

Navios Maritime Holdings Inc.  
Form 6-K  
May 27, 2014

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

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**Dated: May 27, 2014**

**Commission File No. 001-33311**

**NAVIOS MARITIME HOLDINGS INC.**

**7 Avenue de Grande Bretagne, Office 11B2**

**Monte Carlo, MC 98000 Monaco**

**(Address of Principal Executive Offices)**

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

The information contained in this Report is incorporated by reference into the Registration Statement on Form F-3, File No. 333-189231, the Registration Statement on Form S-8, File No. 333-147186, and the related prospectuses.

## **Operating and Financial Review and Prospects**

The following is a discussion of the financial condition and results of operations of Navios Maritime Holdings Inc. ( Navios Holdings or the Company ) for the three month periods ended March 31, 2014 and 2013. Navios Holdings financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America ( U.S. GAAP ). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Holdings 2013 annual report on Form 20-F filed with the Securities and Exchange Commission ( SEC ) and the condensed consolidated financial statements and the accompanying notes included elsewhere in this Form 6-K.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. These forward looking statements are based on Navios Holdings current expectations and observations. Included among the factors that, in management s view, could cause actual results to differ materially from the forward-looking statements contained in this report are changes in any of the following: (i) charter demand and/or charter rates; (ii) production or demand for the types of dry bulk products that are transported by Navios Holdings vessels; (iii) operating costs including but not limited to changes in crew salaries, insurance, provisions, repairs, maintenance and overhead expenses; or (iv) changes in interest rates. Other factors that might cause a difference include, but are not limited to, those discussed under Part I, Item 3D Risk Factors in Navios Holdings 2013 annual report on Form 20-F.

## **Recent Developments**

### **Navios Holdings**

#### *Navios Asia Update*

In May 2014, Navios Holdings became the sole shareholder of Navios Asia LLC ( Navios Asia ), owner of the N Amalthia and the N Bonanza vessels, by acquiring the remaining 49% noncontrolling interest for a total cash consideration of \$10.9 million.

In May 2014, Navios Asia entered into an agreement to purchase one Japanese 180,600 deadweight tons ( dwt ) Capesize vessel, the Navios Gem. The vessel s acquisition price is \$54.0 million and is scheduled for delivery in June of 2014. The vessel will be financed with debt and cash from operations.

#### *Credit Insurance Policy*

As of March 25, 2014, the Company terminated the amended credit default insurance policy. In connection with the termination, Navios Holdings received compensation of \$4.0 million (which was received in April 2014). From the total compensation, \$3.6 million was recorded immediately in the statement of income within the caption Other income and the remaining amount within the caption Revenue , representing reimbursements for insurance claims submitted for the period prior to the date of the termination of the credit default insurance policy.

#### *Dividend Policy*

On May 15, 2014, the Board of Directors declared a quarterly cash dividend for the first quarter of 2014 of \$0.06 per share of common stock. The dividend is payable on June 26, 2014 to stockholders of record as of June 18, 2014. The declaration and payment of any further dividend remain subject to the discretion of the Board, and will depend on,

among other things, Navios Holdings' cash requirements after taking into account market opportunities, restrictions under its credit agreements and other debt obligations and such other factors as the Board may deem advisable.

***Changes in Capital Structure***

*Issuances of American Depositary Shares Representing Preferred Stock*

On January 28, 2014, the Company completed the sale of 2,000,000 American Depositary Shares, each of which represents 1/100th of a share of the Company's Series G Cumulative Redeemable Perpetual Preferred Stock, with a liquidation preference of \$2,500.00 per share (\$25.00 per American Depositary Share) (the "Series G"). Dividends will be payable on the Series G at a rate of 8.75% per annum of the stated liquidation preference. The net proceeds of \$47.8 million from the offering (after deducting underwriting discounts and offering expenses) will be used for general corporate purposes, including acquisition of vessels.

Navios Holdings had outstanding as of March 31, 2014 and December 31, 2013 104,399,916 and 104,261,029 shares of common stock, respectively, and 28,479 (20,000 Series G and 8,479 convertible shares of preferred stock) and 8,479 shares of convertible preferred stock, respectively.

#### *Issuances to Employees and Exercise of Options*

During the three month periods ended March 31, 2014 and 2013, pursuant to the stock plan approved by the by the Board of Directors, 139,387 and 87,750 shares were issued following the exercise of options for a total of \$0.6 million and \$0.3 million, respectively.

During the three month periods ended March 31, 2014 and 2013, 500 and 1,250 restricted shares of common stock, respectively, were forfeited upon termination of employment.

#### **Navios South American Logistics Inc. ( Navios Logistics )**

On April 22, 2014, Navios Logistics and its wholly-owned subsidiary Navios Logistics Finance (US) Inc. ( Logistics Finance ) and, together with the Company, the Logistics Co-Issuers ) completed the sale of \$375.0 million of its 7.25% senior notes due 2022 (the 2022 Logistics Notes ). The net proceeds of this offering have been or will be used (i) to fund its tender offer and consent solicitation for certain outstanding notes and pay related fees and expenses, (ii) to discharge and redeem any of such notes that are not purchased in the tender offer after all conditions to the tender offer are satisfied or waived, including the payment of any related fees and expenses and any redemption premium, and (iii) for general corporate purposes.

#### **Dividends from affiliates**

In May 2014, Navios Holdings received \$7.5 million from Navios Maritime Partners L.P. ( Navios Partners ) representing the cash distribution for the first quarter of 2014.

In April 2014, Navios Holdings received \$3.6 million from Navios Maritime Acquisition Corporation ( Navios Acquisition ) representing the cash dividend for the fourth quarter of 2013.

### **Overview**

#### **General**

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

On August 25, 2005, Navios Holdings was acquired by International Shipping Enterprises, Inc. ( ISE ) through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly owned subsidiary, whose name was and continues to be Navios Maritime Holdings Inc.

#### *Navios Logistics*

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Navios Logistics, a consolidated subsidiary of Navios Holdings, is one of the largest logistics companies in the Hidrovia region of South America, serving the storage and marine transportation needs of its customers through two port storage and transfer facilities, one for grain commodities and the other for refined petroleum products, and a diverse fleet consisting of vessels, barges and pushboats. Navios Holdings currently owns 63.8% of Navios Logistics.

### *Navios Asia*

In May 2014, Navios Holdings became the sole shareholder of Navios Asia by acquiring the 49% noncontrolling interest.

*Affiliates (not consolidated under Navios Holdings)*

Navios Partners (NYSE:NMM) is an international owner and operator of dry cargo vessels and is engaged in 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. Currently, Navios Holdings owns a 20.0% interest in Navios Partners, including a 2.0% general partner interest.

Navios Acquisition (NYSE: NNA), an affiliate (former subsidiary) of the Company, is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals. Currently, Navios Holdings' ownership of the outstanding voting stock of Navios Acquisition is 43.1% and its economic interest in Navios Acquisition is 46.4%.

Navios Europe is engaged in the marine transportation industry through the ownership of five tankers and five containers second hand vessels. Currently, Navios Holdings owns a 47.5% interest in Navios Europe.

**Fleet**

The following is the current core fleet employment profile (excluding Navios Logistics), including the newbuilds to be delivered. The current core fleet consists of 63 vessels totaling 6.2 million deadweight tons. The employment profile of the fleet as of May 27, 2014 is reflected in the tables below. The 53 vessels in current operation aggregate approximately 5.1 million deadweight tons and have an average age of 7.3 years. Navios Holdings has currently fixed 65.9% and 9.0% of the 2014 and 2015 available days, respectively, of its fleet (excluding vessels which are utilized to fulfill Contracts of Affreightment (COAs)), representing contracted fees (net of commissions), based on contracted charter rates from our current charter agreements of \$150.3 million and \$24.1 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and us. Additionally, the level of these fees would decrease depending on the vessels' off-hire days to perform periodic maintenance. The average contractual daily charter-out rate for the core fleet (excluding vessels which are utilized to fulfill COAs) is \$13,468 and \$15,850 for 2014 and 2015, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for 2014 is \$13,759.

**Owned Fleet.** Navios Holdings owns a fleet comprised of 14 Ultra Handymax vessels, 12 Capesize vessels, 12 Panamax vessels and one Handysize vessel, which have an average age of approximately 7.8 years. Of the 39 owned vessels, 36 are currently in operation, one newbuilding owned vessel is expected to be delivered in the second quarter of 2014 and two newbuilding owned vessels are expected to be delivered in the fourth quarter of 2015.

Vessels	Type	Built	DWT	Charter-out Rate <sup>(1)</sup>	Profit Share <sup>(5)</sup>	Expiration Date <sup>(2)</sup>
Navios Serenity	Handysize	2011	34,690	8,906	No	06/24/2014
Navios Ionian	Ultra Handymax	2000	52,067	10,925	No	06/29/2014
Navios Celestial					70% in excess of \$8,000 basis Supramax Index	
	Ultra Handymax	2009	58,063	9,214	Routes +8%	07/16/2015
Navios Vector					Average Supramax	
	Ultra Handymax	2002	50,296	9,023	Index Routes	09/20/2014
Navios Horizon	Ultra Handymax	2001	50,346	11,400	No	06/20/2014
Navios Herakles	Ultra Handymax	2001	52,061	12,825	No	07/30/2014
Navios Achilles	Ultra Handymax	2001	52,063	12,825	No	06/16/2014

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Navios Meridian	Ultra Handymax	2002	50,316	9,500	No	06/08/2014
Navios Mercator	Ultra Handymax	2002	53,553	11,163	No	06/05/2014
Navios Arc	Ultra Handymax	2003	53,514	11,875	No	08/14/2014
Navios Hios					100% in excess of \$8,500 basis Supramax	
	Ultra Handymax	2003	55,180	9,023	Index Routes	08/07/2015
Navios Kypros	Ultra Handymax	2003	55,222	10,450	No	06/18/2014
Navios Ulysses	Ultra Handymax	2007	55,728	11,400	No	09/18/2014
Navios Vega					100% in excess of \$9,500 basis	
					Supramax Index Routes	
	Ultra Handymax	2009	58,792	9,537	+5%	03/22/2015
Navios Astra	Ultra Handymax	2006	53,468	12,588	No	05/31/2014
Navios Magellan	Panamax	2000	74,333	7,171	No	06/21/2014
Navios Star	Panamax	2002	76,662	10,450	No	09/12/2014
Navios Asteriks	Panamax	2005	76,801			
Navios Centaurus	Panamax	2012	81,472	9,025	No	05/25/2014
Navios Avior					Weighted average of the Panamax Index Routes	
	Panamax	2012	81,355	8,732	+14%	04/25/2015
Navios Galileo	Panamax	2006	76,596	14,250	No	11/15/2014
Navios Northern Star	Panamax	2005	75,395	11,400	No	06/10/2014
Navios Amitie	Panamax	2005	75,395	11,210	No	12/17/2014
Navios Taurus	Panamax	2005	76,596	9,263	No	06/22/2014
N Amalthia	Panamax	2006	75,318	12,113	No	12/23/2014
N Bonanza	Panamax	2006	76,596	13,538	No	01/12/2015
Navios Bonavis	Capesize	2009	180,022	10,000	No	07/10/2014
Navios Happiness	Capesize	2009	180,022	14,488	No	10/12/2015
Navios Lumen					Baltic Capesize Index average 4TC at 105% with a minimum rate of	
	Capesize	2009	180,661	14,250 <sup>(7)</sup>	\$15,000	05/08/2015
Navios Stellar	Capesize	2009	169,001	20,425	No	05/17/2014
Navios Phoenix	Capesize	2009	180,242	25,175	No	12/31/2014 <sup>(6)</sup>
Navios Antares					\$10,000 +54% of the weighted average of the Baltic Capesize Index average 4TC Index	
	Capesize	2010	169,059	14,892	Routes	02/16/2015
Navios Etoile					50% in excess of	
	Capesize	2010	179,234	29,356	\$38,500	12/02/2020
Navios Bonheur					105% excess of \$15,000 basis	
					Baltic Capesize Index	
	Capesize	2010	179,259	14,250	4TC	03/13/2015
Navios Altamira	Capesize	2011	179,165	23,000	No	07/04/2014
Navios Azimuth	Capesize	2011	179,169	23,750	No	09/12/2014





