payment of $34.6 million including a long-term charter-out agreement through November 2018. On December 16, 2009, Navios Partners exercised its option to purchase the vessel, at a purchase price of $25.0 million, and paid $2.5 million in advance.

On October 29, 2009, Navios Partners purchased from Navios Holdings the vessel Navios Apollon for a purchase price of $32.0 million. Favorable lease terms recognized through this transaction amounted to $8.3 million and were related to the acquisition of the rights on the time charter-out contract of the vessel, and the amount of $23.7 million was classified under vessels and other fixed assets.

During the corresponding period of 2008, net cash used in investing activities of $69.5 million was mostly related to the acquisition of vessels. On May 2, 2008, Navios Partners purchased the vessel Navios Fantastiks for an amount of $34.2 million and paid an additional $0.3 million for capitalized expenses related to the vessel s acquisition. On July 1, 2008, Navios Partners purchased the vessel Navios Aurora I, renamed to the Navios Hope, for a cash consideration of $35.0 million.

Cash provided by financing activities for the year ended December 31, 2009 as compared to the year ended December 31, 2008:

Cash provided by financing activities of $38.0 million for the year ended December 31, 2009 was due to the following: (a) net proceeds of $126.8 million from the issuance of 10,660,400 common units; (b) $2.9 million from the issuance of 237,968 general partnership units to the General Partner; (c) total cash distribution of $39.0 million paid during the year ended December 31, 2009; (d) repayment of $40.0 million on the Credit Facility and $0.2 million restructuring fees; and (e) maintenance of $12.5 million as cash reserves in pledged account under the January 2009 amendment of our Credit Facility.

Cash provided by financing activities of $46.0 million for the year ended December 31, 2008 was due to the following: (a) additional borrowings of $70.0 million under the Credit Facility in order to finance the acquisition of the vessel Navios Fantastiks on May 2, 2008 and the Navios Hope on July 1, 2008 netted against payment of debt issuance cost amounting to $0.3 million; (b) an amount of $0.9 million Navios Partners received in exchange for the issuance of 63,906 units to the General Partner to maintain its 2% general partner interest in Navios Partners in connection with the issuance of 3,131,415 common units to Navios Holdings as part of the purchase price for the Navios Hope; and (c) total cash distribution of $24.6 million paid during the year ended December 31, 2008.

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Reconciliation of Adjusted EBITDA to Net Cash from Operating Activities

	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
	(Expressed in thousands of U.S. dollars except per unit data)		
Net Cash from Operating Activities	$ 96,018	$ 80,565	$ 41,744
Net increase/ (decrease) in operating assets	2,287	1,566	(533)
Net decrease/ (increase) in operating liabilities	3,887	(24,703)	211
Provision for bad debts		(49)	
Net interest cost	5,343	7,787	8,915
Deferred finance charges	(415)	(683)	(221)
Adjusted EBITDA	**$ 107,120**	**$ 64,483**	**$ 50,116**

Adjusted EBITDA: Adjusted EBITDA represents net income plus interest and finance costs plus depreciation and amortization and income taxes plus non-cash compensation expense for the release of the obligation to acquire the Navios Bonavis. Adjusted EBITDA is included because it is used by certain investors to measure a company s financial performance. Adjusted EBITDA is a non-GAAP financial measure and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

Adjusted EBITDA is presented to provide additional information with respect to Navios Partners ability to satisfy its obligations including debt service, capital expenditures, working capital requirements and determination of cash distribution. While adjusted EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of adjusted EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

Adjusted EBITDA increased by $42.6 million or 66.0% to $107.1 million for the year ended December 31, 2010, as compared to $64.5 million for the same period of 2009. This $42.6 million increase in Adjusted EBITDA was due to: (a) a $50.6 million increase in revenue as a result of the acquisition of the rights to the Navios Sagittarius in June 2009 and the acquisitions of the Navios Apollon in October 2009, the Navios Hyperion in January 2010, the Navios Aurora II in March 2010, the Navios Pollux in May 2010 and the Navios Melodia and the Navios Fulvia in November 2010; and (b) a $1.9 million decrease in time charter and voyage expenses as a result of the exercise of the purchase option of the Navios Sagittarius which became part of the owned fleet on January 12, 2010, partially offset by: (a) a $8.7 million increase in management fees as a result of the increased number of vessels in Navios Partners fleet; and (b) a $1.1 million increase in general and administrative expenses.

Adjusted EBITDA increased by $14.4 million or 28.7% to $64.5 million for the year ended December 31, 2009 as compared to $50.1 million for the same period of 2008. This $14.4 million increase in EBITDA was primarily due to: (a) a $17.5 million increase in revenue as a result of the increased number of operating days from 2,991 for the year ended December 31, 2008 to 3,552 for the year ended December 31, 2009; (b) a $0.6 million decrease in general and administrative expenses; and (c) a $0.3 million decrease in net other expenses which was partially offset by a

$2.3 million increase in time charter and voyage expenses as a result of the increased number of vessels in Navios Partners chartered-in fleet and a $1.7 million increase in management fees, due to the increase in the number of vessels.

Borrowings

Our long-term third-party borrowings are reflected in our combined balance sheet as Long-term debt, net and as current liabilities in Current portion of long-term debt. As of December 31, 2010 and December 31, 2009, long-term debt amounted to $292.3 million and $195.0 million, respectively and the current portion of long-term debt amounted to $29.2 million and $0, respectively.

Capital Expenditures

During the years ended December 31, 2010, 2009 and 2008, we financed our capital expenditures with cash flow from operations, the incurrence of bank debt, owner s contribution and equity raising. Capital expenditures for the years ended December 31, 2010, 2009 and 2008 amounted to $447.8 million, $69.1 million and $69.5 million, respectively. For the year ended December 31, 2010, expansion capital expenditures of $447.8 million related to the acquisition of the Navios Sagittarius and the Navios Hyperion in Janaury 2010, the Navios Aurora rights and charter out contract to the Navios Sagittarius on June 10, 2009 and the acquisition of the Navios in March 2010, the Navios Pollux in May 2010 and the Navios Melodia and Navios Fulvia in November 2010. For the year ended December 31, 2009, expansion capital expenditures of $69.1 million related to the acquisition of the rights and charter out contract to the Navios Sagittarius on June 10, 2009 and the acquisition of the Navios Apollon on October 29, 2009.

After the closing of the IPO, maintenance for our vessels and expenses related to drydocking are included in the fee we pay our vessel manager under our management agreement. In October 2009, we fixed the rate with Navios ShipManagement for a period of two years until November 2011, while the initial term of the management agreement expires in November 2012. The management fees paid to Navios ShipManagement are: (a) $4,500 daily rate per owned Ultra-Handymax vessel; (b) $4,400 daily rate per owned Panamax vessel; and (c) $5,500 daily rate per owned Capesize vessel for the two-year period ending November 16, 2011. The fee we pay to Navios ShipManagement includes commercial and technical services and any costs associated with scheduled drydockings during the term of the management agreement.

Replacement Reserve

Our annual replacement reserve for the years ended December 31, 2010 and 2009 was $14.7 million and $8.0 million, respectively, for replacing our vessels at the end of their useful lives.

As of January 2010, the amount for estimated maintenance and replacement capital expenditures attributable to future vessel replacement was based on the following assumptions: (i) current market price to purchase a five year old vessel of similar size and specifications; (ii) a 25-year useful life; and (iii) a relative net investment rate.

Our board of directors, with the approval of the conflicts committee, may determine that one or more of our assumptions should be revised, which could cause our board of directors to increase or decrease the amount of estimated maintenance and replacement capital expenditures. The actual cost of replacing the vessels in our fleet will depend on a number of factors, including prevailing market conditions, charter hire rates and the availability and cost of financing at the time of replacement. We may elect to finance some or all or our maintenance and replacement capital expenditures through the issuance of additional common units which could be dilutive to existing unitholders.

Possible Acquisitions of Other Vessels

Although we do not currently have in place any agreements relating to acquisitions of other vessels (other than our options to purchase the Navios Prosperity and the Navios Aldebaran, which we currently charter-in), we assess potential acquisition opportunities on a regular basis. Pursuant to our Omnibus Agreement with Navios Holdings, as amended in June 2009, we will have the opportunity to purchase additional drybulk vessels from Navios Holdings when those vessels are fixed under charters of three or more years upon their expiration of their current charters or upon completion of their construction. Subject to the terms of our loan agreements, we could elect to fund any future acquisitions with equity or debt or cash on hand or a combination of these forms of consideration. Any debt incurred for this purpose could make us more leveraged and increase our debt service obligations or could subject us to additional operational or financial restrictive covenants.

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

Not applicable.

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D. Trend information

Not applicable.

E. Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

F. Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of December 31, 2010:

	Payments due by period				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(In thousands of U.S. dollars)				
Loan obligations	$ 29,200	$ 63,400	$ 63,400	$ 165,500	$ 321,500
Operating lease obligations[(2)]	$ 9,864	$ 19,755	$ 7,599	$	$ 37,218
Total contractual obligations	$ 39,064	$ 83,155	$ 70,999	$ 165,500	$ 358,718

(1) The amount identified does not include interest costs associated with the outstanding Credit Facility which is based on LIBOR, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.65% to 1.95% per annum.

(2) These amounts reflect future minimum commitments under our charter-in contracts, net of commissions. As of December 31, 2010, Navios Partners had entered into a charter-in agreement for two of its vessels (the Navios Prosperity and the Navios Aldebaran). The Navios Prosperity is a chartered-in vessel since June 19, 2007 for seven years with options to extend for two one-year periods. Navios Partners has the option to purchase the Navios Prosperity after June 2012 at a purchase price that is initially 3.8 billion Japanese Yen ($46.6 million based on the exchange rate at December 31, 2010), declining pro rata each year by 145 million Japanese Yen ($1.8 million based on the exchange rate at December 31, 2010). Navios Aldebaran is a chartered-in vessel for seven years since March 17, 2008 with options to extend for two one-year periods. Navios Partners has the option to purchase the Navios Aldebaran after March 2013 at a purchase price that is initially 3.6 billion Japanese Yen ($44.1 million based on the exchange rate at December 31, 2010) declining pro rata each year by 150 million Japanese Yen ($1.8 million based on the exchange rate at December 31, 2010).

Critical Accounting Policies

Our financial statements have been prepared in accordance with US GAAP. The preparation of these financial statements requires us to make estimates in the application of our 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 expenses and related disclosure of contingent assets and liabilities at the date of our 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. For a description of all of our significant accounting policies, see Note 2 to the Notes to the consolidated financial statements included elsewhere in this Annual Report.

Impairment of Long Lived Assets

Vessels, other fixed assets and other long lived assets held and used by Navios Partners 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. In accordance with Impairment of Long Lived Assets , Navios Partners 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 vessel and compared to the vessel carrying value. In the event that impairment occurred, the fair value of the related asset is determined and a charge is recorded to operations calculated by comparing the asset s carrying value to the estimated fair market value. Fair market value is estimated primarily through the use of third-party valuations performed on an individual vessel basis.

For the year ended December 31, 2010, management of Navios Partners, after considering various indicators, including but not limited to the market price of its long-lived assets, its contracted revenues and cash flows and the economic outlook, has no reason to suspect that a long-lived asset may not be recoverable and therefore did not test for impairment of its long-lived assets.

Although management believes the underlying indicators 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 impairment analysis in the future that could expose Navios Partners to material impairment charges in the future.

Vessels

Vessels are stated at historical cost, which consists of the contract price 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 earning capacity or improve the efficiency or safety of the vessels. 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, after considering the estimated residual value. Management estimates the useful life of our vessels to be 25 years from the vessel s original construction. However, when regulations place limitations over 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.