**Owned Fleet to be Delivered**

Vessels	Vessel Type	Delivery Date	Deadweight (in metric tons)
Navios TBN	Panamax	Q4 2015	84,000
Navios TBN	Capesize	Q4 2015	180,600
Navios Gem	Capesize	Q2 2014	180,600

**Long-Term Fleet.** In addition to the 39 owned vessels, Navios Holdings controls a fleet of five Capesize, six Panamax, five Ultra Handymax, and one Handysize vessels under long-term charter-in contracts, which have an average age of approximately 6.0 years. Of the 24 chartered-in vessels, 17 are currently in operation and seven are scheduled for delivery at various times through November 2016, as set forth in the following table:

**Long-term Chartered-in Vessels**

Vessels	Type	Built	DWT	Purchase Option <sup>(3)</sup>	Charter-out Rate <sup>(1)</sup>	Expiration Date <sup>(2)</sup>
Navios Lyra	Handysize	2012	34,718	Yes <sup>(4)</sup>	9,975	06/07/2014
Navios Primavera	Ultra Handymax	2007	53,464	Yes	12,825	08/06/2014
Navios Armonia	Ultra Handymax	2008	55,100	No	11,875	06/05/2014
Navios Apollon	Ultra Handymax	2000	52,073	No	8,862 <sup>(8)</sup>	08/14/2014
Navios Oriana	Ultra Handymax	2012	61,442	Yes	9,748 <sup>(10)</sup>	10/13/2014
Navios Mercury	Ultra Handymax	2013	61,393	Yes	9,816 <sup>(10)</sup>	09/25/2014
Navios Libra II	Panamax	1995	70,136	No	7,125	05/18/2014
Navios Altair	Panamax	2006	83,001	No	11,400	09/05/2014
Navios Esperanza	Panamax	2007	75,356	No	13,300	08/09/2014
Navios Marco Polo	Panamax	2011	80,647	Yes	7,600	06/28/2014
Navios Southern Star	Panamax	2013	82,224	Yes	7,886 <sup>(9)</sup>	10/14/2014
Navios Koyo	Capesize	2011	181,415	Yes	11,970	06/10/2014
Golden Heiwa	Panamax	2007	76,662	No		
Beaufiks	Capesize	2004	180,310	Yes		
Rubena N	Capesize	2006	203,233	No		
King Ore	Capesize	2010	176,800	No		
Navios Obeliks	Capesize	2012	181,415	Yes		

**Long-term Chartered-in Vessels to be Delivered**

Vessels	Type	Delivery Date	Purchase Option	DWT
Navios Venus	Ultra Handymax	02/2015	Yes	61,000
Navios TBN	Panamax	05/2015	Yes	80,000
Navios TBN	Panamax	07/2015	Yes	82,000
Navios TBN	Panamax	11/2016	Yes	84,000
Navios TBN	Panamax	11/2016	Yes	81,000
Navios TBN	Panamax	11/2016	Yes	81,000
Navios Felix	Capesize	04/2016	Yes	180,000

- (1) Daily rate net of commissions. These rates do not include insurance proceeds received upfront in November 2012 and March 2014.
- (2) Expected redelivery basis midpoint of full redelivery period.

- (3) Generally, Navios Holdings may exercise its purchase option after three to five years of service.
- (4) Navios Holdings holds the initial 50% purchase option on the vessel.
- (5) Profit share based on applicable Baltic routes exceeding \$/day rates listed.
- (6) Subject to COA of \$45,500 per day for the remaining period until first quarter of 2015.
- (7) Amount represents daily rate of mitigation proceeds following the restructuring of the original charter.
- (8) Profit sharing 100% in excess of \$8,000 basis Supramax Index Routes.
- (9) Based on weighted average Panamax Index routes +17%.
- (10) Based on weighted average Supramax Index routes +10%.

Many of Navios Holdings' current long-term chartered-in vessels are chartered from ship owners with whom Navios Holdings has long-standing relationships. Navios Holdings pays these ship owners daily rates of hire for such vessels, and then charters out these vessels to other parties, who pay Navios Holdings a daily rate of hire. Navios Holdings also enters into COAs pursuant to which Navios Holdings has agreed to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Further, Navios Holdings enters into spot market voyage contracts, where Navios Holdings is paid a rate per ton to carry a specified cargo from point A to point B.

**Short-Term Fleet.** Navios Holdings' short-term fleet is comprised of Capesize, Panamax and Ultra Handymax vessels chartered-in for durations of less than 12 months. The number of short-term vessels varies from time to time. These vessels are not included in the core fleet of the Company.

### **Charter Policy and Industry Outlook**

Navios Holdings' policy has been to take a portfolio approach to managing operating risks. This policy led Navios Holdings to time charter-out many of the vessels that it is presently operating (i.e., vessels owned by Navios Holdings or which Navios Holdings has taken into its fleet under charters having a duration of more than 12 months) for periods of up to 10 years at inception to various shipping industry counterparties considered by Navios Holdings to have appropriate credit profiles. By doing this, Navios Holdings aims to lock in, subject to credit and operating risks, favorable forward revenue and cash flows which it believes will cushion it against unfavorable market conditions. In addition, Navios Holdings trades additional vessels taken in on shorter term charters of less than 12 months duration as well as voyage charters or COAs and forward freight agreements ( FFAs ).

In 2013 and through March 31, 2014, this chartering policy had the effect of generating Time Charter Equivalents ( TCE ) that were higher than spot employment. The average daily charter-in vessel cost for the Navios Holdings long-term charter-in fleet (excluding vessels, which are utilized to serve voyage charters or COAs) was 13,542 per day for the three month period ended March 31, 2014. The average long-term charter-in hire rate per vessel per day was included in the amount of long-term hire included elsewhere in this document and was computed by (a) multiplying (i) the daily charter-in rate for each vessel by (ii) the number of days each vessel is in operation for the year, (b) summing those individual multiplications; and (c) dividing such total by the total number of charter-in vessel days for the year. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options exercisable in the future at favorable prices relative to the then-current market.

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

Navios Logistics owns and operates vessels, barges and pushboats located mainly in Argentina, the largest independent bulk transfer and storage port facility in Uruguay, and an upriver liquid port facility located in Paraguay.

Operating results for Navios Logistics are highly correlated to: (i) South American grain production and export, in particular Argentinean, Brazilian, Paraguayan, Uruguayan and Bolivian production and export; (ii) South American iron ore production and export, mainly from Brazil; and (iii) sales (and logistic services) of petroleum products in the Argentine and Paraguayan markets. Navios Holdings believes that the continuing development of these businesses will foster throughput growth and therefore increase revenues at Navios Logistics. Should this development be delayed, grain harvests be reduced, or the market experience an overall decrease in the demand for grain or iron ore, the operations of Navios Logistics could be adversely affected.

**Factors Affecting Navios Holdings Results of Operations**

*Navios Holdings believes the principal factors that will affect its 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 its vessels engage in business. Please read Risk Factors included in Navios Holdings 2013 annual report on Form 20-F filed with the Securities and Exchange Commission for a discussion of certain risks inherent in its business.*

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

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

*Market Exposure:* Navios Holdings manages the size and composition of its fleet by chartering and owning vessels in order to adjust to anticipated changes in market rates. Navios Holdings aims to achieve an appropriate balance between owned vessels and long and short-term chartered-in vessels and controls approximately 6.2 million dwt in dry bulk tonnage. Navios Holdings options to extend the charter duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessels permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.

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

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

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

*TCE rates:* TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts, while charter hire rates for vessels on time charters generally are expressed in such amounts.

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

**Voyage and Time Charter**

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

the duration of the charters;

the level of spot market rates at the time of charters;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend in drydock undergoing repairs and upgrades;

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the drybulk shipping industry.

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

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

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

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings' owned core fleet is 7.8 years. However, as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older vessels, the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

### **Spot Charters, Contracts of Affreightment and Forward Freight Agreements (COAs and FFAs)**

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

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

FFAs cover periods generally ranging from one month to one year and are based on time charter rates or freight rates on specific quoted routes. FFAs are executed either over-the-counter, between two parties, or through LCH, the London clearing house. FFAs are settled in cash monthly based on publicly quoted indices. No over-the-counter trades have been executed during 2012, 2013 or in 2014 through May 27, 2014, or were active during those periods. LCH calls for both base and margin collaterals, which are funded by Navios Holdings, and which in turn substantially eliminates counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by LCH. At the end of each calendar quarter, the fair value of drybulk shipping FFAs traded over-the-counter are determined from an index published in London, United Kingdom and the fair value of those FFAs traded with LCH are determined from the LCH valuations accordingly. Navios Holdings has implemented specific procedures designed to respond to credit risk associated with over-the-counter trades, including the establishment of a list of approved counterparties and a credit committee which meets regularly.

### **Statement of Operations Breakdown by Segment**

Navios Holdings reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios Holdings does not use discrete financial information



to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management does not identify expenses, profitability or other financial information for these charters. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. The Company currently has two reportable segments from which it derives its revenues, Drybulk Vessel Operations and Logistics Business. The Drybulk Vessel Operations business consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. For Navios Holdings reporting purposes, Navios Logistics is considered as one reportable segment, the Logistics Business segment. The Logistics Business segment consists of Navios Holdings port terminal business, barge business and cabotage business in the Hidrovia region of South America. Navios Holdings measures segment performance based on net income attributable to Navios Holdings common stockholders.