Deferred Drydock and Special Survey Costs

Our vessels are subject to regularly scheduled drydocking and special surveys which are carried out every 30 or 60 months 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. Under the terms of our management agreement with Navios ShipManagement, the costs of drydocking and special surveys are included in the daily management fee of $4,500 per owned Ultra-Handymax vessel, $4,400 per owned Panamax vessel and $5,500 per owned Capesize vessel, which fees are fixed until November 2011. From November 2011 to November 2012, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

Revenue Recognition

Revenue is recorded when services are rendered, we have a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. We generate revenue from transportation of cargos and time charter of vessels.

Voyage revenues for the transportation of cargo are recognized ratably over the estimated relative transit time of each voyage. A voyage is deemed to commence when a vessel is available for loading and is deemed to end upon the completion of the discharge of the current cargo. Under a voyage charter, we agree to provide a vessel for the

transportation of specific goods between specific ports in return for payment of an agreed upon freight rate per ton of cargo.

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight line basis as the average revenue over the rental periods of such charter agreements, as service is performed. A time charter involves placing a vessel at the charterers disposal for a period of time during

which the charterer uses the vessel in return for the payment of a specified daily hire rate. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

Profit-sharing revenues are calculated at an agreed percentage of the excess of the charterer s average daily income over an agreed amount and accounted for on an accrual basis based on provisional amounts.

Revenues are recorded net of address commissions. Address commissions represent a discount provided directly to the charterers based on a fixed percentage of the agreed upon charter or freight rate. Since address commissions represent a discount (sales incentive) on services rendered by Navios Partners and no identifiable benefit is received in exchange for the consideration provided to the charterer, these commissions are presented as a reduction of revenue.

Recent Accounting Pronouncements

Recent Accounting Pronouncements:

Transfers of Financial Assets

In June 2009, the Financial Accounting Standards Board (FASB) issued new guidance concerning the transfer of financial assets. This guidance amends the criteria for a transfer of a financial asset to be accounted for as a sale, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, changes the initial measurement of a transferor s interest in transferred financial assets, eliminates the qualifying special-purpose entity concept and provides for new disclosures. This new guidance was effective for Navios Partners for transfers of financial assets beginning in its first quarter of fiscal 2010 and its adoption did not have any significant effect on its financial position, results of operations, or cash flows.

Determining the Primary Beneficiary of a Variable Interest Entity

In June 2009, the FASB issued new guidance concerning the determination of the primary beneficiary of a variable interest entity (VIE). This new guidance amends current U.S. GAAP by: requiring ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE; amending the quantitative approach previously required for determining the primary beneficiary of the VIE; modifying the guidance used to determine whether an entity is a VIE; adding an additional reconsideration event (e.g., troubled debt restructurings) for determining whether an entity is a VIE; and requiring enhanced disclosures regarding an entity s involvement with a VIE.

This new guidance was effective for Navios Partners beginning in its first quarter of fiscal 2010 and its adoption did not have any significant effect on its financial position, results of operations, or cash flows. Navios Partners will continue to consider the impacts of this new guidance on an on-going basis.

Measuring Liabilities at Fair Value

In August 2009, the FASB released new guidance concerning measuring liabilities at fair value. The new guidance provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain valuation techniques. Additionally, it clarifies that a reporting entity is not required to adjust the fair value of a liability for the existence of a restriction that prevents the transfer of the liability. This new guidance is effective for the first reporting period after its issuance, however, earlier application is permitted. The application of this new guidance did not have a significant impact on Navios Partners consolidated financial statements.

Fair Value Disclosures

In January 2010, the 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 Partners adopted the new guidance in the first quarter of fiscal 2010, except for the disclosures related to purchases, sales, issuance and settlements, which will be effective for Navios Partners beginning in the first quarter of fiscal 2011. The adoption of the new standard did not have and is not expected to have a significant impact on Navios Partners consolidated financial statements.

Subsequent Events

In February 2010, the FASB issued amended guidance on subsequent events. SEC filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and Navios Partners adopted these new requirements in the first quarter of fiscal 2010.

Item 6. ***Directors, Senior Management and Employees***

A. Directors and Senior Management

The following table sets forth information regarding our directors and senior management:

Name	Age	Position
Angeliki Frangou	46	Chairman of the Board, Chief Executive Officer and Director
Efstratios Desypris	37	Chief Financial Officer
George Achniotis	46	Executive Vice President-Business Development and Director
Michael E. McClure	64	Executive Vice President-Corporate Affairs
Shunji Sasada	52	Director
Serafeim Kriempardis	62	Director (Class III)
Michael Sarris	65	Director (Class II)
Robert Pierot	52	Director (Class I)
John Karakadas	47	Director (Class I)
Vasiliki Papaefthymiou	42	Secretary

Biographical information with respect to each of our directors and our executive officers is set forth below. The business address for our directors and executive officers is 85 Akti Miaouli Street, Piraeus Greece 185 38.

Angeliki Frangou was appointed our Chairman and Chief Executive Officer in August 2007. Ms. Frangou has been Navios Holdings Chairman of the Board and Chief Executive Officer since August 25, 2005, the date of the acquisition of Navios Holdings by ISE. Prior to the acquisition, Ms. Frangou was the Chairman, Chief Executive Officer and President of ISE. Ms. Frangou has been the Chief Executive Officer of Maritime Enterprises Management S.A., a company located in Piraeus, Greece, that specializes in the management of dry cargo vessels of various types and sizes, since she founded the company in October 2001 until August 2005. From 1990 to October 2001, Ms. Frangou was the chief executive officer of Franser Shipping S.A., a company that was located in Piraeus, Greece, and was also engaged in the management of dry cargo vessels. Prior to her employment with Franser Shipping, Ms. Frangou was an analyst on the trading floor of Republic National Bank of New York, from 1987 to 1989. Ms. Frangou was also a member of the board of directors of Emporiki Bank of Greece, the second largest retail bank in Greece, up to July 2005. Ms. Frangou is the Chairman and Chief Executive Officer of Navios Maritime Acquisition

Corporation, a New York Stock Exchange listed company as of June 2008. Ms. Frangou is also the chairman of the board of IRF European Finance Investments Ltd., listed in SFM of the London Stock Exchange. She was also chairman of the board of directors of Proton Bank, based in Athens, Greece, from June 2006 until September 2008. Ms. Frangou is Member of the Board of The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited, Vice Chairman of China Classification Society Mediterranean Committee, member of the

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Hellenic and Black Sea Committee of Bureau Veritas and member of the Greek Committee of Nippon Kaiji Kyokai. Ms. Frangou received a bachelor s degree in mechanical engineering from Fairleigh Dickinson University (summa cum laude) and a master s degree in mechanical engineering from Columbia University.

Efstratios Desypris was appointed our Chief Financial Officer in January 2010. Mr. Desypris has been the Financial Controller of Navios Holdings since May 2006. Mr. Desypris worked for 9 years in the accounting profession, most recently as manager of the audit department at Ernst & Young in Greece. Mr. Desypris started his career as an auditor with Arthur Andersen & Co. in 1997. He holds a Bachelor of Science degree in Economics from the University of Piraeus.

George Achniotis was appointed to our Board of Directors in August 2007 and he has been our Executive Vice President-Business Development since February 2008. Mr. Achniotis has been Navios Holdings Chief Financial Officer since April 12, 2007. Prior to being appointed Chief Financial Officer of Navios Holdings, Mr. Achniotis served as Senior Vice President Business Development of Navios Holdings from August 2006 to April 2007. Prior to joining Navios Holdings, Mr. Achniotis was a partner at PricewaterhouseCoopers from 1999 to August 2006. Mr. Achniotis holds a Bachelors of Science degree in engineering from the University of Manchester and he is a member of the institute of chartered accountants in England and Wales. Mr. Achniotis is also a member of the institute of certificate accountants in Cyprus.

Michael E. McClure was appointed our Executive Vice President Corporate Affairs in January 2010 having served since August 2007 as our Chief Financial Officer. Mr. McClure has been Senior Vice President Corporate Affairs of Navios Holdings since April 12, 2007. Prior to that date, Mr. McClure was Chief Financial Officer of Navios Holdings from October 1, 2005 to April 12, 2007. Mr. McClure joined Navios Holdings in 1978, at which time he served as Manager of Financial Analysis and then Director of South American Transportation Projects, which included Navios Holdings owned port facility in Uruguay and its commercial leads in Venezuela and Columbia. He is a prior board member of The Baltic Exchange and a prior chairman of the Baltic Exchange Freight Market Indices Committee. Mr. McClure graduated from St. Mary s college with a B.A. and from Marquette University, Milwaukee, Wisconsin, with an M.B.A.

Shunji Sasada was appointed to our Board of Directors in August 2007. Mr. Sasada has been Chief Operating Officer of Navios Holdings since July 2007. Prior to July 2007, Mr. Sasada was Senior Vice President Fleet Development of Navios Holdings from October 1, 2005 to July 2007. Mr. Sasada joined Navios Holdings in May 1997. Mr. Sasada started his shipping career in 1981 in Japan with Mitsui O.S.K. Lines, Ltd. In 1991, Mr. Sasada joined Trinity Bulk Carriers as its chartering manager as well as subsidiary board member representing MOSK as one of the shareholders. Mr. Sasada is a graduate of Keio University, Tokyo, with a B.A. degree in business.

Serafeim Kriempardis was appointed to our Board of Directors in December 2009. Mr. Kriempardis previously served as the Head of Shipping of Piraeus Bank and Emporiki Bank of Greece. Mr. Kriempardis is an accountant by training and holds a Bachelor s degree in Economics from the Athens University of Economics and Business and a Master s degree in management from the McGill University of Canada.

Michael Sarris was appointed to our Board of Directors in June 2010. From September 2005 to March 2008, Mr. Sarris served as the Minister of Finance of the Republic of Cyprus in place during the successful introduction of the Euro as the national currency. Prior to his tenure as the Minister of Finance, Mr. Sarris spent over 30 years in banking, including positions with the Central Bank of Cyprus and the World Bank. Mr. Sarris received his B.Sc. in economics from the London School of Economics. He continued his studies in the United States, obtaining his Doctorate in Economics from Wayne State University.

Robert Pierot was appointed to our Board of Directors in October 2007. Since 1979, Mr. Pierot has been engaged in brokering the sale and purchase of a variety of ocean-going vessels, ranging from large bulk carriers and tankers to vessels used to service offshore oil and gas exploration and production facilities. Currently, Mr. Pierot serves as director and principal of Jacq. Pierot Jr. & Sons, Inc., a privately held shipbrokers firm based in New York. Mr. Pierot served as a board member for Chiles Offshore prior to its sale to another U.S. publically trading offshore drilling rig company. Mr. Pierot is also a member of the board of directors of the Hellenic-American Chamber of Commerce, a position he has held since 1980.

John Karakadas was appointed to our Board of Directors in October 2007. Since March 2006, Mr. Karakadas serves as Chairman and Chief Executive Officer of SingularLogic, a South East European software vendor and information technology services provider. Additionally, Mr. Karakadas was Chairman and Chief Executive Officer of MIG Technology Holdings SA, a special purpose vehicle for the acquisition of technology leaders in the South East Europe. Previously, Mr. Karakadas has served as an Executive Director of Marfin Investment Group, an Athens Exchange listed company. He has also served on the board of directors of IRF European Finance Investments Ltd., a London Stock Exchange listed company and on the board of directors of Greek Information Technology Holdings S.A. During the period between 2002 and 2003, Mr. Karakadas was the Managing Director of Tchibo GmbH. Prior to that time, from 1999 to 2000, Mr. Karakadas was President, Asia Pacific, of Burger King, based in Sydney, Australia. Mr. Karakadas received a BBA in Industrial Management from Kent State University.