**Period over Period Comparisons****For the Three Month Period Ended March 31, 2014 Compared to the Three Month Period Ended March 31, 2013**

The following table presents consolidated revenue and expense information for the three month periods ended March 31, 2014 and 2013. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

(in thousands of U.S. dollars)	<b>Three Month Period Ended March 31, 2014 (unaudited)</b>	<b>Three Month Period Ended March 31, 2013 (unaudited)</b>		
Revenue	\$ 122,191	\$ 133,837		
Time charter, voyage and logistics business expenses	(51,178)	(70,008)		
Direct vessel expenses	(28,328)	(27,695)		
General and administrative expenses	(11,031)	(8,962)		
Depreciation and amortization	(25,674)	(24,323)		
Interest income/(expense) and finance cost, net	(28,046)	(25,358)		
Other income/(expense), net	2,066	(3,304)		
<b>Loss before equity in net earnings of affiliated companies</b>	<b>\$ (20,000)</b>	<b>\$ (25,813)</b>		
Equity in net earnings of affiliated companies	22,418	14,123		
<b>Income/(loss) before taxes Income)</b>	<b>\$ 2,418</b>	<b>\$ (11,690)</b>		
Net income attributable to Textainer Group Holdings Limited common shareholders	\$ 45,800	\$ 30,668	\$ 134,687	\$ 79,984
Net income attributable to Textainer Group Holdings Limited common shareholders				
Basic	\$ 0.94	\$ 0.64	\$ 2.76	\$ 1.67
Diluted	\$ 0.92	\$ 0.62	\$ 2.70	\$ 1.63
Weighted average shares outstanding (in thousands):				
Basic	48,916	48,171	48,832	47,907
Diluted	49,692	49,441	49,809	49,039

See accompanying notes to condensed consolidated financial statements



**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

Nine months ended September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 149,529	\$ 88,876
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation expense	61,676	40,922
Bad debt expense (recovery), net	2,225	(254)
Unrealized losses on interest rate swaps, net	5,758	9,516
Amortization of debt issuance costs	5,878	2,711
Amortization of intangible assets	4,775	4,788
Amortization of acquired net (below) above-market leases	(353)	170
Amortization of deferred revenue	(6,425)	(5,345)
Amortization of unearned income on direct financing and sales-type leases	(6,798)	(6,044)
Gains on sale of containers, net	(23,724)	(21,379)
Gain on sale of containers to noncontrolling interest	(19,773)	-
Share-based compensation expense	4,663	4,316
Changes in operating assets and liabilities	(18,433)	539
Total adjustments	9,469	29,940
<b>Net cash provided by operating activities</b>	<b>158,998</b>	<b>118,816</b>
<b>Cash flows from investing activities:</b>		
Purchase of containers and fixed assets	(761,191)	(164,035)
Payment for Textainer Marine Containers Ltd. capital restructuring, net of cash acquired	(11,783)	-
Proceeds from sale of containers and fixed assets	57,308	44,342
Receipt of principal payments on direct financing and sales-type leases	22,858	34,393
<b>Net cash used in investing activities</b>	<b>(692,808)</b>	<b>(85,300)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving credit facility	166,000	51,000
Principal payments on revolving credit facility	(134,000)	(29,000)
Proceeds from secured debt facility	591,000	109,000
Principal payments on secured debt facility	(353,802)	(70,000)
Proceeds from bonds payable	400,000	-
Principal payments on bonds payable	(48,625)	(38,625)
Increase in restricted cash	(27,031)	(7,262)

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Debt issuance costs	(8,312)	(11,669)
Issuance of common shares upon exercise of share options	5,840	3,787
Excess tax benefit from share-based compensation awards	3,491	-
Capital contributions from noncontrolling interest	749	-
Dividends paid	(45,421)	(34,606)
<b>Net cash provided by (used in) financing activities</b>	<b>549,889</b>	<b>(27,375)</b>
Effect of exchange rate changes	189	12
<b>Net increase in cash and cash equivalents</b>	<b>16,268</b>	<b>6,153</b>
Cash and cash equivalents, beginning of the year	57,081	56,819
<b>Cash and cash equivalents, end of period</b>	<b>\$ 73,349</b>	<b>\$ 62,972</b>

See accompanying notes to condensed consolidated financial statements.

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Condensed Consolidated Statements of Cash Flows

Nine months ended September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for:		
Interest and realized losses on interest rate swaps and caps, net	\$ 31,439	\$ 16,000
Net income taxes paid	\$ 133	\$ 325
<b>Supplemental disclosures of noncash investing activities:</b>		
(Decrease) increase in accrued container purchases	\$ (79,232)	\$ 126,000
Containers placed in direct financing and sales-type leases	\$ 34,625	\$ 20,814
Intangible assets relinquished for container purchases	\$ 7,646	\$ -
Contribution of nonmonetary assets for Textainer Marine Containers Ltd. capital restructuring		
Net investment in direct financing and sales-type leases	\$ 8,896	\$ -
Containers, net	\$ 124,153	\$ -

See accompanying notes to condensed consolidated financial statements.

---

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

**(1) Nature of Business**

Textainer Group Holdings Limited ( TGH ) is incorporated in Bermuda. TGH is the holding company of a group of corporations, consisting of TGH and its subsidiaries (collectively, the Company ), involved in the purchase, management, leasing and resale of a fleet of marine cargo containers. The Company manages and provides administrative support to the affiliated and unaffiliated owners (the Owners ) of the containers and structures and manages container leasing investment programs.

The Company conducts its business activities in three main areas: Container ownership, Container management and Container resale (see Note 9 Segment Information ).

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The Company utilizes the accrual method of accounting.

Certain information and footnote disclosure normally included in financial statements prepared in accordance with accounting principles generally accepted ( GAAP ) in the United States of America have been condensed or omitted. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 20-F for the fiscal year ended December 31, 2010 filed with the Securities and Exchange Commission on March 18, 2011.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the Company s consolidated financial position as of September 30, 2011, and the Company s consolidated results of operations for the three and nine months ended September 30, 2011 and 2010 and the consolidated cash flows for the nine months ended September 30, 2011 and 2010. These condensed consolidated financial statements are not necessarily indicative of the results of operations or cash flows that may be reported for the remainder of the fiscal year ending December 31, 2011.

**(b) Principles of Consolidation and Variable Interest Entity**

The condensed consolidated financial statements of the Company include TGH and all of its subsidiaries. All material intercompany balances have been eliminated in consolidation.

On August 5, 2011, a joint venture, TW Container Leasing, Ltd. ( TW ) (a Bermuda company), was formed between the Company s wholly owned subsidiary, Textainer Limited ( TL ), and Wells Fargo Container Corp. ( WFC ). The purpose of TW is to lease containers to lessees under direct financing leases. TW is governed by members, credit and management agreements. Under the members agreement, TL owns 25% and WFC owns 75% of the common shares and related voting rights of TW. TL also has two seats and WFC has six seats on TW s board of directors, with each seat having equal voting rights, provided, however, that the approval of at least one TL-appointed director is required for any action of the board of directors. Under a credit agreement, dated as of August 5, 2011, with certain lenders and Wells Fargo Securities, LLC ( WFS ), as administrative agent for the lenders, TW maintains a revolving credit facility with an aggregate commitment of up to \$425,000 for the

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

origination of direct financing leases to finance up to 85% of the book value of TW's net investment in direct financing leases (see Note 8 Revolving Credit Facilities, Bonds Payable and Secured Debt Facility, and Derivative Instruments ). Both WFC and WFS are directly and indirectly wholly owned subsidiaries of Wells Fargo and Company. The remaining cost of originating direct financing leases will be provided in the form of capital contributions from TL and WFC, split 25% and 75%, respectively. Under the



---

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

management agreement, the Company's wholly owned subsidiary, Textainer Equipment Management Limited ( *TEML* ), manages all of TW's containers, making day-to-day decisions regarding the marketing, servicing and design of TW's direct financing leases.

Based on the combined design and provisions of TW's members, credit and management agreements, the Company has determined that TW is a Variable Interest Entity ( *VIE* ) and that the Company is the primary beneficiary of TW by virtue of its role as manager of the vehicle and its equity ownership in the entity. An entity is the primary beneficiary of a *VIE* if it meets both of the following criteria:

The power to direct the activities of a *VIE* that most significantly impact the *VIE*'s economic performance; and

The obligation to absorb losses of the *VIE* or the right to receive benefits from the *VIE* that could be potentially significant to the *VIE*.

Accordingly, the Company includes TW's financial statements in its consolidated financial statements. The equity owned by WFC in TW is shown as a noncontrolling interest on the Company's consolidated balance sheet and the net income (loss) attributable to its operations is shown as net income (loss) attributable to noncontrolling interest on the Company's consolidated statement of income.

**(c) *Cash and Cash Equivalents and Restricted Cash***

Cash and cash equivalents are comprised of interest-bearing deposits or money market securities with original maturities of three months or less. The Company maintains cash and cash equivalents and restricted cash (see Note 10 *Commitments and Contingencies* *Restricted Cash* ) with various financial institutions. These financial institutions are located in the United States, Canada, Bermuda, Singapore, the United Kingdom, the Netherlands and Malaysia. A significant portion of the Company's cash and cash equivalents and restricted cash is maintained with a small number of banks and, accordingly, the Company is exposed to the credit risk of these counterparties in respect of the Company's cash and cash equivalents and restricted cash. Furthermore, the deposits maintained at some of these financial institutions exceed the amount of insurance provided on the deposits. Restricted cash is excluded from cash and cash equivalents and is included in long-term assets.

**(d) *Intangible Assets***

Intangible assets, consisting primarily of exclusive rights to manage container fleets, are amortized over the expected life of the contracts based on forecasted income to the Company. The contract terms range from 11 to 13 years. The Company reviews its intangible assets for impairment if events and circumstances indicate that the carrying amount of the intangible assets may not be recoverable. The Company compares the carrying value of the intangible assets to expected future undiscounted cash flows for the purpose of assessing the recoverability of the recorded amounts. If the carrying amount exceeds expected undiscounted cash flows, the intangible assets are reduced to their fair value.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

The changes in the carrying amount of intangible assets during the nine months ended September 30, 2011 are as follows:

Balance as of December 31, 2010	\$ 60,122
Reduction arising from the relinquishment of management rights from the purchase of containers	(7,646)
Amortization of step acquisition adjustment related to lease contracts (1)	353
Amortization expense	(4,775)
Balance as of September 30, 2011	\$ 48,054

- (1) Represents amortization of a step acquisition adjustment related to TL's purchase of 3,000 additional Class A shares of the Company's primary asset owning subsidiary, Textainer Marine Containers Limited (TMCL), on November 1, 2007. The adjustment was recorded to increase the balance of the lease contracts to an amount that equaled the fair market value of the lease contracts on the date of acquisition and the related amortization is included in lease rental income in the accompanying condensed consolidated statements of income.

The following is a schedule, by year, of future amortization of intangible assets as of September 30, 2011:

Twelve months ending September 30:	
2012	\$ 5,384
2013	5,691
2014	5,731
2015	5,737
2016 and thereafter	25,511
Total future amortization of intangible assets	\$ 48,054

**(e) Lease Rental Income**

Lease rental income arises principally from the renting of containers owned by the Company to various international shipping lines. Revenue is recorded when earned according to the terms of the container rental contracts. These contracts are typically for terms of five years or less and are generally classified as operating leases.

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Under long-term lease agreements, containers are usually leased from the Company for periods of three to five years. Such leases are generally cancelable with a penalty at the end of each 12-month period. Under master lease agreements, the lessee is not committed to leasing a minimum number of containers from the Company during the lease term and may generally return the containers to the Company at any time, subject to certain restrictions in the lease agreement. Under long-term lease and master lease agreements, revenue is earned and recognized evenly over the period that the equipment is on lease. Under direct finance and sales-type leases, a container is usually leased from the Company for the remainder of the container's useful life with a bargain purchase option at the end of the lease term. Revenue is earned and recognized on direct finance leases over the lease terms so as to produce a constant periodic rate of return on the net investment in the leases. Under sales-type leases, a gain or loss is recognized at the inception of the leases by subtracting the book value of the containers from

---

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

the estimated fair value of the containers and the remaining revenue is earned and recognized over the lease terms so as to produce a constant periodic rate of return on the net investment in the leases.

Container leases do not include step-rent provisions or lease concessions, nor do they depend on indices or rates.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its lessees to make required payments. These allowances are based on management's current assessment of the financial condition of the Company's lessees and their ability to make their required payments. If the financial condition of the Company's lessees were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

**(f) Containers and Fixed Assets**

Capitalized container costs include the container cost payable to the manufacturer and the associated transportation costs incurred in moving the containers from the manufacturer to the containers' first destined port. Containers that are purchased new are depreciated using the straight-line method over their estimated useful lives of 12 years to an estimated dollar residual value. Containers purchased used are depreciated based upon their remaining useful lives at the date of acquisition to an estimated dollar residual value. The Company evaluates the estimated residual values and remaining estimated useful lives on an ongoing basis. The Company has experienced a significant increase in container resale prices over the last few years as a result of an industry-wide shortage of older containers available for sale and the increased cost of new containers. Based on this extended period of higher realized container resale prices and the Company's expectation that new equipment prices will remain near current levels, the Company increased the estimated future residual values of its containers used in the calculation of depreciation expense during the three months ended September 30, 2011. The effect of this change for the three and nine months ended September 30, 2011 was a reduction in depreciation expense of \$4,761 (\$4,347 after tax or \$0.09 per diluted share for the three and nine months ended September 30, 2011). Depreciation expense may fluctuate in future periods based on fluctuations in these estimates.

Fixed assets are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from three to seven years.

The Company reviews its containers and fixed assets for impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The Company compares the carrying value of the containers to the expected future undiscounted cash flows for the purpose of assessing the recoverability of the recorded amounts. If the carrying value exceeds expected future undiscounted cash flows, the assets are reduced to fair value. In addition, containers identified as being available for sale are valued at the lower of carrying value or fair value, less costs to sell.

**(g) Income Taxes**

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded when the realization of a deferred tax asset is deemed to be unlikely.

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

The Company also accounts for income tax positions by recognizing the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions

---

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

are measured at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. If there are findings in future regulatory examinations of the Company's tax returns, those findings may result in additional income tax expense.

The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

**(h) Maintenance and Repair Expense and Damage Protection Plan**

The Company's leases generally require the lessee to pay for any damage to the container beyond normal wear and tear at the end of the lease term. The Company offers a damage protection plan (DPP) to certain lessees of its containers. Under the terms of the DPP, the Company charges lessees an additional amount primarily on a daily basis and the lessees are no longer obligated for certain future repair costs for containers subject to the DPP. It is the Company's policy to recognize these revenues as earned on a daily basis over the related term of its lease. The Company has not recognized revenue and related expense for customers who are billed at the end of the lease term under the DPP or for other lessees who do not participate in the DPP. Based on past history, there is uncertainty as to collectability of these amounts from lessees who are billed at the end of the lease term because the amounts due under the DPP are typically re-negotiated at the end of the lease term or the lease term is extended. The Company uses the direct expense method of accounting for maintenance and repairs.

**(i) Concentrations**

Although substantially all of the Company's revenue is derived from assets employed in foreign countries, substantially all of this revenue is denominated in U.S. dollars. The Company does pay some of its expenses in various foreign currencies. For the three months ended September 30, 2011 and 2010, \$1,466 (or 32.7%) and \$1,181 (or 28.8%), respectively, and for the nine months ended September 30, 2011 and 2010, \$4,399 (or 34.5%) and \$7,238 (or 33.7%), respectively, of the Company's direct container expenses were paid in foreign currencies. For the three and nine months ended September 30, 2011 and 2010, the Company's direct container expenses were paid in 16 and 18 different foreign currencies, respectively. The Company does not hedge these container expenses as there are no significant payments made in any one foreign currency.

The Company's customers are international shipping lines, which transport goods on international trade routes. Once the containers are on hire with a lessee, the Company does not track their location. The domicile of the lessee is not indicative of where the lessee is transporting the containers. The Company's business risk in its foreign concentrations lies with the creditworthiness of the lessees rather than the geographic location of the containers or the domicile of the lessees. Except for lease rental income from one major lessee that amounted to 12.8% and 12.2% of the Company's lease rental income for the three and nine months ended September 30, 2011, respectively, and 11.1% and 11.0% of the Company's lease rental income for the three and nine months ended September 30, 2010, respectively, no other single lessee made up greater than 10% of the Company's lease rental income for those periods. The same customer accounted for 17.4% and 13.5% of the Company's accounts receivable, net as of September 30, 2011 and December 31, 2010, respectively.

**(j) Fair Value of Financial Instruments**

The Company calculates the fair value of financial instruments and includes this additional information in the notes to the consolidated financial statements when the fair value is different from the book value of those financial instruments. The Company's financial instruments include cash

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

and cash equivalents, restricted cash, accounts receivable and payable, net investment in direct financing and sales-type leases, due from affiliates, net, container contracts payable, due to owners, net, debt and interest rate swaps. At September 30, 2011 and December 31, 2010, the fair value of the Company's

---

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

financial instruments approximates the related book value of such instruments except that, the fair value of net investment in direct financing and sales-type leases (including the short-term balance) was approximately \$102,722 and \$88,904 at September 30, 2011 and December 31, 2010, respectively, compared to a book value of \$102,209 and \$91,341 at September 30, 2011 and December 31, 2010, respectively, and the fair value of long-term debt (including current maturities) based on the borrowing rates available to the Company was approximately \$1,482,442 and \$869,596 at September 30, 2011 and December 31, 2010, respectively, compared to a book value of \$1,509,962 and \$889,197 at September 30, 2011 and December 31, 2010, respectively.

***(k) Derivative Instruments***

The Company has entered into various interest rate swap and cap agreements to mitigate its exposure associated with its variable rate debt. The swap agreements involve payments by the Company to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate ( LIBOR ). The differentials between the fixed and variable rate payments under these agreements are recognized in realized losses on interest rate swaps and caps, net in the condensed consolidated statements of income.

As of the balance sheet dates, none of the derivative instruments are designated by the Company for hedge accounting. The fair value of the derivative instruments is measured at each balance sheet date and the change in fair value is recorded in the condensed consolidated statements of income as unrealized losses on interest rate swaps, net.

***(l) Share Options and Restricted Share Units***

The Company estimates the fair value of all employee share options and restricted share units awarded under its 2007 Share Incentive Plan (the 2007 Plan ) on the grant date. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company s condensed consolidated statements of income.

The Company uses the Black-Scholes-Merton option-pricing model as a method for determining the estimated fair value for employee share option awards. The Company uses the fair market value of the Company s common shares on the grant date, discounted for estimated dividends that will not be received by the employees during the vesting period, for determining the estimated fair value for employee restricted share units. Compensation expense for employee share awards is recognized on a straight-line basis over the vesting period of the award.

***(m) Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company s management evaluates its estimates on an ongoing basis, including those related to the container rental equipment, intangible assets, accounts receivable, income taxes, and accruals.

These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities. Actual results could differ from those estimates under different assumptions or conditions.





**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

**(n) Reclassifications**

Certain reclassifications of 2010 amounts have been made in order to conform with the 2011 financial statement presentation. On the Company's condensed consolidated statement of income for the three months ended September 30, 2010, gain on lost military containers, net of \$152 was reclassified as \$229 of trading container sales proceeds, \$147 of gains on sale of containers, net and \$224 of cost of trading containers sold. On the Company's condensed consolidated statement of income for the nine months ended September 30, 2010, gain on lost military containers, net of \$498 was reclassified as \$440 of trading container sales proceeds, \$465 of gains on sale of containers, net and \$407 of cost of trading containers sold.

**(o) Net income attributable to Textainer Group Holdings Limited common shareholders per share**

Basic net income per share is computed by dividing net income by the weighted average number of shares outstanding during the applicable period. Diluted net income per share reflects the potential dilution that could occur if all outstanding share options were exercised for, and all outstanding restricted share units were converted into, common shares. Share options for the three and nine months ended September 30, 2011 of 151,543 and 152,040, respectively, were excluded from the computation of diluted net income per share because they were anti-dilutive under the treasury stock method. There were no share options excluded from the computation of diluted net income per share for the three and nine months ended September 30, 2010 because none of the shares were anti-dilutive under the treasury stock method. A reconciliation of the numerator and denominator of basic earnings per share (EPS) with that of diluted EPS is presented as follows:

All amounts in thousands, except Net income attributable to Textainer Group Holdings Limited common shareholders per common share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator:				
Net income attributable to Textainer Group Holdings Limited common shareholders- basic and diluted EPS	\$45,800	\$30,668	\$134,687	\$79,984
Denominator:				
Weighted average common shares outstanding - basic	48,916	48,171	48,832	47,907
Dilutive share options and restricted share units	776	1,270	977	1,132
Weighted average common shares outstanding - diluted	49,692	49,441	49,809	49,039
Net income attributable to Textainer Group Holdings Limited common shareholders per common share				
Basic	\$0.94	\$0.64	\$2.76	\$1.67
Diluted	\$0.92	\$0.62	\$2.70	\$1.63

**(p) Fair Value Measurements**

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The Company uses the exchange price notion, which is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the definition focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price).

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2011 and December 31, 2010:

	<b>Quoted Prices in</b>		
	<b>Active</b>	<b>Significant Other</b>	<b>Significant</b>
	<b>Markets</b>	<b>Observable</b>	<b>Unobservable</b>
	<b>for Identical</b>	<b>Inputs</b>	<b>Inputs</b>
	<b>Assets</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
	<b>(Level 1)</b>		
<b>September 30, 2011</b>			
Assets			
Interest rate swaps	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Liabilities			
Interest rate swaps	\$ -	\$ 18,019	\$ -
Total	\$ -	\$ 18,019	\$ -
<b>December 31, 2010</b>			
Assets			
Interest rate swaps	\$ -	\$ 1,320	\$ -
Total	\$ -	\$ 1,320	\$ -
Liabilities			
Interest rate swaps	\$ -	\$ 13,581	\$ -

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Total	\$	-	\$	13,581	\$	-
-------	----	---	----	--------	----	---

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

The following table summarizes the Company's assets measured at fair value on a non-recurring basis as of September 30, 2011 and December 31, 2010:

	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>September 30, 2011</b>			
Assets			
Containers held for sale (1)	\$ -	\$ 151	\$ -
Total	\$ -	\$ 151	\$ -
<b>December 31, 2010</b>			
Assets			
Containers held for sale (1)	\$ -	\$ 376	\$ -
Total	\$ -	\$ 376	\$ -

- (1) Represents the carrying value of containers included in containers held for sale in the condensed consolidated balance sheets that have been impaired to write down the value of the containers to their estimated fair value less cost to sell.