Vasiliki Papaefthymiou was appointed our Secretary in August 2007. Ms. Papaefthymiou has been Executive Vice President Legal and a member of Navios Holdings board of directors since August 25, 2005, and prior to that was a member of the board of directors of ISE. Ms. Papaefthymiou has served as general counsel for Maritime Enterprises Management S.A. since October 2001, where she has advised the company on shipping, corporate and finance legal matters. Ms. Papaefthymiou provided similar services as general counsel to Franser Shipping from October 1991 to September 2001. Ms. Papaefthymiou received her undergraduate degree from the Law School of the University of Athens and a Masters degree in Maritime Law from Southampton University in the United Kingdom.
Ms. Papaefthymiou is admitted to practice law before the Bar in Piraeus, Greece.

B. Compensation

Reimbursement of Expenses of Our General Partner

Our General Partner does not receive any management fee or other compensation for services from us, although it will be entitled to reimbursement for expenses incurred on our behalf. In addition, we reimburse Navios ShipManagement and certain affiliates for expenses incurred pursuant to the management agreement and administrative services agreement we entered into with Navios ShipManagement. Our General Partner and its other affiliates are reimbursed for expenses incurred on our behalf. These expenses include all expenses necessary or appropriate for the conduct of our business and allocable to us, as determined by our General Partner. For the years ended December 31, 2010 and 2009, no amounts were paid to the General Partner.

Officers Compensation

We and our General Partner were formed in August 2007. Because our Chief Executive Officer and our Chief Financial Officer are employees of Navios Holdings, their compensation is set and paid by Navios Holdings, and we reimburse Navios Holdings for time they spend on partnership matters pursuant to the administrative services agreement. Under the terms of the administrative agreement, we reimburse Navios Holdings for the actual costs and expenses it incurs in providing administrative support services to us. The amount of our reimbursements to Navios Holdings for the time of our officers depends on an estimate of the percentage of time our officers spent on our business and is based on a percentage of the salary and benefits that Navios Holdings pays to such officers after the closing of the IPO. Our officers, and officers and employees of affiliates of our General Partner, may participate in employee benefit plans and arrangements sponsored by Navios Holdings, our General Partner or their affiliates, including plans that may be established in the future. Our board of directors may establish such plans without the approval of our limited partners. For the years ended December 31, 2010, 2009 and 2008, the fee charged by Navios ShipManagement for administrative services was $2.7 million, $1.8 million and $1.5 million, respectively.

Compensation of Directors

Our officers or officers of Navios Holdings who also serve as our directors do not receive additional compensation for their service as directors. Each non-management director receives compensation for attending meetings of our board of directors, as well as committee meetings. Non-management directors

receive a director fee of $35,000 per year. Ms. Frangou receives a fee of $100,000 per year for acting as a director and as our Chairman of the Board. The Chairman of our audit committee and our conflicts committee receives an additional fee of $20,000 per year. In addition, each director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Each director is fully indemnified by us for actions associated with being a director to the extent permitted under Marshall Islands law.

For the years ended December 31, 2010, 2009 and 2008, the aggregate annual compensation paid to our current non-management executive directors was $160,000; and $100,000 was paid to Ms. Frangou for acting as a director and as our Chairman of the Board.

C. Board Practices

Our partnership agreement provides that our General Partner has delegated to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis, and such delegation will be binding on any successor general partner of the partnership. Our General Partner, Navios GP L.L.C., is wholly owned by Navios Holdings. Our executive officers manage our day-to-day activities consistent with the policies and procedures adopted by our board of directors. All of our executive officers and three of our directors also are executive officers, directors and/or affiliates of Navios Holdings and our Chief Executive Officer is also the Chairman and Chief Executive Officer of Navios Acquisition and Navios Holdings.

Following our first annual meeting of unitholders in 2008, our board of directors consisted of seven members, three persons who were appointed by our General Partner in its sole discretion and four who were elected by the common unitholders. Directors appointed by our general partner serve as directors for terms determined by our general partner. Directors elected by our common unitholders are divided into three classes serving staggered three-year terms. Two of the four directors elected by our common unitholders were designated as the Class I elected directors and will serve until our annual meeting of unitholders in 2012, as their term was renewed for three years during our 2009 annual meeting of unitholders; one of the four directors was designated as the Class II elected director and will serve until our annual meeting of unitholders in 2013 as their term was renewed for three years during our 2010 annual meeting of unitholders; and the remaining director was designated as our Class III elected director and will serve until our annual meeting of unitholders in 2011. At each subsequent annual meeting of unitholders, directors will be elected to succeed the class of directors whose terms have expired by a plurality of the votes of the common unitholders. Directors elected by our common unitholders will be nominated by the board of directors or by any limited partner or group of limited partners that holds at least 10% of the outstanding common units.

We have two committees: an audit committee and a conflicts committee. With respect to our corporate governance, there are several significant differences between us and a domestic issuer in that the New York Stock Exchange does not require a listed limited partnership like us to have a majority of independent directors on our board of directors or to establish a compensation committee or a nominating/corporate governance committee.

The three independent members of our board of directors serve on a conflicts committee to review specific matters that the board believes may involve potential conflicts of interest. The conflicts committee determines if the resolution of the conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, and must meet the independence standards established by the New York Stock Exchange to serve on an audit committee of a board of directors and certain other requirements. Any matters approved by the conflicts committee are conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our directors, our general partner or its affiliates of any duties any of them may owe us or our unitholders. The members of our conflicts committee are Messrs. Michael Sarris, John Karakadas and Serafeim Kriempardis.

In addition, we have an audit committee of three independent directors. One of the members of the audit committee is an audit committee financial expert for purposes of SEC rules and regulations. The audit

committee, among other things, reviews our external financial reporting, engages our external auditors and oversees our internal audit activities and procedures and the adequacy of our internal accounting controls. Our audit committee comprises of Messrs. Michael Sarris, John Karakadas and Serafeim Kriempardis and our audit committee financial expert is Mr. Sarris.

Employees of Navios ShipManagement, a subsidiary of Navios Holdings, provide assistance to us and our operating subsidiaries pursuant to the management agreement and the administrative services agreement.

Our Chief Executive Officer, Ms. Angeliki Frangou, and our Chief Financial Officer, Mr. Efstratios Desypris, allocate their time between managing our business and affairs and the business and affairs of Navios Holdings, and our Chief Executive Officer is also the Chief Executive Officer of Navios Acquisition and Navios Holdings. While the amount of time each of them allocate between our business and the business of Navios Holdings and Navios Acquisition varies from time to time depending on various circumstances and the respective needs of the business, such as their relative levels of strategic activities, we anticipate that each of them will allocate approximately one quarter of their time to our business.

Our officers and other individuals providing services to us or our subsidiaries may face a conflict regarding the allocation of their time between our business and the other business interests of Navios Holdings and Navios Acquisition. We intend to cause our officers to devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs.

Our General Partner owes a fiduciary duty to our unitholders, subject to limitations. Our General Partner is liable, as General Partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are expressly non-recourse to it. Whenever possible, the partnership agreement directs that we should incur indebtedness or other obligations that are non-recourse to our General Partner.

Whenever our General Partner makes a determination or takes or declines to take an action in its individual capacity rather than in its capacity as our General Partner, it is entitled to make such determination or to take or decline to take such other action free of any fiduciary duty or obligation whatsoever to us or any limited partner, and is not required to act in good faith or pursuant to any other standard imposed by our partnership agreement or under the Marshall Islands Act or any other law. Specifically, our General Partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any directors or votes for the appointment of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership. Actions of our General Partner, which are made in its individual capacity, are made by Navios Holdings as sole member of our General Partner.

D. Employees

Employees of Navios ShipManagement provide assistance to us and our operating subsidiaries pursuant to the management agreement and the administrative services agreement; therefore Navios Partners does not employ additional staff.

Navios Holdings crews its vessels primarily with Ukrainian, Polish, Filipino, Russian and Georgian officers and Filipino, Georgian, Bulgarian and Ukrainian seamen. For these nationalities, officers and seamen are referred to Navios ShipManagement by local crewing agencies. The crewing agencies handle each seaman s training while Navios ShipManagement handles their travel and payroll. Navios Holdings requires that all of its seamen have the

qualifications and licenses required to comply with international regulations and shipping conventions.

Navios ShipManagement also provides on-shore advisory, operational and administrative support to us pursuant to service agreements. Please see Item 7. Major Unitholders and Related Party Transactions .

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E. Unit Ownership

The following table sets forth certain information regarding beneficial ownership, as of February 28, 2011, of our units by each of our officers and directors and by all of our directors and officers as a group. The information is not necessarily indicative of beneficial ownership for any other purposes. Under SEC rules, a person or entity beneficially owns any units that the person or entity has the right to acquire as of April 28, 2011 (60 days after February 28, 2011) through the exercise of any unit option or other right. The percentage disclosed under Percentage of Total Common and Subordinated Units Beneficially Owned is based on 51,429,846 units, representing all outstanding common units (41,779,404), subordinated units (7,621,843), subordinated Series A units (1,000,000) and general partner units (1,028,599). Unless otherwise indicated, each person or entity has sole voting and investment power (or shares such powers with his or her spouse) with respect to the units set forth in the following table. Information for certain holders in based on information delivered to us.

Identity of Person or Group	**Common Units Owned**	**Percentage of Common Units Owned**	**Subordinated Units Owned**	**Percentage of Subordinated Units Owned**	**Percentage of Total Common and Subordinated Units Owned**
Angeliki Frangou[1][2]	500,000	1.2%			1.0%
Efstratios Desypris					*
Michael McCLure	*	*			*
George Achniotis	*	*			*
Robert Pierot	*	*			*
Shunji Sasada	*	*			*
Serafeim Kriempardis	*	*			*
Michael Sarris	*	*			*
John Karakadas	*	*			*
Vasiliki Papaefthymiou	*	*			*
All directors and officers as a group (9 persons) [2][3]	595,000	1.4%			1.2%

* Less than 1%

(1) Held through Amadeus Maritime S.A., a corporation owned by Angeliki Frangou, our Chairman and Chief Executive Officer.

(2) Excludes units owned by Navios Holdings, on the board of which serves our Chief Executive Officer, Angeliki Frangou and our Secretary Vasiliki Papaefthymiou. In addition, Ms. Frangou is Navios Holdings President and Chief Executive Officer, Mr. McClure is Navios Holdings Executive Vice President Corporate Affairs, Ms. Papaefthymiou is Navios Holdings Executive Vice President Legal and Mr. Achniotis is Navios Holdings Chief Financial Officer.

(3) Each director, executive officer and key employee, other than Ms. Frangou, beneficially owns less than one percent of the outstanding common and subordinated units.

Item 7. Major Unitholders and Related Party Transactions

A. Major Unitholders

The following table sets forth the beneficial ownership as of February 28, 2011, of our common and subordinated units by each person we know to beneficially own more than 5% of the common or subordinated units. The number of units beneficially owned by each person is determined under SEC rules and the information is not necessarily indicative of beneficial ownership for any other purpose. Under SEC rules, a person beneficially owns any units as to which the person has or shares voting or investment power. In addition, a person beneficially owns any units that the person or entity has the right to acquire as of April 28, 2011 (60 days after February 28, 2011) through the exercise of any unit option or other right. The percentage disclosed under Percentage of Total Common and Subordinated Units Beneficially Owned is based on

51,429,846 units, representing all outstanding common units (41,779,404), subordinated units (7,621,843), subordinated Series A units (1,000,000) and general partner units (1,028,599).

	Common Units Beneficially Owned		Subordinated Units Beneficially Owned		Subordinated Series A Units Beneficially Owned		Total Common and Subordinated Units Beneficially Owned
	Number	Percentage	Number	Percentage	Number	Percentage	
Name of Beneficial Owner							
Navios Holdings(1)(2)	5,094,004	12.2%	7,621,843	100%	1,000,000	100%	26.7%
Kayne Anderson Capital Advisors, L.P. (3)	4,280,861	10.3%					8.3%

(1) Excludes the 2.0% general partner interest held by our general partner, a wholly owned subsidiary of Navios Holdings.