When the Company is required to write down the cost basis of its containers held for sale to fair value less cost to sell, the Company measures the fair value of its containers held for sale under a Level 2 input. The Company relies on its recent sales prices for identical or similar assets in markets, by geography, that are active. The Company records impairments to write down the value of containers held for sale to their estimated fair value less cost to sell. The Company recorded impairments during the three months ended September 30, 2011 and 2010 of \$375 and \$211, respectively, and during the nine months ended September 30, 2011 and 2010 of \$1,160 and \$814, respectively, as a part of depreciation expense to write down the value of containers identified for sale to their estimated fair value less cost to sale.

The Company measures the fair value of its \$512,060 notional amount of interest rate swaps using observable (Level 2) market inputs. The valuation also reflects the credit standing of the Company and the counterparties to the interest rate swaps. The valuation technique utilized by the Company to calculate the fair value of the interest rate swaps is the income approach. This approach represents the present value of future cash flows based upon current market expectations. The Company's interest rate swap agreements had a net fair value liability of \$18,019 and \$12,261 as of September 30, 2011 and December 31, 2010, respectively. The credit valuation adjustment (which was a reduction in the liability) was determined to be \$170 and \$45 as of September 30, 2011 and December 31, 2010, respectively. The change in fair value for the nine months ended September 30, 2011 and 2010 of \$5,758 and \$9,516, respectively, was recorded in the condensed consolidated statements of income as

unrealized losses on interest rate swaps, net.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

**(q) Recently Issued Accounting Pronouncements**

In May 2011, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2011-04 *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* (ASU 2011-04), which amends current guidance to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards. The amendments generally represent clarification of FASB Accounting Standards Codification Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. The amendments are effective for interim and annual reporting periods beginning after December 15, 2011. The Company does not believe that the adoption of ASU 2011-04 will have a material effect on its consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* (ASU 2011-05), which provides new guidance on the presentation of comprehensive income in financial statements. Entities are required to present total comprehensive income either in a single, continuous statement of comprehensive income or in two separate, but consecutive, statements. Under the single-statement approach, entities must include the components of net income, a total for net income, the components of other comprehensive income and a total for comprehensive income. Under the two-statement approach, entities must report an income statement and, immediately following, a statement of other comprehensive income. Under either method, entities must display adjustments to items reclassified from other comprehensive income to net income in both net income and other comprehensive income. ASU 2011-05 will be effective for interim and annual reporting periods beginning after December 15, 2011, with early adoption permitted. The Company does not believe that the adoption of ASU 2011-05 will have a material effect on its consolidated financial position, results of operations or cash flows.

**(3) Gain on Sale of Containers to Noncontrolling Interest**

On June 30, 2011, TMCL completed a capital restructuring, whereby TL became the sole owner of TMCL. Immediately before the capital restructuring, TL held an 82.49% economic ownership in TMCL and TCG Fund I, L.P. (TCG) held the remaining 17.51% economic ownership. TL's total ownership and voting interest in TMCL's Class A common shares before and after the capital restructuring was 75% and 100%, respectively.

On June 30, 2011, TL purchased 1,500 (or 12.5%) Class A common shares of TMCL from TCG for cash consideration of \$71,089. The Company accounted for this transaction as a reduction in the related noncontrolling interest and additional paid-in capital. To complete the capital restructuring, TMCL contributed 12.5% of its containers, net and investment in direct financing and sales-type leases to TCG and TCG paid \$67,303 of principal on TMCL's secured debt facility (equal to 12.5% of the balance of TMCL's secured debt facility and bonds payable) in consideration for the remaining 1,500 (or 12.5%) Class A shares of TMCL held by TCG, which were immediately retired. The fair value of the containers, net and investment in direct financing and sales-type leases contributed was \$124,153 and \$8,896, respectively, compared to a book value of \$104,345 and \$8,931, respectively. The Company recorded a gain on sale of containers to noncontrolling interest of \$19,773 for the three months ended June 30, 2011 in the amount by which the fair value of its containers, net and net investment in direct financing and sales-type leases exceeded their book values. Simultaneously with the contribution of containers, net and net investment in direct financing and sales-type leases, TCG repaid \$67,302 of TMCL's secured debt facility. As a result of this restructuring, TL acquired the noncontrolling interest in TMCL and additional paid-in capital was reduced by \$35,013 during the three months ended June 30, 2011.



**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

During the three months ended September 30, 2011, TL paid an additional \$7,997 of cash consideration to TCG as a final determination of the purchase price as determined under the contract for 12.5% of the book value of TMCL's net assets excluding the book value of containers, net, net investment in direct financing and sales-type leases, secured debt facility and bonds payable as of June 30, 2011. This additional consideration was recorded as a reduction of additional paid-in capital.

TL's 100% ownership and voting interest in TMCL's Class B common shares was not affected by the capital restructuring. In addition, voting matters related to commencing bankruptcy proceedings and amending related board and shareholder meeting requirements require the approval of a separate Class C common shareholder, which does not have any economic ownership interest in TMCL and was not affected by the capital restructuring. For U.S. federal income tax purposes, as a result of the capital restructuring described above, TMCL became a disregarded entity with respect to the Company. The Company has consolidated TMCL since the inception of the entity in 2001.

**(4) Container Purchases**

On May 16, 2011, the Company purchased approximately 113,500 containers that it had been managing for an institutional investor, including related accounts receivable, due from owners, net, net investment in direct financing leases, accounts payable and accrued expenses for total purchase consideration of \$183,265 (consisting of cash of \$175,619 and elimination of the Company's intangible asset for the management rights relinquished of \$7,646). The total purchase price, which was allocated based on the fair value of the assets and liabilities acquired, was recorded as follows:

Containers, net	\$	174,201
Other net assets		9,064
	\$	183,265

**(5) Transactions with Affiliates and Owners**

Due from affiliates, net generally represent cash advances to affiliates and amounts owed by affiliates as a result of the payment of affiliated companies' administrative expenses by the Company on behalf of such affiliates. Balances are generally paid within 30 days.

Management fees, including acquisition fees and sales commissions for the three and nine months ended September 30, 2011 and 2010, were as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Fees from affiliated owners	\$ 1,188	\$ 1,189	\$ 3,554	\$ 3,633

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Fees from unaffiliated owners	5,715	6,091	17,688	16,022
Fees from owners	6,903	7,280	21,242	19,655
Other fees	494	480	1,454	1,410
Total management fees	\$ 7,397	\$ 7,760	\$ 22,696	\$ 21,065

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

Due to owners, net represents lease rentals collected on behalf of and payable to Owners, net of direct expenses and management fees receivable. Due to owners, net at September 30, 2011 and December 31, 2010 consisted of the following:

	September 30, 2011	December 31, 2010
Affiliated owners	\$ 1,096	\$ 885
Unaffiliated owners	17,866	16,660
<b>Total due to owners, net</b>	<b>\$ 18,962</b>	<b>\$ 17,545</b>

**(6) Direct Financing and Sales-type Leases**

The Company leases containers under direct financing and sales-type leases. The Company had 55,433 and 52,485 containers under direct financing and sales-type leases as of September 30, 2011 and December 31, 2010, respectively.

The components of the net investment in direct financing and sales-type leases, which are reported in the Company's Container ownership segment and included in accounts receivable, net in the consolidated balance sheets, as of September 30, 2011 and December 31, 2010 were as follows:

	September 30, 2011	December 31, 2010
Future minimum lease payments receivable	\$ 114,383	\$ 100,559
Residual value of containers on sales-type leases	9,577	9,390
Less unearned income	(21,751)	(18,608)
 Net investment in direct financing and sales-type leases	 \$ 102,209	 \$ 91,341
 Amounts due within one year	 \$ 23,618	 \$ 19,117
Amounts due beyond one year	78,591	72,224
 Net investment in direct financing and sales-type leases	 \$ 102,209	 \$ 91,341

The Company maintains detailed credit records about its container lessees. The Company's credit policy sets different maximum exposure limits for its container lessees. The Company uses various credit criteria to set maximum exposure limits rather than a standardized internal credit rating. Credit criteria used by the Company to set maximum exposure limits may include, but are not limited to, container lessee trade route,

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

country, social and political climate, assessments of net worth, asset ownership, bank and trade credit references, credit bureau reports, including those from Dynamar B.V. and Lloyd's Marine Intelligence Unit (common credit reporting agencies used in the maritime sector), operational history and financial strength. The Company monitors its container lessees' performance and its lease exposures on an ongoing basis, and its credit management processes are aided by the long payment experience the Company has had with most of its container lessees and the Company's broad network of long-standing relationships in the shipping industry that provide the Company current information about its container lessees.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

If the aging of current billings for the Company's direct financing and sales-type leases included in accounts receivable, net were applied to the related balances of the unbilled future minimum lease payments receivable component of the Company's net investment in direct finance leases and sales-type leases as of September 30, 2011, the aging would be as follows:

1-30 days past due	\$	22,125
31-60 days past due		36,336
61-90 days past due		78
Greater than 90 days past due		166
<b>Total past due</b>		<b>58,705</b>
Current		55,678
<b>Total future minimum lease payments</b>	<b>\$</b>	<b>114,383</b>

The Company maintains allowances, if necessary, for doubtful accounts and estimated losses resulting from the inability of its lessees to make required payments under direct financing and sales-type leases based on, but not limited to, each lessee's payment history, management's current assessment of each lessee's financial condition and the adequacy of the fair value of containers that collateralize the leases compared to the book value of the related net investment in direct financing and sales-type leases. Management does not set an internal credit score or obtain an external credit score as part of estimating the allowance as of period end. Based on management's assessment, there was no allowance for doubtful accounts recorded related to the Company's net investment in direct financing and sales-type leases as of September 30, 2011 or December 31, 2010 and there were no provisions or write-offs related to the Company's net investment in direct financing and sales-type leases for the three and nine months ended September 30, 2011.

The following is a schedule by year of future minimum lease payments receivable under these direct financing and sales-type leases as of September 30, 2011:

<b>Year ending September 30:</b>		
2012	\$	31,493
2013		27,322
2014		21,859
2015		18,364
2016 and thereafter		15,345
<b>Total future minimum lease payments receivable</b>	<b>\$</b>	<b>114,383</b>

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Lease rental income includes income earned from direct financing and sales-type leases in the amount of \$2,220 and \$1,832 for the three months ended September 30, 2011 and 2010, respectively, and \$6,760 and \$5,523 for the nine month ended September 30, 2011 and 2010, respectively.

### **(7) Income Taxes**

The Company's effective income tax rates were 2.43% and -0.15% for the three months ended September 30, 2011 and 2010, respectively, and 4.78% and 3.50% for the nine months ended September 30, 2011 and 2010, respectively.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

The Company released a liability for unrecognized tax benefits and recognized a tax provision reduction of \$3,267 due to the lapsing of certain statutes of limitation during the three months ended September 30, 2011.

In May 2009, the Company received notification from the U.S. Internal Revenue Service (the IRS) that the 2007 and 2008 United States tax returns for TGH's subsidiary Textainer Equipment Management (U.S.) Limited had been selected for examination. On May 6, 2010, the Company received final notification from the IRS that it had completed its examination. As a result, the Company revised its estimate of unrecognized tax benefits by \$2,453 and recognized a tax provision reduction of \$2,314, net of correlative deduction, during the nine months ended September 30, 2010. The Company also released a liability for unrecognized tax benefits of \$3,091 and recognized a tax provision reduction of \$2,859, net of correlative deduction, due to the lapsing of certain statutes of limitation during the three months ended September 30, 2010.

**(8) Revolving Credit Facilities, Bonds Payable and Secured Debt Facility, and Derivative Instruments**

The following represents the Company's debt obligations as of September 30, 2011 and December 31, 2010:

	September 30, 2011	December 31, 2010
<b>Revolving Credit Facilities, Bonds Payable and Secured Debt Facility</b>		
Revolving Credit Facility, weighted average variable interest at 1.53% and 1.29% at September 30, 2011 and December 31, 2010, respectively	\$ 136,000	\$ 104,000
2005-1 Bonds, variable interest at 0.76% and 0.79% at September 30, 2011 and December 31, 2010, respectively	188,566	227,070
2011-1 Bonds, fixed interest at 4.70% at September 30, 2011	390,000	-
Secured Debt Facility, weighted average variable interest at 2.98% and 3.01% at September 30, 2011 and December 31, 2010, respectively	795,396	558,127
<b>Total debt obligations</b>	<b>\$ 1,509,962</b>	<b>\$ 889,197</b>
Amount due within one year	\$ 111,393	\$ 51,500
Amounts due beyond one year	\$ 1,398,569	\$ 837,697

**Revolving Credit Facilities**

A Company subsidiary, TL, has a credit agreement with a group of banks that provides for a revolving credit facility with an aggregate commitment amount of up to \$205,000 (which includes a \$50,000 letter of credit facility) (the Credit Facility). The Credit Facility provides for payments of interest only during its term beginning on its inception date through April 22, 2013 when all borrowings are due in full. Interest on the outstanding amount due under the Credit Facility at September 30, 2011 was based either on the U.S. prime rate or LIBOR plus a spread between 0.5% and 1.5%, which varies based on TGH's leverage. Total outstanding principal under the Credit Facility was \$136,000 and \$104,000 as of September 30, 2011 and December 31, 2010, respectively. The Company had no outstanding letters of credit under the Credit Facility as of September 30, 2011 and December 31, 2010.

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

The Credit Facility is secured by the Company's containers and under the terms of the Credit Facility, the total outstanding principal may not exceed the lesser of the commitment amount and a formula based on the Company's net book value of containers and outstanding debt. The additional amount available for borrowing under the Credit Facility, as limited by the Company's borrowing base, was \$25,075 as of September 30, 2011.

TGH acts as a guarantor of the Credit Facility. The Credit Facility contains restrictive covenants, including limitations on certain liens, indebtedness and investments. In addition, the Credit Facility contains certain restrictive financial covenants on TGH's tangible net worth, leverage, debt service coverage and on TL's leverage and interest coverage. The Company was in compliance with all such covenants at September 30,



**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

2011. There is a commitment fee of 0.20% to 0.30% on the unused portion of the Credit Facility, which varies based on the leverage of TGH and is payable in arrears. In addition, there is an agent's fee, which is payable annually in advance.

The Company's joint venture, TW, is party to a credit agreement, dated as of August 5, 2011, with certain lenders and WFS, as administrative agent for the lenders, which provides for a revolving credit facility with an aggregate commitment amount of up to \$425,000 (the TW Credit Facility). The loans advanced under the TW Credit Facility accrue interest, payable monthly in arrears, at LIBOR plus a spread between 2.75% and 3.75% per annum, which varies based on the occurrence of certain specified events. There is a commitment fee of 0.50% on the unused portion of the TW Credit Facility, which is payable monthly in arrears. In addition, there is an agent's fee of 0.025% on the aggregate commitment amount of the TW Credit Facility, which is payable monthly in advance. TW is required to make principal payments on a monthly basis to the extent that the outstanding loan principal amount exceeds TW's borrowing base. The aggregate loan principal balance is due on the maturity date, August 5, 2024. There was no outstanding principal balance under the TW Credit Facility as of September 30, 2011.

***Bonds Payable and Secured Debt Facility***

In 2005, one of the Company's subsidiaries, Textainer Marine Containers Limited (TMCL), issued \$580,000 in variable rate amortizing bonds (the 2005-1 Bonds) to institutional investors. The \$580,000 in 2005-1 Bonds represent fully amortizing notes payable on a straight-line basis over a scheduled payment term of 10 years, but not to exceed the maximum payment term of 15 years. Based on the outstanding principal amount at September 30, 2011 and under a 10-year amortization schedule, \$51,500 in 2005-1 Bond principal will amortize per year. Under the terms of the 2005-1 Bonds, both principal and interest incurred are payable monthly. TMCL is permitted to make voluntary prepayments of all, or a portion of, the principal balance of the 2005-1 Bonds. Ultimate payment of the 2005-1 Bonds' principal has been insured by Ambac Assurance Corporation and the cost of this insurance coverage, which is equal to 0.275% on the outstanding principal balance of the 2005-1 Bonds, is recognized as incurred on a monthly basis. The interest rate for the outstanding principal balance of the 2005-1 Bonds equals one-month LIBOR plus 0.25%. The target final payment date and legal final payment date are May 15, 2015 and May 15, 2020, respectively.

In June 2011, TMCL issued \$400,000 aggregate principal amount of Series 2011-1 Fixed Rate Asset Backed Notes (the 2011-1 Bonds) to qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act) and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act. The \$400,000 in 2011-1 Bonds represent fully amortizing notes payable on a straight-line basis over a scheduled payment term of 10 years, but not to exceed a maximum payment term of 15 years. Based on the outstanding principal amount at September 30, 2011 and under the 10-year amortization schedule, \$40,000 in 2011-1 Bond principal will amortize per year. Under the terms of the 2011-1 Bonds, both principal and interest incurred are payable monthly. TMCL is not permitted to make voluntary prepayments of all, or a portion of, the principal balance of the 2011-1 Bonds prior to the payment date occurring in June 2013. The interest rate for the outstanding principal balance of the 2011-1 Bonds is fixed at 4.70% per annum. The final target payment date and legal final payment date are June 15, 2021 and June 15, 2026, respectively.

The Company's primary ongoing container financing requirements are funded by revolving notes issued by TMCL (the Secured Debt Facility). On March 15, 2011, TMCL exercised an option to increase the maximum available commitment under the Secured Debt Facility from \$750,000 to \$850,000. The additional amount available for borrowing under the Secured Debt Facility, as limited by the Company's borrowing base, was \$0 as of September 30, 2011. The Secured Debt Facility provides for payments of interest only during the period from its inception until its Conversion Date (as defined in the Indenture governing the 2005-1 Bonds and the Secured Debt Facility) (currently set at June 29, 2012), with a provision

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

for the Secured Debt Facility to amortize over a 10-year period, but not to exceed the maximum term of a 15-year period, beginning on the Conversion Date. The interest rate on the Secured Debt Facility, payable monthly in arrears, is LIBOR plus 2.75% during the revolving period prior to the Conversion Date. There is also a commitment fee on the unused portion of the Secured Debt Facility, payable in arrears, of 0.75% if total borrowings under the Secured Debt Facility equal 50% or more of the total commitment or 1.00% if total borrowings are less than 50% of the total commitment. If the Secured Debt Facility is not refinanced or renewed prior to the Conversion Date, the interest rate would increase based on pre-agreed terms during the 10 or 15 year amortization period that follows.

Under the terms of the 2005-1 Bonds, 2011-1 Bonds and Secured Debt Facility, the total outstanding principal of these two programs may not exceed an amount (the Asset Base), which is calculated by a formula based on TMCL's book value of equipment, restricted cash and direct financing and sales-type leases. The total obligations under the 2005-1 Bonds, 2011-1 Bonds and the Secured Debt Facility are secured by a pledge of TMCL's assets. TMCL's total assets amounted to \$1,953,380 as of September 30, 2011. The 2005-1 Bonds, 2011-1 Bonds and the Secured Debt Facility also contain restrictive covenants regarding the average age of TMCL's container fleet, certain earnings ratios, ability to incur other obligations and to distribute earnings, TGH's container management subsidiary net income and debt levels, and overall Asset Base minimums, for which TMCL and TGH's container management subsidiary believe that they were in compliance at September 30, 2011.

The following is a schedule by year, of future scheduled repayments, as of September 30, 2011:

	Revolving Credit Facility	2005-1 Bonds (1)	2011-1 Bonds	Secured Debt Facility(1)
Twelve months ending September 30:				
2012	\$ -	\$ 51,500	\$ 40,000	\$ 19,892
2013	136,000	51,500	40,000	79,570
2014	-	51,500	40,000	79,570
2015	-	34,333	40,000	79,570
2016 and thereafter	-	-	230,000	537,095
	\$ 136,000	\$ 188,833	\$ 390,000	\$ 795,697

- (1) Future scheduled payments for the 2005-1 Bonds and the Secured Debt Facility exclude step acquisition adjustments of \$267 and \$301, respectively, related to the purchase by TL of 3,000 additional shares of TMCL on November 1, 2007. The adjustments were recorded to reduce the balance of both the 2005-1 Bonds and the Secured Debt Facility to an amount that equaled the fair market value of the debt on the date of the acquisition.

The future repayments schedule for the Secured Debt Facility is based on the assumption that the facility will not be extended on its Conversion Date and will then convert into a ten-year fully amortizing note payable.



**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

***Derivative Instruments***

The Company has entered into several interest rate cap and swap agreements with several banks to reduce the impact of changes in interest rates associated with its 2005-1 Bonds, 2011-1 Bonds and Secured Debt Facility. The following is a summary of the Company's derivative instruments as of September 30, 2011:

<b>Derivative instruments</b>	<b>Notional amount</b>
Interest rate cap contracts with several banks with fixed rates between 3.19% and 5.63% per annum, non-amortizing notional amounts, with termination dates through November 2015	\$ 233,640
Interest rate swap contracts with several banks, with fixed rates between 0.97% and 3.96% per annum, amortizing notional amounts, with termination dates through December 2015	512,060
<b>Total notional amount as of September 30, 2011</b>	<b>\$ 745,700</b>

During October 2011, the Company entered into two interest rate cap contracts with a bank, which caps one-month LIBOR rate fixed at 3.24% per annum, in nonamortizing notional amount of \$50,000 and a term from October 17, 2011 through November 15, 2011 and nonamortizing notional amount of \$10,000 and a term from October 17, 2011 through October 15, 2012.

During November 2011, the Company entered into an interest rate swap contract with a bank, with a one-month LIBOR rate fixed at 0.72% per annum, in an initial nonamortizing notional amount of \$8,106 and a term from November 8, 2011 through July 15, 2016.