(2) Navios Holdings is a U.S. public company controlled by its board of directors, which consists of the following seven members: Angeliki Frangou, Vasiliki Papaefthymiou, Ted Petrone, Spyridon Magoulas, John Stratakis, George Malanga and Efstathios Loizoz.

(3) Based on a Schedule 13G/A filed on February 9, 2011 with the SEC and reporting the units are owned by investment accounts managed by Kayne Anderson Capital Advisors, L.P.

Our majority unitholders have the same voting rights as our other unitholders except as follows: each outstanding common unit is entitled to one vote on matters subject to a vote of common unitholders. However, to preserve our ability to be exempt from U.S. federal income tax under Section 883 of the Code, if at any time, any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted. The voting rights of any such unitholders in excess of 4.9% will effectively be redistributed pro rata among the other unitholders holding less than 4.9% of the voting power of such class of units. Our General Partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

B. Related Party Transactions

Navios Holdings, the sole member of our General Partner, owns 5,094,004 common units, 7,621,843 subordinated units and 1,000,000 subordinated Series A units representing a 26.7% limited partner interest in us based on all outstanding limited, subordinated and general partner units. In addition, our General Partner owns a 2.0% general partner interest in us and all of our incentive distribution rights. Navios Holdings ability, as sole member of our General Partner, to control the appointment of three of the seven members of our board of directors and to approve certain significant actions we may take and its ownership of all of the outstanding subordinated units and its right to vote the subordinated units as a separate class on certain matters, means that Navios Holdings, together with its

affiliates, has the ability to exercise influence regarding our management.

Navios Bonavis

In connection with the IPO, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that will own the Capesize vessel Navios Bonavis and related time charter, upon delivery of the vessel which occurred in late June 2009 for a purchase price of $130.0 million. On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and, upon delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Holdings received 1,000,000 subordinated Series A units, which were recognized as non-cash compensation expense in Navios Partners statement of income. The issued units are not eligible to receive distributions until the third anniversary of their issuance, at which point they will automatically convert into common units and receive distributions in accordance with all other common units. In addition, Navios Holdings was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet). Pursuant to our release from the Omnibus Agreement restrictions, in June 2009, we had waived our rights of first refusal with Navios

Acquisition with respect to an acquisition opportunity until the earlier of: (a) the consummation of a business combination by Navios Acquisition; (b) the liquidation of Navios Acquisition; and (c) June 2011. Such waiver ended with the successful consummation of the initial business combination by Navios Acquisition, on May 28, 2010, when we entered into the business opportunity right of first refusal agreement.

Share Purchase Agreements

On June 9, 2009, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the rights to the Navios Sagittarius for a cash payment of $34.6 million. In December 2009, Navios Partners exercised the option to purchase the vessel at a purchase price of $25.0 million and paid $2.5 million a 10% deposit on the purchase price of the vessel. The Navios Sagittarius was delivered into Navios Partners owned fleet on January 12, 2010.

On October 29, 2009, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the vessel Navios Apollon, for a cash payment of $32.0 million.

On January 8, 2010, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the vessel Navios Hyperion, for a purchase price of $63.0 million.

On March 8, 2010, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the vessel Navios Aurora II, for a purchase price of $110.0 million.

On May 20, 2010, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the vessel Navios Pollux, for a purchase price of $110.0 million.

On November 12, 2010, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the vessel Navios Melodia, for a purchase price of $78.8 million.

On November 12, 2010, we entered into a share purchase agreement with a wholly owned subsidiary of Navios Holdings pursuant to which we agreed to acquire the capital stock of the subsidiary that owns the vessel Navios Fulvia, for a purchase price of $98.2 million.

Registration Rights Agreement

On April 30, 2008, in connection with the share purchase agreement for the Navios Hope, we entered into a registration rights agreement with a wholly owned subsidiary of Navios Holdings pursuant to which that subsidiary has the right, subject to some conditions, to require us to file one or more registration statements covering the resale of the common units issued in connection with the acquisition of the Navios Hope.

Omnibus Agreement

At the closing of the IPO, we entered into the Omnibus Agreement with Navios Holdings, our General Partner and our operating subsidiary. The following discussion describes certain provisions of the Omnibus Agreement.

Noncompetition

Under the Omnibus Agreement, Navios Holdings agreed, and caused its controlled affiliates (other than us, our General Partner and our subsidiaries) to agree, not to acquire or own Panamax or Capesize drybulk

carriers under charter for three or more years. This restriction does not prevent Navios Holdings or any of its controlled affiliates (other than us and our subsidiaries) from:

(1) acquiring or owning Panamax or Capesize drybulk carriers under charters for less than three years;

(2) (x) acquiring a Panamax or Capesize drybulk carrier under charter for three or more years after the closing of the IPO if Navios Holdings offers to sell to us the vessel for fair market value or (y) putting a Panamax or Capesize drybulk carrier that Navios Holdings owns under charter for three or more years if Navios Holdings offers to sell the vessel to us for fair market value at the time it is chartered for three or more years and, in each case, at each renewal or extension of that charter for three or more years;

(3) acquiring a Panamax or Capesize drybulk carrier under charter for three or more years as part of the acquisition of a controlling interest in a business or package of assets and owning those vessels; provided, however, that:

(a) if less than a majority of the value of the total assets or business acquired is attributable to those Panamax or Capesize drybulk carriers and related charters, as determined in good faith by the board of directors of Navios Holdings, Navios Holdings must offer to sell such Panamax or Capesize drybulk carriers and related charters to us for their fair market value plus any additional tax or other similar costs to Navios Holdings that would be required to transfer the Panamax and Capesize drybulk carriers and related charters to us separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to the Panamax or Capesize drybulk carriers and related charters, as determined in good faith by the board of directors of Navios Holdings, Navios Holdings shall notify us in writing, of the proposed acquisition. We shall, not later than the 15th calendar day following receipt of such notice, notify Navios Holdings if we wish to acquire such Panamax or Capesize drybulk carriers and related charters forming part of the business or package of assets in cooperation and simultaneously with Navios Holdings acquiring the non-Panamax or non-Capesize drybulk carriers and related charters forming part of that business or package of assets. If we do not notify Navios Holdings of our intent to pursue the acquisition within 15 calendar days, Navios Holdings may proceed with the acquisition as provided in (a) above.

(4) acquiring a non-controlling interest in any company, business or pool of assets;

(5) acquiring or owning any Panamax or Capesize drybulk carrier and related charter if we do not fulfill our obligation, under any existing or future written agreement, to purchase such vessel in accordance with the terms of any such agreement;

(6) acquiring or owning Panamax or Capesize drybulk carriers under charter for three or more years subject to the offers to us described in paragraphs (2) and (3) above pending our determination whether to accept such offers and pending the closing of any offers we accept;

(7) providing ship management services relating to any vessel whatsoever, including to Panamax or Capesize drybulk carriers owned by the controlled affiliates of Navios Holdings; or

(8) acquiring or owning Panamax or Capesize drybulk carriers under charter for three or more years if we have previously advised Navios Holdings that we consent to such acquisition, operation or charter.

Under the Omnibus Agreement, Navios Holdings will not be prohibited from operating chartered-in Panamax or Capesize drybulk carriers under charter-out contracts for three or more years, so long as immediately prior to the time such vessel is proposed to be put under such charter-out contract, Navios Holdings offers such charter-out opportunity to us in the event that (i) we have a Panamax or Capesize drybulk carrier that is available and comparable to Navios Holdings chartered-in vessel and (ii) it is acceptable to the charter customer.

If Navios Holdings or any of its controlled affiliates (other than us or our subsidiaries) acquires or owns Panamax or Capesize drybulk carriers pursuant to any of the exceptions described above, it may not subsequently expand that portion of its business other than pursuant to those exceptions.

In addition, under the Omnibus Agreement we agreed, and caused our subsidiaries to agree, to acquire, own, operate or charter Panamax or Capesize drybulk carriers with charters of three or more years only (any vessels that are not Panamax or Capesize drybulk carriers will in the following be referred to as the Non-Panamax and Non-Capesize Drybulk Carriers). This restriction will not:

(1) prevent us or any of our subsidiaries from acquiring a Non-Panamax or Non-Capesize Drybulk Carrier and any related charters as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels, provided, however, that:

(a) if less than a majority of the value of the total assets or business acquired is attributable to a Non-Panamax or Non-Capesize Drybulk Carrier and related charter, as determined in good faith by us; we must offer to sell such Non-Panamax or Non-Capesize Drybulk Carrier and related charter to Navios Holdings for their fair market value plus any additional tax or other similar costs to us that would be required to transfer the Non-Panamax and Non-Capesize Drybulk Carrier and related charter to Navios Holdings separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to a Non-Panamax or Non-Capesize Drybulk Carrier and related charter, as determined in good faith by us; we shall notify Navios Holdings in writing of the proposed acquisition. Navios Holdings shall, not later than the 15th calendar day following receipt of such notice, notify us if it wishes to acquire the Non-Panamax or Non-Capesize Drybulk Carrier forming part of the business or package of assets in cooperation and simultaneously with us acquiring the Panamax or Capesize Drybulk Carrier under charter for three or more years forming part of that business or package of assets. If Navios Holdings does not notify us of its intent to pursue the acquisition within 15 calendar days, we may proceed with the acquisition as provided in (a) above.

(2) prevent us or any of our subsidiaries from owning, operating or chartering a Non-Panamax or Non-Capesize Drybulk Carrier subject to the offer to Navios Holdings described in paragraph (2) above, pending its determination whether to accept such offer and pending the closing of any offer it accepts; or

(3) prevent us or any of our subsidiaries from acquiring, operating or chartering a Non-Panamax or Non-Capesize Drybulk Carrier if Navios Holdings has previously advised us that it consents to such acquisition, operation or charter.

If we or any of our subsidiaries owns, operates and charters Non-Panamax or Non-Capesize Drybulk Carriers pursuant to any of the exceptions described above, neither we nor such subsidiary may subsequently expand that portion of our business other than pursuant to those exceptions.

Upon a change of control of us or our General Partner, the noncompetition provisions of the Omnibus Agreement will terminate immediately. Upon a change of control of Navios Holdings, the noncompetition provisions of the Omnibus Agreement will terminate at the time that is the later of one year following the change of control and the date on which all of our outstanding subordinated units have converted to common units; provided, however, that in no event will the noncompetition provisions of the Omnibus Agreement terminate upon a change of control of Navios Holdings prior to the date that is four years following the date of the Omnibus Agreement.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis upon its delivery to Navios Holdings. Navios Holdings was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet). Pursuant to our release from the Omnibus Agreement restrictions, in June 2009, we waived our rights of first refusal

with Navios Acquisition with respect to an acquisition opportunity until the earlier of (a) the consummation of a business combination by Navios Acquisition, (b) the liquidation of Navios Acquisition and (c) June 2011.

In addition, concurrently with the successful consummation of the initial business combination by Navios Maritime Acquisition Corporation, or Navios Acquisition, on May 28, 2010, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we entered into a business opportunity right of first refusal agreement which provides the types of business opportunities in the marine transportation and logistics industries, we, Navios Holdings and Navios Acquisition must share with each other.

Rights of First Offer

Under the Omnibus Agreement, we and our subsidiaries will grant to Navios Holdings a right of first offer on any proposed sale, transfer or other disposition of any of our Panamax or Capesize drybulk carriers and related charters or any Non-Panamax or Non-Capesize Drybulk Carriers and related charters owned or acquired by us. Likewise, Navios Holdings agreed (and caused its subsidiaries to agree) to grant a similar right of first offer to us for any Panamax or Capesize drybulk carrier under charter for three or more years it might own. These rights of first offer do not apply to a (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a charter party or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third-party.