During November 2011, the Company entered into two interest rate cap contracts with a bank, which caps one-month LIBOR rate fixed at 3.25% per annum, in nonamortizing notional amounts of \$140,000 and \$90,000, both with terms from November 15, 2011 through February 2012.

The Company's interest rate swap agreements had a fair value asset and liability of \$18,019 as of September 30, 2011 and a fair value asset and liability of \$1,320 and \$13,581, respectively, as of December 31, 2010, which are inclusive of counterparty risk. The primary external risk of the Company's interest rate swap agreements is the counterparty credit exposure, which is defined as the ability of a counterparty to perform its financial obligations under a derivative contract. The Company monitors its counterparties' credit ratings on an on-going basis and believes that they were in compliance with the related derivative agreements at September 30, 2011. The Company does not have any master netting arrangements with its counterparties. The Company's fair value assets and liabilities for its interest rate swap agreements are included in interest rate swaps in the accompanying condensed consolidated balance sheets. The change in fair value was recorded in the condensed consolidated statements of income as unrealized losses on interest rate swaps, net.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

**(9) Segment Information**

As described in Note 1 Nature of Business, the Company operates in three reportable segments: Container ownership, Container management and Container resale. In 2010, the Company reviewed its reportable segments and determined that its previously reported Military management segment was not materially different from its Container management segment. Accordingly, the Company reclassified balances that were previously reported in its Military management segment into its Container management segment. The following tables show segment information for the three and nine months ended September 30, 2011 and 2010, reconciled to the Company's income before taxes as shown in its condensed consolidated statements of income:

Three Months Ended	Container	Container	Container			
September 30, 2011	Ownership	Management	Resale	Other	Eliminations	Totals
Lease rental income	\$ 84,815	\$ 332	\$	\$	\$	\$ 85,147
Management fees		18,581	2,657		(13,841)	7,397
Trading container sales proceeds			9,024			9,024
Gains on sale of containers, net	7,913					7,913
<b>Total revenue</b>	<b>\$ 92,728</b>	<b>\$ 18,913</b>	<b>\$ 11,681</b>	<b>\$</b>	<b>\$ (13,841)</b>	<b>\$ 109,481</b>
Depreciation expense	\$ 19,484	\$ 189	\$	\$	\$ (864)	\$ 18,809
Interest expense	\$ 13,708	\$	\$	\$	\$	\$ 13,708
Unrealized losses on interest rate swaps, net	\$ 3,516	\$	\$	\$	\$	\$ 3,516
<b>Segment income before taxes</b>	<b>\$ 38,429</b>	<b>\$ 10,549</b>	<b>\$ 2,602</b>	<b>\$ (666)</b>	<b>\$ (4,278)</b>	<b>\$ 46,636</b>
Total assets	\$ 2,195,627	\$ 104,387	\$ 15,866	\$ 2,858	\$ (47,126)	\$ 2,271,612
Purchases of long-lived assets	\$ 99,193	\$ 175	\$	\$	\$	\$ 99,368

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

Three Months Ended	Container	Container	Container				
September 30, 2010	Ownership	Management	Resale	Other	Eliminations	Totals	
Lease rental income	\$ 60,992	\$ 276	\$	\$	\$	\$	61,268
Management fees		13,485	1,903		(7,628)		7,760
Trading container sales proceeds			2,211				2,211
Gains on sale of containers, net	4,389						4,389
<b>Total revenue</b>	<b>\$ 65,381</b>	<b>\$ 13,761</b>	<b>\$ 4,114</b>	<b>\$</b>	<b>\$ (7,628)</b>	<b>\$</b>	<b>\$ 75,628</b>
Depreciation expense	\$ 15,256	\$ 185	\$	\$ 5	\$ (555)	\$	14,891
Interest expense	\$ 6,058	\$	\$	\$	\$	\$	6,058
Unrealized losses on interest rate swaps, net	\$ 3,188	\$	\$	\$	\$	\$	3,188
<b>Segment income before taxes</b>	<b>\$ 27,928</b>	<b>\$ 5,717</b>	<b>\$ 1,279</b>	<b>\$ (568)</b>	<b>\$ (985)</b>	<b>\$</b>	<b>\$ 33,371</b>
Total assets	\$ 1,486,418	\$ 113,849	\$ 845	\$ 2,782	\$ (30,165)	\$	1,573,729
Purchases of long-lived assets	\$ 184,407	\$ 54	\$	\$	\$	\$	184,461

Nine Months Ended	Container	Container	Container				
September 30, 2011	Ownership	Management	Resale	Other	Eliminations	Totals	
Lease rental income	\$ 239,667	\$ 888	\$	\$	\$	\$	240,555
Management fees		52,953	7,888		(38,145)		22,696
Trading container sales proceeds			19,444				19,444
Gains on sale of containers, net	23,724						23,724

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Total revenue	\$	263,391	\$	53,841	\$	27,332	\$	(38,145)	\$	306,419		
Depreciation expense	\$	63,386	\$	595	\$		\$	(2,305)	\$	61,676		
Interest expense	\$	30,242	\$		\$		\$		\$	30,242		
Unrealized losses on interest rate swaps, net	\$	5,758	\$		\$		\$		\$	5,758		
Segment income before taxes	\$	135,819	\$	28,008	\$	6,769	\$	(2,444)	\$	(11,112)	\$	157,040
Total assets	\$	2,195,627	\$	104,387	\$	15,866	\$	2,858	\$	(47,126)	\$	2,271,612
Purchases of long-lived assets	\$	681,298	\$	661	\$		\$		\$		\$	681,959

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

Nine Months Ended	Container	Container	Container			
September 30, 2010	Ownership	Management	Resale	Other	Eliminations	Totals
Lease rental income	\$ 166,549	\$ 1,041	\$	\$	\$	\$ 167,590
Management fees		33,032	7,504		(19,471)	21,065
Trading container sales proceeds			9,846			9,846
Gains on sale of containers, net	21,368	11				21,379
<b>Total revenue</b>	<b>\$ 187,917</b>	<b>\$ 34,084</b>	<b>\$ 17,350</b>	<b>\$</b>	<b>\$ (19,471)</b>	<b>\$ 219,880</b>
Depreciation expense	\$ 41,944	\$ 583	\$	\$	\$ (1,605)	\$ 40,922
Interest expense	\$ 11,493	\$	\$	\$	\$	\$ 11,493
Unrealized losses on interest rate swaps, net	\$ 9,516	\$	\$	\$	\$	\$ 9,516
<b>Segment income before taxes</b>	<b>\$ 79,823</b>	<b>\$ 8,872</b>	<b>\$ 6,352</b>	<b>\$ (2,102)</b>	<b>\$ (850)</b>	<b>\$ 92,095</b>
Total assets	\$ 1,486,418	\$ 113,849	\$ 845	\$ 2,782	\$ (30,165)	\$ 1,573,729
Purchases of long-lived assets	\$ 306,923	\$ 211	\$	\$	\$	\$ 307,134

General and administrative expenses are allocated to the reportable business segments based on direct overhead costs incurred by those segments. Amounts reported in the Other column represent activity unrelated to the active reportable business segments. Amounts reported in the Eliminations column represent inter-segment management fees between the Container management and Container ownership segments.

**Geographic Segment Information**

The Company's container lessees use containers for their global trade utilizing many worldwide trade routes. The Company earns its revenue from international carriers when the containers are on lease. Substantially all of the Company's leasing related revenue is denominated in U.S. dollars. Since all of the Company's containers are used internationally, where no one container is domiciled in one particular place for a prolonged period of time, all of the Company's long-lived assets are considered to be international with no single country of use and, therefore, it is not possible for the Company to determine an accurate breakdown of its revenue by geographic market.



**(10) Commitments and Contingencies**

**(a) *Restricted Cash***

Restricted interest-bearing cash accounts were established by the Company as additional collateral for outstanding borrowings under the Company's Secured Debt Facility, 2005-1 Bonds and 2011-1 Bonds. The total balance of these restricted cash accounts was \$42,065 and \$15,034 as of September 30, 2011 and December 31, 2010, respectively.

---

**Table of Contents**

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

**(b) Container Commitments**

At September 30, 2011, the Company had placed orders with manufacturers for containers to be delivered subsequent to September 30, 2011 in the total amount of \$13,747.

**(11) Share Option and Restricted Share Unit Plan**

As of September 30, 2011, the Company maintained one active share option and restricted share unit plan, the 2007 Plan. The 2007 Plan provides for the grant of share options, restricted shares, restricted share units, share appreciation rights and dividend equivalent rights. The 2007 Plan provides for grants of incentive share options only to the Company's employees or employees of any parent of TGH. Awards other than incentive share options may be granted to the Company's employees, directors and consultants or the employees, directors and consultants of any parent of TGH. Under the 2007 Plan, which was approved by the Company's shareholders on September 4, 2007, a maximum of 3,808,371 share awards may be granted under the plan. On February 23, 2010, TGH's board of directors approved an increase in the number of shares available for future issuance by 1,468,500, which was approved by TGH's shareholders at the annual meeting of shareholders on May 19, 2010. At September 30, 2011, 1,837,118 shares were available for future issuance under the 2007 Plan.

Share options are granted at exercise prices equal to the fair market value of the shares on the grant date. Each employee's options vest in increments of 25% per year beginning approximately one year after an option's grant date. Unless terminated pursuant to certain provisions of the 2007 Plan, including discontinuance of employment with the Company, all unexercised options expire ten years from the date of grant.

Beginning approximately one year after a restricted share unit's grant date for each restricted share unit granted in 2007, 2008 and 2009, each employee's restricted share units vest in increments of 15% per year for the first two years, 20% for the third year and 25% per year for the fourth and fifth year. Beginning approximately one year after a restricted share unit's grant date for each restricted share unit granted in 2010 and thereafter, each employee's restricted share units vest in increments of 25% per year.

Share-based compensation expense for the three months ended September 30, 2011 and 2010 of \$1,402 and \$942, respectively, and for the nine months ended September 30, 2011 and 2010 of \$4,663 and \$3,844, respectively, was recorded as a part of long-term incentive compensation expense in the condensed consolidated statements of income for share options and restricted share units awarded to employees under the 2007 Plan.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

The following is a summary of activity in the Company's 2007 Plan for the nine months ended September 30, 2011:

	Share options	Weighted average
	<b>(common share equivalents) exercise price</b>	
Balances, December 31, 2010	1,258,082	\$ 16.51
Options granted during the period	-	\$ -
Options exercised during the period	(343,169)	\$ 15.29
Options forfeited during the period	(3,503)	\$ 18.48
Balances, September 30, 2011	911,410	\$ 16.97
Options exercisable at September 30, 2011	235,809	\$ 15.18
Options vested and expected to vest at September 30, 2011	886,650	\$ 16.85
		<b>Weighted average</b>
	<b>Restricted share units grant date fair value</b>	
Balances, December 31, 2010	1,265,896	\$ 13.90
Share units granted during the period	17,119	\$ 29.20
Share units vested during the period	(272,974)	\$ 13.23
Share units forfeited during the period	(4,561)	\$ 14.73
Balances, September 30, 2011	1,005,480	\$ 14.38
Share units outstanding and expected to vest at September 30, 2011	961,106	\$ 15.05

As of September 30, 2011, \$9,231 of total compensation cost related to non-vested share option and restricted share unit awards not yet recognized is expected to be recognized over a weighted average period of 1.77 years. The aggregate intrinsic value of all options exercisable and outstanding, which represents the total pre-tax intrinsic value, based on the Company's closing common share price of \$20.28 per share as of September 30, 2011 was \$1,202. The aggregate intrinsic value is calculated as the difference between the exercise prices of the Company's share options that were in-the-money and the market value of the common shares that would have been issued if those share options were exercised as

of September 30, 2011.