Prior to engaging in any negotiation regarding any vessel disposition with respect to a Panamax or Capesize drybulk carrier under charter for three or more years with a non-affiliated third-party or any Non-Panamax or Non-Capesize Drybulk Carrier and related charter, we or Navios Holdings, as the case may be, will deliver a written notice to the other party setting forth the material terms and conditions of the proposed transaction. During the 15-day period after the delivery of such notice, we and Navios Holdings will negotiate in good faith to reach an agreement on the transaction. If we do not reach an agreement within such 15-day period, we or Navios Holdings, as the case may be, will be able within the next 180 calendar days to sell, transfer, dispose or re-charter the vessel to a third party (or to agree in writing to undertake such transaction with a third party) on terms generally no less favorable to us or Navios Holdings, as the case may be, than those offered pursuant to the written notice.

Upon a change of control of us or our general partner, the right of first offer provisions of the Omnibus Agreement will terminate immediately. Upon a change of control of Navios Holdings, the right of first offer provisions of the Omnibus Agreement will terminate at the time that is the later of one year following the change of control and the date on which all of our outstanding subordinated units have converted to common units; provided, however, that in no event will the right of first offer provisions of the Omnibus Agreement terminate upon a change of control of Navios Holdings prior to the date that is four year following the date of the Omnibus Agreement.

Indemnification

Under the Omnibus Agreement, Navios Holdings has agreed to indemnify us after the closing of the IPO for a period of five years against certain environmental and toxic tort liabilities to the extent arising prior to the closing date of the IPO. Liabilities resulting from a change in law after the closing of the IPO are excluded from the environmental indemnity. There is an aggregate cap of $5.0 million on the amount of indemnity coverage provided by Navios Holdings for these environmental and toxic tort liabilities. No claim may be made unless the aggregate dollar amount of all claims exceeds $500,000, in which case Navios Holdings is liable for claims only to the extent such aggregate amount exceeds $500,000.

Navios Holdings will also indemnify us for liabilities related to:

certain defects in title to the assets contributed or sold to us and any failure to obtain, prior to the closing of the IPO, certain consents and permits necessary to conduct our business, which liabilities arise within three years after the closing of the IPO; and

certain income tax liabilities attributable to the operation of the assets contributed to us prior to the time they were contributed.

Amendments

The Omnibus Agreement may not be amended without the prior approval of the conflicts committee of our board of directors if the proposed amendment will, in the reasonable discretion of our board of directors, adversely affect holders of our common units.

Similar Agreement with Navios Maritime Acquisition Corporation

In connection with the initial public offering of Navios Acquisition, because of the overlap between Navios Acquisition, Navios Holdings and us, with respect to possible acquisitions under the terms of our Omnibus Agreement, we had entered into a business opportunity right of first refusal agreement, which provided that, commencing on June 25, 2008 and extending until the earlier of the consummation of an initial business combination by Navios Acquisition or its liquidation, we, Navios Holdings and Navios Acquisition would share business opportunities in the marine transportation and logistics industries.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis upon its delivery to Navios Holdings. Navios Holdings was released from the Omnibus Agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to sell to Navios Partners qualifying vessels in Navios Holdings existing fleet). Pursuant to our release from the Omnibus Agreement restrictions, in June 2009, we had waived our rights of first refusal with Navios Acquisition with respect to an acquisition opportunity until the earlier of: (a) the consummation of a business combination by Navios Acquisition; (b) the liquidation of Navios Acquisition; and (c) June 2011. Such waiver ended with the successful consummation of the initial business combination by Navios Acquisition, on May 28, 2010, when we entered into the business opportunity right of first refusal agreement.

The Acquisition Omnibus Agreement

We have entered into the Acquisition Omnibus Agreement with Navios Holdings and Navios Acquisition. The following discussion describes certain provisions of the Acquisition Omnibus Agreement.

Noncompetition

We and Navios Holdings agreed not to acquire, charter-in or own Liquid Shipment Vessels (as hereinafter defined). For purposes of the Acquisition Omnibus Agreement, Liquid Shipment Vessels means vessels intended primarily for the sea-going shipment of liquid products, including chemical and petroleum-based products, except for container vessels and vessels that will be employed primarily in operations in South America. This restriction will not prevent Navios Holdings or any of its controlled affiliates or Navios Partners (other than Navios Acquisition and its subsidiaries) from:

(1) acquiring a Liquid Shipment Vessel(s) from Navios Acquisition for fair market value;

(2) acquiring a Liquid Shipment Vessel(s) as part of the acquisition of a controlling interest in a business or package of assets and owning those vessels; provided, however, that:

(a)

if less than a majority of the value of the total assets or business acquired is attributable to a Liquid Shipment Vessel(s) and related charters, as determined in good faith by the board of directors of Navios Holdings or Navios Partners, as the case may be, Navios Holdings or Navios Partners, as the case may be, must offer to sell a Liquid Shipment Vessel(s) and related charters to Navios Acquisition for their fair market value plus any additional tax or other similar costs to Navios Holdings that would be required to transfer a Liquid Shipment Vessel(s) and related charters to Navios Acquisition separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to a Liquid Shipment Vessel(s) and related charters, as determined in good faith by the board of directors of Navios Holdings or Navios Partners, as the case may be, Navios Holdings or Partners, as the case may be, shall notify Navios Acquisition in writing, of the proposed acquisition. Navios Acquisition shall, not later than the 15th calendar day following receipt of such notice, notify Navios Holdings or Navios Partners, as the case may be, if Navios Acquisition wishes to acquire such a Liquid Shipment Vessel(s) and related charters forming part of the business or package of assets in cooperation and simultaneously with Navios Holdings or Navios Partners, as the case may be, acquiring a Liquid Shipment Vessel(s) and related charters forming part of that business or package of assets. If Navios Acquisition does not notify Navios Holdings of its intent to pursue the acquisition within 15 calendar days, Navios Holdings may proceed with the acquisition as provided in (a) above.

(3) acquiring a non-controlling interest in any company, business or pool of assets;

(4) acquiring or owning a Liquid Shipment Vessel(s) and related charter if Navios Acquisition does not fulfill its obligation, under any existing or future written agreement, to purchase such vessel in accordance with the terms of any such agreement;

(5) acquiring or owning a Liquid Shipment Vessel(s) subject to the offers to Navios Acquisition described in paragraphs (3) and (4) above pending our determination whether to accept such offers and pending the closing of any offers we accept;

(6) providing ship management services relating to any vessel whatsoever, including to a Liquid Shipment Vessel(s) owned by the controlled affiliates of Navios Holdings; or

(7) acquiring or owning a Liquid Shipment Vessel(s) if Navios Acquisition has previously advised Navios Holdings or Navios Partners, as the case may be, that Navios Acquisition consents to such acquisition, or if Navios Acquisition have been offered the opportunity to purchase such vessel pursuant to the Acquisition Omnibus Agreement and failed to do so.

If Navios Holdings or Navios Partners, as the case may be, or any of their respective controlled affiliates (other than Navios Acquisition or its subsidiaries) acquires or owns a Liquid Shipment Vessel(s) pursuant to any of the exceptions described above, it may not subsequently expand that portion of its business other than pursuant to those exceptions.

In addition, under the Acquisition Omnibus Agreement, Navios Acquisition has agreed, and will cause its subsidiaries to agree, not to acquire, own, operate or charter drybulk carriers (Drybulk Carriers). Pursuant to an agreement between them, Navios Holdings and Navios Partners may be entitled to a priority over each other depending on the class and charter length of any Drybulk Carrier. This restriction will not:

(1) prevent Navios Acquisition or any of its subsidiaries from acquiring a Drybulk Carrier(s) and any related charters as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels; provided, however, that:

(a) if less than a majority of the value of the total assets or business acquired is attributable to a Drybulk Carrier(s) and related charter(s), as determined in good faith by Navios Acquisition, Navios Acquisition must offer to sell such Drybulk Carrier(s) and related charter to Navios Holdings or Navios Partners, as the case may be, for their fair market value plus any additional tax or other similar costs to Navios Acquisition that would be required to transfer the Drybulk Carrier(s) and related charter(s) to Navios

Holdings or Navios Partners, as the case may be, separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to a Drybulk Carrier(s) and related charter(s), as determined in good faith by Navios Acquisition, Navios Acquisition shall notify Navios Holdings or Navios Partners, as the case may be, in writing of the proposed acquisition. Navios Holdings or Navios Partners, as the case may be, shall, not later than the 15th calendar day following receipt of such notice, notify Navios

Acquisition if it wishes to acquire the Drybulk Carrier(s) forming part of the business or package of assets in cooperation and simultaneously with Navios Acquisition acquiring the Non-Drybulk Carrier assets forming part of that business or package of assets. If Navios Holdings and Navios Partners do not notify Navios Acquisition of its intent to pursue the acquisition within 15 calendar days, Navios Acquisition may proceed with the acquisition as provided in (a) above.

(2) prevent Navios Acquisition or any of its subsidiaries from owning, operating or chartering a Drybulk Carrier(s) subject to the offer to Navios Holdings or Navios Partners described in paragraph (1) above, pending its determination whether to accept such offer and pending the closing of any offer it accepts; or

(3) prevent Navios Acquisition or any of its subsidiaries from acquiring, operating or chartering a Drybulk Carrier(s) if Navios Holdings and Navios Partners have previously advised Navios Acquisition that it consents to such acquisition, operation or charter, or if they have previously been offered the opportunity to purchase such Drybulk Carrier(s) and have declined to do so.

If Navios Acquisition or any of its subsidiaries owns, operates and charters Drybulk Carriers pursuant to any of the exceptions described above, neither Navios Acquisition nor such subsidiary may subsequently expand that portion of its business other than pursuant to those exceptions.

Rights of First Offer

Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries will grant to Navios Holdings and Navios Partners, as the case may be, a right of first offer on any proposed sale, transfer or other disposition of any of its Drybulk Carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to Navios Acquisition for any Liquid Shipment Vessels it might own. These rights of first offer will not apply to a (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

Prior to engaging in any negotiation regarding any vessel disposition with respect to a Liquid Shipment Vessel(s) with a non-affiliated third party or any Drybulk Carrier(s) and related charter, we, Navios Holdings, or Navios Acquisition, as the case may be, will deliver a written notice to the other parties setting forth the material terms and conditions of the proposed transaction. During the 15-day period after the delivery of such notice, we, Navios Holdings or Navios Acquisition, as the case may be, will negotiate in good faith to reach an agreement on the transaction. If Navios Acquisition does not reach an agreement within such 15-day period, we or Navios Holdings or Navios Acquisition, as the case may be, will be able within the next 180 calendar days to sell, transfer or dispose of the vessel to a third party (or to agree in writing to undertake such transaction with a third party) on terms generally no less favorable to us or Navios Holdings, as the case may be, than those offered pursuant to the written notice.

Upon a change of control of us, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement will terminate immediately as to Navios Partners, but shall remain binding on Navios Acquisition and Navios Holdings. Upon a change of control of Navios Holdings, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement shall terminate; provided, however, that in no event shall the noncompetition and the rights of first refusal terminate upon a change of control of Navios Holdings prior to the fourth anniversary of the Acquisition Omnibus Agreement. Upon a change of control of Navios Acquisition, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement will terminate immediately as to all parties of the Acquisition Omnibus Agreement.

Management Agreement

At the closing of the IPO, we entered into a management agreement with Navios ShipManagement, a subsidiary of Navios Holdings, pursuant to which Navios ShipManagement has agreed to provide certain

commercial and technical management services to us. These services are provided in a commercially reasonable manner in accordance with customary ship management practice and under our direction. Navios ShipManagement provides these services to us directly but may subcontract for certain of these services with other entities, including other Navios Holdings subsidiaries.

The commercial and technical management services include:

the commercial and technical management of the vessel: managing day-to-day vessel operations including negotiating charters and other employment contracts with respect to the vessels and monitoring payments thereunder, ensuring regulatory compliance, arranging for the vetting of vessels, procuring and arranging for port entrance and clearance, appointing counsel and negotiating the settlement of all claims in connection with the operation of each vessel, appointing adjusters and surveyors and technical consultants as necessary, and providing technical support,

vessel maintenance and crewing: including supervising the maintenance and general efficiency of vessels, and ensuring the vessels are in seaworthy and good operating condition, arranging our hire of qualified officers and crew, arranging for all transportation, board and lodging of the crew, negotiating the settlement and payment of all wages, and

purchasing and insurance: purchasing stores, supplies and parts for vessels, arranging insurance for vessels (including marine hull and machinery insurance, protection and indemnity insurance and war risk and oil pollution insurance).

The initial term of the management agreement expires in November 2012 with respect to each vessel in our fleet. In October 2009, we fixed the rate with Navios ShipManagement for a period of two years until November 2011. The management fees we pay to Navios ShipManagement are: (a) $4,500 daily rate per owned Ultra-Handymax vessel; (b) $4,400 daily rate per owned Panamax vessel; and (c) $5,500 daily rate per owned Capesize vessel.

This fixed daily fee covers all of our vessel operating expenses, including the cost of special surveys, other than certain extraordinary fees and costs. During the remaining period from November 16, 2011 to November 16, 2012, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet. Actual operating costs and expenses are determined in a manner consistent with how the initial $4,000 and $5,000 and the new $4,500, $4,400 and $5,500 fixed fees were determined.

The management agreement may be terminated prior to the end of its initial term by us upon 120 days notice if there is a change of control of Navios ShipManagement, or by Navios ShipManagement upon 120 days notice if there is a change of control of us or our general partner. In addition, the management agreement may be terminated by us or by Navios ShipManagement upon 120 days notice if:

the other party breaches the agreement;

a receiver is appointed for all or substantially all of the property of the other party;

an order is made to wind up the other party;

a final judgment or order that materially and adversely affects the other party s ability to perform the management agreement is obtained or entered and not vacated or discharged; or

the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the management agreement, the management agreement may be terminated prior to the end of its initial term by us or by Navios ShipManagement upon 365 days notice for any reason other than those described above.

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In addition to the fixed daily fees payable under the management agreement, the management agreement provides that Navios ShipManagement is entitled to reasonable supplementary remuneration for extraordinary fees and costs resulting from:

time spent on insurance and salvage claims;

time spent vetting and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;

the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;

the significant increase in insurance premiums which are due to factors such as acts of God outside the control of Navios ShipManagement;

repairs, refurbishment or modifications, including those not covered by the guarantee of the shipbuilder or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of Navios ShipManagement, its employees or its agents, unless and to the extent otherwise covered by insurance);

expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;

costs associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;

any taxes, dues or fines imposed on the vessels or Navios ShipManagement due to the operation of the vessels;

expenses incurred in connection with the sale or acquisition of a vessel such as inspections and technical assistance; and

any similar costs, liabilities and expenses that were not reasonably contemplated by us and Navios ShipManagement as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

Under the management agreement, neither we nor Navios ShipManagement are liable for failure to perform any of our or its obligations, respectively, under the management agreement by reason of any cause beyond our or its reasonable control.

In addition, Navios ShipManagement has no liability for any loss arising in the course of the performance of the commercial and technical management services under the management agreement unless and to the extent that such loss is proved to have resulted solely from the fraud, gross negligence or willful misconduct of Navios ShipManagement or its employees, in which case (except where such loss has resulted from Navios ShipManagement s intentional personal act or omission and with knowledge that such loss would probably result)

Navios ShipManagement s liability is limited to $3.0 million for each incident or series of related incidents.

Further, under our management agreement, we have agreed to indemnify Navios ShipManagement and its employees and agents against all actions which may be brought against them under the management agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, or otherwise relating to pollution or the environment, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such action; provided, however that such indemnity excludes any or all losses which may be caused by or due to the fraud, gross negligence or willful misconduct of

Navios ShipManagement or its employees or agents, or any breach of the management agreement by Navios ShipManagement.

Administrative Services Agreement

At the closing of the IPO, we entered into an administrative services agreement with Navios ShipManagement, pursuant to which Navios ShipManagement has agreed to provide certain administrative management services to us. The agreement has an initial term expiring in November 2012.

The administrative services agreement may be terminated prior to the end of its term by us upon 120 days notice if there is a change of control of Navios ShipManagement or by Navios ShipManagement upon 120 days notice if there is a change of control of us or our General Partner. In addition, the administrative services agreement may be terminated by us or by Navios ShipManagement upon 120 days notice if:

- the other party breaches the agreement;
- a receiver is appointed for all or substantially all of the property of the other party;
- an order is made to wind up the other party;
- a final judgment or order that materially and adversely affects the other party s ability to perform the management agreement is obtained or entered and not vacated or discharged; or
- the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the administrative services agreement, the administrative services agreement may be terminated by us or by Navios ShipManagement upon 365 days notice for any reason other than those described above.

The administrative services include:

- *bookkeeping, audit and accounting services:* assistance with the maintenance of our corporate books and records, assistance with the preparation of our tax returns and arranging for the provision of audit and accounting services;
- *legal and insurance services:* arranging for the provision of legal, insurance and other professional services and maintaining our existence and good standing in necessary jurisdictions;
- *administrative and clerical services:* assistance with office space, arranging meetings for our common unitholders pursuant to the partnership agreement, arranging the provision of IT services, providing all administrative services required for subsequent debt and equity financings and attending to all other administrative matters necessary to ensure the professional management of our business;
- *banking and financial services*: providing cash management including assistance with preparation of budgets, overseeing banking services and bank accounts, arranging for the deposit of funds, negotiating loan and credit terms with lenders and monitoring and maintaining compliance therewith;
- *advisory services*: assistance in complying with United States and other relevant securities laws;

client and investor relations: arranging for the provision of, advisory, clerical and investor relations services to assist and support us in our communications with our common unitholders;

integration of any acquired businesses; and

client and investor relations.

We reimburse Navios ShipManagement for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after Navios ShipManagement submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

Under the administrative services agreement, we have agreed to indemnify Navios ShipManagement and its employees against all actions which may be brought against them under the administrative services agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such actions; provided, however that such indemnity excludes any or all losses which may be caused by or due to the fraud, gross negligence or willful misconduct of Navios ShipManagement or its employees or agents.

Common Unit Purchase Agreement between Navios Maritime Partners L.P. and Amadeus Maritime S.A.

In connection with the IPO, we entered into a common unit purchase agreement with Amadeus Maritime S.A. (Amadeus Maritime), a corporation wholly-owned by Ms. Angeliki Frangou, our Chairman and Chief Executive Officer, pursuant to which we sold 500,000 common units to Amadeus Maritime at a price per unit equal to the public offering price.

General and Administrative Expenses

We have entered into an administrative services agreement with Navios ShipManagement, pursuant to which Navios ShipManagement has agreed to provide certain administrative management services to us. The agreement has an initial term expiring in November 2012. Total general and administrative expenses for the years ended December 31, 2010, 2009 and 2008 amounted to $2.7 million, $1.8 million and $1.5 million, respectively.

Management Fees

Pursuant to the management agreement dated November 16, 2007, Navios ShipManagement provides commercial and technical management services to our vessels. In October 2009, we fixed the rate with Navios ShipManagement for a period of two years until November 2011. The management fees we pay to Navios ShipManagement are: (a) $4,500 daily rate per owned Ultra-Handymax vessel; (b) $4,400 daily rate per owned Panamax vessel; and (c) $5,500 daily rate per owned Capesize vessel. This daily fee covers all of the vessels operating expenses, including the cost of drydock and special surveys. The daily rates are until November 16, 2011, whereas the initial term of the agreement expires in November 2012. Total management fees for the years ended December 31, 2010, 2009 and 2008 amounted to $19.7 million, $11.0 million and $9.3 million, respectively.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements: See Item 18.

Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we are not at present party to any legal proceedings or aware of any proceedings against us, or contemplated to be brought against us, that would have a material effect on our business, financial position, results of operations or liquidity. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our board of directors believes are reasonable and prudent. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Cash Distribution Policy

Rationale for Our Cash Distribution Policy

Our cash distribution policy reflects a basic judgment that our unitholders are better served by our distributing our cash available (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves) rather than retaining it. Because we believe we will generally finance any

expansion capital expenditures from external financing sources, we believe that our investors are best served by our distributing all of our available cash. Our cash distribution policy is consistent with the terms of our partnership agreement, which requires that we distribute all of our available cash quarterly (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves).

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

There is no guarantee that unitholders will receive quarterly distributions from us. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

- Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our board of directors to establish reserves and other limitations.

- While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Although during the subordination period, with certain exceptions, our partnership agreement may not be amended without the approval of non-affiliated common unitholders, our partnership agreement can be amended with the approval of a majority of the outstanding common units after the subordination period has ended. Upon the closing of the IPO, Navios Holdings did not own any of our outstanding common units and owned 100.0% of our outstanding subordinated units.

- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement.

- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets.

- We may lack sufficient cash to pay distributions to our unitholders due to decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.

- Our distribution policy is affected by restrictions on distributions under our Credit Facility that we entered into in connection with the closing of the IPO. Specifically, our Credit Facility contains material financial tests that must be satisfied and we will not pay any distributions that will cause us to violate our credit facility or other debt instruments. Should we be unable to satisfy these restrictions included in our Credit Facility or if we are otherwise in default under our Credit Facility, our ability to make cash distributions to unitholders, notwithstanding our cash distribution policy, would be materially adversely affected.

- If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

Our ability to make distributions to our unitholders depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations.

Minimum Quarterly Distribution

We intend to distribute to the holders of common units and subordinated units on a quarterly basis at least the minimum quarterly distribution of $0.35 per unit, or $1.40 per unit per year, to the extent we have sufficient cash on hand to pay the distribution after we establish cash reserves and pay fees and expenses. The amount of available cash from operating surplus needed to pay the minimum quarterly distribution for four

quarters on all units outstanding and the related distribution on the 2.0% general partner interest (not including subordinated Series A units that are not eligible to receive distributions until the third anniversary of their issuance, at which point they will automatically convert into common units and receive distributions in accordance with all other common units) is approximately $70.6 million. There is no guarantee that we will pay the minimum quarterly distribution on the common units and subordinated units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement. We are prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our existing revolving credit agreement.

During the years ended December 31, 2010, 2009 and 2008 the aggregate amount of cash distribution paid was $72.3 million, $39.0 million, and $24.6 million, respectively.

On January 21, 2011, the Board of Directors of Navios Partners authorized its quarterly cash distribution for the three month period ended December 31, 2010 of $0.43 per unit. The distribution was paid on February 14, 2011 to all holders of record of common, subordinated and general partner units (not including holders of subordinated Series A units) on February 9, 2011. The aggregate amount of the paid distribution was $21.9 million.

Subordination period

During the subordination period the common units have the right to receive distributions of available cash from operating surplus in an amount equal to the minimum quarterly distribution of $0.35 per unit, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Distribution arrearages do not accrue on the subordinated units. The purpose of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

Subordinated Series A units

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and, upon delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Holdings received 1,000,000 subordinated Series A units, which were recognized as non-cash compensation expense in Navios Partners statement of income. The subordinated units are not eligible to receive distributions until the third anniversary of their issuance, at which point they will automatically convert into common units and receive distributions in accordance with all other common units.

Incentive Distribution Rights

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our General Partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement. Except for transfers of incentive distribution rights to an affiliate or another entity as part of our General Partner s merger or consolidation with or into, or sale of substantially all of its assets to such entity, the approval of a majority of our common units (excluding common units held by our General Partner and its affiliates), voting separately as a class, generally is required for a transfer of the incentive distribution rights to a third party prior to December 31, 2017.

The following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders and our general partner up to the various target distribution levels. The amounts set forth under Marginal Percentage Interest in Distributions are the percentage interests of the unitholders and our General Partner in any available cash from operating surplus we distribute up to and including the corresponding amount in the column Total Quarterly Distribution Target Amount, until available cash from

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operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our General Partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown for our General Partner assume that our general partner maintains its 2.0% general partner interest and assume our General Partner has not transferred the incentive distribution rights.

		Marginal Percentage Interest in Distributions	
	Total Quarterly Distribution Target Amount	**Common and Subordinated Unitholders**	**General Partner**
Minimum Quarterly Distribution	$0.35	98%	2%
First Target Distribution	up to $0.4025	98%	2%
Second Target Distribution	above $0.4025 up to $0.4375	85%	15%
Third Target Distribution	above $0.4375 up to $0.525	75%	25%
Thereafter	above $0.525	50%	50%

B. Significant Changes

No significant changes have occurred since the date of the annual financial statements included herein.

Item 9. The Offer and Listing

Our common units are traded on the New York Stock Exchange (or NYSE) under the symbol NMM . The following table sets forth the high and low closing sales prices for our common units on the NYSE for each of the periods indicated:

	Price Range	
	High	**Low**
Year Ended:		
December 31, 2010	$ 20.03	$ 14.05
December 31, 2009	$ 15.90	$ 6.25
December 31, 2008	$ 18.85	$ 3.36
December 31, 2007*	$ 19.45	$ 17.40
Quarter Ended:		
March 31, 2011 (through February 28, 2011)	$ 20.82	$ 18.65
December 31, 2010	$ 19.58	$ 17.93
September 30, 2010	$ 18.58	$ 15.33
June 30, 2010	$ 20.03	$ 14.81
March 31, 2010	$ 17.77	$ 14.50
December 31, 2009	$ 15.90	$ 11.75
September 30, 2009	$ 13.42	$ 9.05
June 30, 2009	$ 11.94	$ 7.90
March 31, 2009	$ 8.85	$ 6.25

Month Ended:		
February 28, 2011	$ 19.87	$ 18.75
January 31, 2011	$ 20.82	$ 18.65
December 31, 2010	$ 19.58	$ 18.73
November 30, 2010	$ 18.56	$ 18.42
October 31, 2010	$ 18.88	$ 17.93
September 30, 2010	$ 18.58	$ 17.40

(*) Period beginning November 13, 2007

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The information required to be disclosed under Item 10.B is incorporated by reference to the following sections of the prospectus included in our Registration Statement on Form F-1 filed with the SEC on November 14, 2007: The Partnership Agreement, Description of the Common Units The Units , Conflicts of Interest and Fiduciary Duties , Ho we make Cash Distributions and Our Cash Distribution Policy and Restrictions on Distributions.

In addition, on June 10, 2009, we executed the Second Amended and Restated Agreement of Limited Partnership of Navios Maritime Partners L.P. The amended L.P. Agreement designated a new series of subordinated units as Subordinated Series A Units (the Series A Units). The Series A Units are not eligible to receive cash distributions until the earlier of our change of control or June 29, 2012, at which time the Series A Units will automatically convert into common units. At the time of such automatic conversion, as a result of holding common units, the former holders of the Series A Units will be entitled to receive distributions in accordance with all other common units.

C. Material Contracts

The following is a summary of each material contract, other than material contracts entered into in the ordinary course of business, to which we or any of our subsidiaries is a party, for the two years immediately preceding the date of this Annual Report, each of which is included in the list of exhibits in Item 19. Please read Item 5. Operating and Financial Review and Prospects Trends and Factors Affecting Our Future Results of Operations Liquidity and Capital Resources Revolving Credit Facility for a summary of certain contract terms

Supplemental Agreement dated June 25, 2008, by and among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007.

Supplemental Agreement dated January 30, 2009, by and among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by an agreement dated June 25, 2008) for a loan facility of up to US$295,000,000.

Third Supplemental Agreement dated January 11, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008 and January 30, 2009). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Fourth Supplemental Agreement dated March 30, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009 and January 11, 2010). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Fifth Supplemental Agreement dated June 1, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010 and March 30, 2010). Please read Item 5. Operating and Financial

Review and Prospects for a summary of certain contract terms.

Sixth Supplemental Agreement dated December 13, 2010, among Navios Partners, Commerzbank AG and DVB Bank AG relating to the credit facility dated November 15, 2007 (as amended by agreements dated June 25, 2008, January 30, 2009, January 11, 2010, March 30, 2010 and June 1, 2010). Please read Item 5. Operating and Financial Review and Prospects for a summary of certain contract terms.

Amendment to Omnibus Agreement, dated as of June 29, 2009, among Navios Holdings, Navios GP LLC, Navios Maritime Operating LLC., and Navios Partners, relating to the Omnibus Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Amendment to Management Agreement dated October 29, 2009, between Navios Partners and Navios ShipManagement relating to the Management Agreement dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Amendment to Share Purchase Agreement, dated as of June 29, 2009, between Anemos Holdings and Navios Partners relating to the Share Purchase Agreement for the vessel Navios TBN I (now Navios Bonavis) dated November 16, 2007. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Registration Rights Agreement dated April 30, 2008. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

Waiver to Right of First Refusal and Corporate Opportunities Agreement, dated June 29, 2009, by Navios Partners. Please read Item 7. Major Unitholders and Related Party Transactions for a summary of certain contract terms.

D. Exchange controls

We are not aware of any governmental laws, decrees or regulations, including foreign exchange controls, in the Marshall Islands, Liberia, Malta, the countries of incorporation of Navios Partners and its subsidiaries that restrict the export or import of capital, or that affect the remittance of dividends, interest or other payments to non-resident holders of our securities.

We are not aware of any limitations on the right of non-resident or foreign owners to hold or vote our securities imposed by the laws of the Republic of the Marshall Islands or our Certificate of Formation and Limited Partnership Agreement.

E. Taxation of Holders

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income tax considerations that may be relevant to unitholders and, unless otherwise noted in the following discussion, is the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., our U.S. counsel, insofar as it relates to matters of U.S. federal income tax law and legal conclusions with respect to those matters. The opinion of our counsel is dependent on the accuracy of representations made by us to them, including descriptions of our operations contained herein.

This discussion is based upon provisions of the Code, Treasury Regulations, and current administrative rulings and court decisions, all as in effect or in existence on the date of this prospectus and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences of unit ownership to vary substantially from the consequences described below. Unless the context otherwise requires, references in this section to we, our or us are references to Navios Maritime Partners L.P.

The following discussion applies only to beneficial owners of common units that own the common units as capital assets (generally, for investment purposes). The following discussion does not comment on all aspects of U.S. federal income taxation which may be important to particular unitholders in light of their individual circumstances, such as unitholders subject to special tax rules (e.g., banks or other financial institutions, insurance companies, broker-dealers, tax-exempt organizations and retirement plans, individual retirement accounts and tax-deferred accounts, or former citizens or long-term residents of the United States) or to persons that will hold the units as part of a straddle, hedge, conversion, constructive sale, or other

integrated transaction for U.S. federal income tax purposes, to partnerships or other entities classified as partnerships for U.S. federal income tax purposes or their partners or to persons that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds our common units, the tax treatment of its partners generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our common units, you should consult your own tax advisor regarding the tax consequences to you of the partnership s ownership of our common units.

No ruling has been or is intended to be requested from the IRS regarding any matter affecting us or unitholders. The opinions and statements made herein may be challenged by the IRS and, if so challenged, may not be sustained upon review in a court.

This discussion does not contain information regarding any U.S. state or local, estate, gift or alternative minimum tax considerations concerning the ownership or disposition of common units. Each unitholder is urged to consult its own tax advisor regarding the U.S. federal, state, local, and other tax consequences of the ownership or disposition of common units.

Election to be Treated as a Corporation

We have elected to be treated as a corporation for U.S. federal income tax purposes. Consequently, among other things, U.S. Holders (as defined below) will not directly be subject to U.S. federal income tax on their shares of our income, but rather will be subject to U.S. federal income tax on distributions received from us and dispositions of units as described below.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term U.S. Holder means a beneficial owner of our common units that owns less than 10.0% of our common units and that:

- is an individual U.S. citizen or resident (as determined for U.S. federal income tax purposes),
- a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) organized under the laws of the United States or any of its political subdivisions,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust if (i) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under current Treasury Regulations to be treated as a U.S. person.

Distributions

Subject to the discussion below of the rules applicable to passive foreign investment companies, or PFICs, any distributions to a U.S. Holder made by us with respect to our common units generally will constitute dividends, which will be taxable as ordinary income or qualified dividend income as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder s tax basis in its common units and thereafter as capital gain, which will be either long-term or short-term capital gain depending upon whether the U.S. Holder held the common units for more than one year. U.S. Holders that

are corporations generally will not be entitled to claim a dividend received deduction with respect to distributions they receive from us. For U.S. foreign tax credit purposes, dividends received with respect to the common units will be treated as foreign source income and generally will be treated as passive category income.

Dividends received with respect to our common units by a U.S. Holder who is an individual, trust or estate (a U.S. Individual Holder) generally will be treated as qualified dividend income that is taxable to

such U.S. Individual Holder at preferential capital gain tax rates (through 2012), provided that: (i) our common units are readily tradable on an established securities market in the United States (such as the New York Stock Exchange on which we expect our common units to be traded); (ii) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be, as discussed below); (iii) the U.S. Individual Holder has owned the common units for more than 60 days during the 121-day period beginning 60 days before the date on which the common units become ex-dividend (and has not entered into certain risk limiting transactions with respect to such common units); and (iv) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. Any dividends paid on our common units that are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder. In the absence of legislation extending the term of the preferential tax rates for qualified dividend income, all dividends received by a taxpayer in tax years beginning on or after January 1, 2013, will be taxed at rates applicable to ordinary income.

Special rules may apply to any amounts received in respect of our common units that are treated as extraordinary dividends. In general, an extraordinary dividend is a dividend with respect to a common unit that is equal to or in excess of 10.0% of a unitholder s adjusted tax basis (or fair market value upon the unitholder s election) in such common unit. In addition, extraordinary dividends include dividends received within a one year period that, in the aggregate, equal or exceed 20.0% of a unitholder s adjusted tax basis (or fair market value). If we pay an extraordinary dividend on our common units that is treated as qualified dividend income, then any loss recognized by a U.S. Individual Holder from the sale or exchange of such common units will be treated as long-term capital loss to the extent of the amount of such dividend.

In addition, under legislation proposed in the U.S. Congress, the preferential rate of federal income tax currently imposed on qualified dividend income would be denied with respect to dividends received from a non-U.S. corporation, if the non-U.S. corporation is created or organized under the laws of a foreign country that does not have a comprehensive income tax system. Because the Marshall Islands imposes only limited taxes on corporations organized under its laws, it is likely that, if this legislation were enacted, the preferential tax rates imposed on qualified dividend income would no longer be applicable to dividends received from us. Any dividends paid on our common units that are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder. As of the date hereof, it is not possible to predict with any certainty whether any of this legislation will be enacted.

Sale, Exchange or other Disposition of Common Units

Subject to the discussion of PFICs below, a U.S. Holder generally will recognize capital gain or loss upon a sale, exchange or other disposition of our units in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder s adjusted tax basis in such units. The U.S. Holder s initial tax basis in the common units generally will be the U.S. Holder s purchase price for the common units and that tax basis will be reduced (but not below zero) by the amount of any distributions on the common units that are treated as non-taxable returns of capital (Please read Material U.S. Federal Income Tax Considerations U.S. Federal Income Taxation of U.S. Holders Distributions). Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder s holding period is greater than one year at the time of the sale, exchange or other disposition. Certain U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. A U.S. Holder s ability to deduct capital losses is subject to limitations. Such capital gain or loss generally will be treated as U.S. source income or loss, as applicable, for U.S. foreign tax credit purposes.

PFIC Status and Significant Tax Consequences

In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which the holder held our common units, either:

at least 75.0% of our gross income (including the gross income of our vessel-owning subsidiaries) for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or

at least 50.0% of the average value of the assets held by us (including the assets of our vessel-owning subsidiaries) during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income generally would constitute passive income unless we were treated as deriving our rental income in the active conduct of a trade or business under the applicable rules.

Based on our current and projected methods of operation, and an opinion of counsel, we believe that we will not be a PFIC with respect to any taxable year. Our U.S. counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., is of the opinion that (1) the income we receive from time chartering activities and assets engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25% of our gross income for each taxable year after our initial taxable year and the value of our vessels contracted under time charters exceeds 50% of the average value of our assets for each taxable year after our initial taxable year, we should not be a PFIC. This opinion is based on representations and projections provided to our counsel by us regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections.

Our counsel s opinion is based principally on its conclusion that, for purposes of determining whether we are a PFIC, the gross income we derive or are deemed to derive from the time chartering activities of our wholly owned subsidiaries should constitute services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our subsidiaries own and operate in connection with the production of such income, in particular, the vessels we or our subsidiaries own that are subject to time charters, should not constitute passive assets for purposes of determining whether we are or have been a PFIC. We expect that all of the vessels in our fleet will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels engaged in those activities as non-passive assets, for PFIC purposes.

Our counsel believes that there is substantial legal authority supporting our position consisting of the Code, legislative history, case law and IRS pronouncements concerning the characterization of income derived from time charters as services income. However, there is no legal authority directly on point, and we are not obtaining a ruling from the IRS on this issue. The opinion of our counsel is not binding on the IRS or any court. Thus, while we have received an opinion of our counsel in support of our position, there is a possibility that the IRS or a court could disagree with this position and the opinion of our counsel. Although we intend to conduct our affairs in a manner to avoid being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different taxation rules depending on whether the U.S. Holder makes an election to treat us as a Qualified Electing Fund, which we refer to as a QEF election. As an alternative to making a QEF election, a U.S. Holder should be able to make a mark-to-market election with respect to our common units, as discussed below.

Taxation of U.S. Holders Making a Timely QEF Election

If a U.S. Holder makes a timely QEF election (an Electing Holder), he must report for U.S. federal income tax purposes his pro rata share of our ordinary earnings and net capital gain, if any, for our taxable years that end with or within his taxable year, regardless of whether or not the Electing Holder received

distributions from us in that year. The Electing Holder s adjusted tax basis in the common units will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that were previously taxed will result in a corresponding reduction in the Electing Holder s adjusted tax basis in common units and will not be taxed again once distributed. An Electing Holder generally will recognize capital gain or loss on the sale, exchange or other disposition of our common units. A U.S. Holder makes a QEF election with respect to any year that we are a PFIC by filing IRS Form 8621 with his U.S. federal income tax return. If contrary to our expectations, we determine that we are treated as a PFIC for any taxable year, we will provide each U.S. Holder with the information necessary to make the QEF election described above.

Taxation of U.S. Holders Making a Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year and, as we anticipate, our units were treated as marketable stock, then, as an alternative to making a QEF election, a U.S. Holder would be allowed to make a mark-to-market election with respect to our common units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the U.S. Holder s common units at the end of the taxable year over the holder s adjusted tax basis in the common units. The U.S. Holder also would be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder s adjusted tax basis in the common units over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder s tax basis in his common units would be adjusted to reflect any such income or loss recognized. Gain recognized on the sale, exchange or other disposition of our common units would be treated as ordinary income, and any loss recognized on the sale, exchange or other disposition of the common units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the U.S. Holder.

Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

If we were to be treated as a PFIC for any taxable year, a U.S. Holder who does not make either a QEF election or a mark-to-market election for that year (a Non-Electing Holder,) would be subject to special rules resulting in increased tax liability with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common units in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non- Electing Holder s holding period for the common units), and (2) any gain realized on the sale, exchange or other disposition of the units. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder s aggregate holding period for the common units;
- the amount allocated to the current taxable year and any year prior to the year we were first treated as a PFIC with respect to the Non- Electing Holder would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of our common units. If we were treated as a PFIC for any taxable year and a Non-Electing Holder who is an individual dies while owning our common units, such holder s successor generally would not receive a step-up in tax basis with respect to

such units.

U.S. Federal Income Taxation of Non-U.S. Holders

A beneficial owner of our common units (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder is a Non-U.S. Holder . If you are a partner in a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holding our common units, you should consult your own tax advisor regarding the tax consequences to you of the partnership s ownership of our common units.

Distributions

Distributions we pay to a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax if the Non-U.S. Holder is not engaged in a U.S. trade or business. If the Non-U.S. Holder is engaged in a U.S. trade or business, our distributions will be subject to U.S. federal income tax to the extent they constitute income effectively connected with the Non-U.S. Holder s U.S. trade or business. However, distributions paid to a Non-U.S. Holder who is engaged in a trade or business may be exempt from taxation under an income tax treaty if the income arising from the distribution is not attributable to a U.S. permanent establishment maintained by the Non-U.S. Holder.

Disposition of Units

In general, a Non-U.S. Holder is not subject to U.S. federal income tax or withholding tax on any gain resulting from the disposition of our common units provided the Non-U.S. Holder is not engaged in a U.S. trade or business. A Non-U.S. Holder that is engaged in a U.S. trade or business will be subject to U.S. federal income tax in the event the gain from the disposition of units is effectively connected with the conduct of such U.S. trade or business (provided, in the case of a Non-U.S. Holder entitled to the benefits of an income tax treaty with the United States, such gain also is attributable to a U.S. permanent establishment). However, even if not engaged in a U.S. trade or business, individual Non-U.S. Holders may be subject to tax on gain resulting from the disposition of our common units if they are present in the United States for 183 days or more during the taxable year in which those units are disposed and meet certain other requirements.

Backup Withholding and Information Reporting

In general, payments to a non-corporate U.S. Holder of distributions or the proceeds of a disposition of common units will be subject to information reporting. These payments to a non-corporate U.S. Holder also may be subject to backup withholding, if the non-corporate U.S. Holder:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that he has failed to report all interest or corporate distributions required to be reported on his U.S. federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable.

Backup withholding is not an additional tax. Rather, a unitholder generally may obtain a credit for any amount withheld against his liability for U.S. federal income tax (and obtain a refund of any amounts withheld in excess of such liability) by filing a U.S. federal income tax return with the IRS.

Tax Consequences of Ownership of Debt Securities

A description of the material federal income tax consequences of the registration, ownership and disposition of debt securities will be set forth in the prospectus supplement relating to the offering of any debt securities.

NON-UNITED STATES TAX CONSIDERATIONS

Marshall Islands Tax Consequences

The following discussion is based upon the opinion of Reeder & Simpson P.C., our counsel as to matters of the laws of the Republic of the Marshall Islands, and the current laws of the Republic of the Marshall Islands applicable to persons who do not reside in, maintain offices in or engage in business in the Republic of the Marshall Islands.

Because we and our subsidiaries do not and do not expect to conduct business or operations in the Republic of the Marshall Islands, under current Marshall Islands law you will not be subject to Marshall Islands taxation or withholding on distributions, including upon distribution treated as a return of capital, we make to you as a unitholder. In addition, you will not be subject to Marshall Islands stamp, capital gains or other taxes on the purchase, ownership or disposition of common units, and you will not be required by the Republic of the Marshall Islands to file a tax return relating to your ownership of common units.

EACH UNITHOLDER IS URGED TO CONSULT HIS OWN TAX, LEGAL AND OTHER ADVISORS REGARDING THE CONSEQUENCES OF OWNERSHIP OF COMMON UNITS UNDER THE UNITHOLDER S PARTICULAR CIRCUMSTANCES.

F. Dividends and paying agents

Not applicable.

G. Statements by experts

Not applicable.

H. Documents on display

We file reports and other information with the Securities and Exchange Commission (SEC). These materials, including this annual report and the accompanying exhibits, may be inspected and copied at the public facilities maintained by the Commission at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC s website http://www.sec.gov. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-300 and you may obtain copies at prescribed rates.

I. Subsidiary information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risks

Foreign Exchange Risk

Our functional and reporting currency is the U.S. dollar. We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar denominated. Transactions in currencies other than U.S. dollar are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are

recognized. Expenses incurred in foreign currencies against which the U.S. Dollar falls in value can increase thereby decreasing our income or vice versa if the U.S. dollar increases in value. For example, during the year ended December 31, 2010, the value of U.S. dollar increased by approximately 8.2% as compared to the Euro.

Interest Rate Risk

Borrowings under our Credit Facility bear interest at rate based on a premium over U.S.$ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the years

ended December 31, 2010, 2009 and 2008, we paid interest on our outstanding debt at a weighted average interest rate of 2.3%, 3.6% and 4.2%, respectively. A 1% increase in LIBOR would have increased our interest expense for the years ended December 31, 2010, 2009 and 2008, by $2.6 million, $2.0 million and $2.1 million, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. For the fiscal year ended December 31, 2010 we have 12 charter counterparties, the most significant of which were Mitsui O.S.K. Lines, Ltd., Cargill International S.A., Cosco Bulk Carrier Co., Ltd., Samsun Logix, The Sanko Steamship Co. Ltd. and Constellation Energy, and which accounted for approximately 27.7%, 11.8%, 11.2%, 8.5% , 8.3% and 6.8%, respectively, of total revenues. For the fiscal year ended December 31, 2009, we had eight charter counterparties, the most significant of which were Mitsui O.S.K. Lines Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime, and which accounted for approximately 34.3%, 18.8%, 13.0%, 9.6% and 9.3%, respectively, of total revenues. For the fiscal year ended December 31, 2008, Mitsui O.S.K. Lines, Ltd., Cargill International S.A., The Sanko Steamship Co. Ltd., Daiichi Chuo Kisen Kaisha and Augustea Imprese Maritime accounted for approximately 28.2%, 22.2%, 15.6%, 11.9% and 9.7%, respectively, of total revenues. Although we do not obtain rights to collateral, we maintain counterparty insurance which we re-assess on a quarterly basis to help reduce our credit risk.

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 insurance) the remaining term of the charter-out contract.

Inflation

Inflation has had a minimal impact on vessel operating expenses, drydocking expenses and general and administrative expenses. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Unitholders and Use of Proceeds

None.

Item 15. Controls and Procedures

A. Disclosure Controls and Procedures

The management of Navios Partners, with the participation of the Chief Executive Officer and Chief Financial Officer, conducted an evaluation, pursuant to Rule 13a-15 promulgated under the Securities Act of 1934, as amended (the Exchange Act), of the effectiveness of our disclosure controls and procedures as of December 31, 2010. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of December 31, 2010.

Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC s rules and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

B. Management s annual report on internal control over financial reporting

The management of Navios Partners is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act. Navios Partners internal control system was designed to provide reasonable assurance to Navios Partners management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Navios Partners management assessed the effectiveness of Navios Partners internal control over financial reporting as of December 31, 2010. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Based on its assessment, management believes that, as of December 31, 2010, Navios Partners internal control over financial reporting is effective based on those criteria.

Navios Partners independent registered public accounting firm has issued an attestation report on Navios Partners internal control over financial reporting.

C. Attestation report of the registered public accounting firm