**Table of Contents****TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Continued)

September 30, 2011 and 2010

(Unaudited)

(All currency expressed in United States dollars in thousands)

The following table summarizes information about share options exercisable and outstanding at September 30, 2011:

	Share options exercisable		Share options outstanding	
	Weighted		Weighted	
	Number of shares	average exercise price	Number of shares	average exercise price
Range of per-share exercise prices:				
\$7.10 - \$7.10	33,932	\$ 7.10	152,227	\$ 7.10
\$14.01 - \$14.01	2,242	14.01	3,106	14.01
\$16.50 - \$16.50	169,445	16.50	417,605	16.50
\$16.97 - \$16.97	30,190	16.97	186,929	16.97
\$28.26 - \$28.26	-	-	151,543	28.26
	235,809	\$ 15.20	911,410	\$ 16.95

The weighted average contractual life of share options exercisable and share options outstanding as of September 30, 2011 was 6.4 years and 7.2 years, respectively.

**(12) Comprehensive Income**

The following table provides a reconciliation of the Company's net income to total comprehensive income attributable to Textainer Group Holdings Limited common shareholders:

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net income	\$ 45,505	\$ 33,420	\$ 149,529	\$ 88,876
Other comprehensive income (loss):				
Foreign currency translation adjustments	69	74	189	12

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Total comprehensive income	45,574	33,494	149,718	88,888
Less: comprehensive loss (income) attributable to noncontrolling interest	295	(2,752)	(14,842)	(8,892)
Total comprehensive income attributable to Textainer Group Holdings Limited common shareholders	\$ 45,869	\$ 30,742	\$ 134,876	\$ 79,996

### (13) Dividend

On October 27, 2011, TGH's board of directors approved and on November 4, 2011 the Company announced a quarterly cash dividend of \$0.35 per share on TGH's issued and outstanding common shares, payable on November 28, 2011 to shareholders of record as of November 14, 2011.

**Table of Contents****ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in Item 1, Condensed Consolidated Financial Statements (Unaudited) of this Quarterly Report on Form 6-K, as well as our audited consolidated financial statements and notes thereto included in our Annual Report on Form 20-F for the fiscal year ended December 31, 2010 filed with the U.S. Securities and Exchange Commission (the SEC) on March 18, 2011 (our 2010 Form 20-F). In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See Information Regarding Forward-Looking Statements; Cautionary Language. Factors that could cause or contribute to these differences include those discussed below and in Item 3, Key Information -- Risk Factors included in our 2010 Form 20-F.*

*As used in the following discussion and analysis, unless indicated otherwise or the context otherwise requires, references to: (1) the Company, we, us or our refer collectively to Textainer Group Holdings Limited, the issuer of the publicly-traded common shares that have been registered pursuant to Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended, and its subsidiaries; (2) TEU refers to a Twenty-Foot Equivalent Unit, which is a unit of measurement used in the container shipping industry to compare shipping containers of various lengths to a standard 20 dry freight container, thus a 20 container is one TEU and a 40 container is two TEU; (3) CEU refers to a Cost Equivalent Unit, which is a unit of measurement based on the approximate cost of a container relative to the cost of a standard 20 dry freight container, so the cost of a standard 20 dry freight container is one CEU; the cost of a 40 dry freight container is 1.6 CEU; and the cost of a 40 high cube dry freight container (9 6 high) is 1.68 CEU; (4) our owned fleet means the containers we own; (5) our managed fleet means the containers we manage that are owned by other container investors; (6) our fleet and our total fleet means our owned fleet plus our managed fleet plus any containers we lease from other lessors; and (7) container investors means the owners of the containers in our managed fleet.*

*Dollar amounts in this section of this Quarterly Report on Form 6-K are expressed in thousands, unless otherwise indicated.*

**Overview**

Operating since 1979, we are the world's largest lessor of intermodal containers based on fleet size, with a total fleet of over 1.6 million containers, representing over 2.4 million TEU, in our owned and managed fleet as of September 30, 2011. We lease containers to approximately 400 shipping lines and other lessees, including each of the world's top 20 container lines. We believe we are one of the most reliable lessors of containers, in terms of consistently being able to supply containers in locations where our customers need them. We have provided an average of more than 107,000 TEU of new containers per year for the past 10 years, and have been one of the largest purchasers of new containers among container lessors over the same period. We are one of the largest sellers of used containers among container lessors, having sold more than 77,000 during the last calendar year to more than 1,100 customers. We provide our services worldwide via a network of regional and area offices and independent depots. Trencor, Ltd., a company publicly traded on the JSE Limited in Johannesburg, South Africa, and its affiliates currently have beneficiary interest in a majority of our issued and outstanding common shares.

We operate our business in three core segments:

*Container Ownership.* As of September 30, 2011, we owned containers accounting for approximately 58% of our fleet.

*Container Management.* As of September 30, 2011, we managed containers on behalf of 17 affiliated and unaffiliated container owners, providing acquisition, management and disposal services. We also supply leased containers to the U.S. military pursuant to a contract with the Surface Deployment and Distribution Command and earn a fee for supplying and managing its fleet of leased containers. We are the main supplier of leased intermodal containers to the U.S. military. As of September 30, 2011, managed containers account for approximately 42% of our fleet.

**Table of Contents**

*Container Resale.* We generally sell containers from our fleet when they reach the end of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair and possible repositioning expenses. We also purchase and lease or resell containers from shipping line customers, container traders and other sellers of containers.

In 2010, we reviewed our reportable segments and determined that our previously reported Military management segment was not materially different from our Container management segment. Accordingly, we reclassified balances that were previously reported in our Military management segment into our Container management segment.

The table below summarizes the composition of our fleet, in TEU, by type of containers, as of September 30, 2011:

	Standard Dry		Total	Percent of Total Fleet
	Freight	Specialized		
Owned	1,369,472	60,842	1,430,314	58.2%
Managed	1,006,456	21,825	1,028,281	41.8%
<b>Total fleet</b>	<b>2,375,928</b>	<b>82,667</b>	<b>2,458,595</b>	<b>100.0%</b>

Our owned and managed lease fleet as of September 30, 2011 based on TEU on hire as a percentage of total TEU on hire was as follows:

	Percent of Total On-Hire Fleet
Term leases	74.5%
Master leases	19.0%
Direct financing and sales-type leases	3.7%
Spot leases	2.8%
<b>Total</b>	<b>100.0%</b>

The following table summarizes our average total fleet utilization (CEU basis) for the three and nine months ended September 30, 2011 and 2010:

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Utilization	98.6%	98.0%	98.5%	94.5%

We measure utilization on the basis of containers on lease, using the actual number of days on hire, expressed as a percentage of containers available for lease, using the actual days available for lease.

The following is a reconciliation of net income attributable to Textainer Group Holdings Limited common shareholders to the Company's definition of EBITDA for the three and nine months ended September 30, 2011 and 2010 and a reconciliation of net cash provided by operating activities to EBITDA for the nine months ended September 30, 2011 and 2010. EBITDA (defined as net income attributable to Textainer Group Holdings Limited common shareholders before interest income and interest expense, realized and unrealized losses on interest rate swaps and caps, net, income tax expense, net income attributable to the noncontrolling interest, depreciation and amortization expense, gain on sale of containers to noncontrolling interest and the related impact of reconciling items on net income attributable to the noncontrolling interest) is not a



## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

financial measure calculated in accordance with United States generally accepted accounting principles ( GAAP ) and should not be considered as an alternative to net income attributable to Textainer Group Holdings Limited common shareholders, net income, income from operations or any other performance measure derived in accordance with GAAP or as an alternative

**Table of Contents**

to cash flows from operating activities as a measure of our liquidity. EBITDA is presented solely as a supplemental disclosure because management believes that it may be a useful performance measure that is widely used within our industry. EBITDA is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure for comparison. We believe EBITDA provides useful information on our earnings from ongoing operations, our ability to service our long-term debt and other fixed obligations and our ability to fund our expected growth with internally generated funds. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results or cash flows as reported under GAAP. Some of these limitations are as follows:

EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect interest expense or cash requirements necessary to service interest or principal payments on our debt;

although depreciation is a non-cash charge, the assets being depreciated may be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements;

EBITDA is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

**Table of Contents**

	<b>Three Months Ended September 30, 2011      2010 (Dollars in thousands) (Unaudited)</b>		<b>Nine Months Ended September 30, 2011      2010 (Dollars in thousands) (Unaudited)</b>	
<b>Reconciliation of EBITDA:</b>				
Net income attributable to Textainer Group Holdings Limited common shareholders	\$ 45,800	\$ 30,668	\$ 134,687	\$ 79,984
Adjustments:				
Interest income	(6)	(8)	(20)	(14)
Interest expense	13,708	6,058	30,242	11,493
Realized losses on interest rate swaps and caps, net	2,763	2,292	8,170	7,399
Unrealized losses on interest rate swaps, net	3,516	3,188	5,758	9,516
Income tax expense	1,131	(49)	7,511	3,219
Net income attributable to the noncontrolling interest	(295)	2,752	14,842	8,892
Depreciation expense	18,809	14,891	61,676	40,922
Amortization expense	1,443	1,636	4,775	4,788
Gain on sale of containers to noncontrolling interest	-	-	(19,773)	-
Impact of reconciling items on net income attributable to the noncontrolling interest	(257)	(5,023)	(4,869)	(12,504)
<b>EBITDA</b>	<b>\$ 86,612</b>	<b>\$ 56,405</b>	<b>\$ 242,999</b>	<b>\$ 153,695</b>
Net cash provided by operating activities			\$ 158,998	\$ 118,816
Adjustments:				
Bad debt (expense) recovery, net			(2,225)	254
Amortization of debt issuance costs			(5,878)	(2,711)
Amortization of acquired above-market leases			353	(170)
Amortization of deferred revenue			6,425	5,345
Amortization of unearned income on direct financing and sales-type leases			6,798	6,044
Gains on sale of containers, net			23,724	21,412
Share-based compensation expense			(4,663)	(4,316)
Interest income			(20)	(14)
Interest expense			30,242	11,493
Realized losses on interest rate swaps and caps, net			8,170	7,399
Income tax expense			7,511	3,219
Changes in operating assets and liabilities			18,433	(572)
Impact of reconciling items on net income attributable to the noncontrolling interest			(4,869)	(12,504)
<b>EBITDA</b>			<b>\$ 242,999</b>	<b>\$ 153,695</b>

## **Table of Contents**

Our total revenues primarily consist of leasing revenues derived from the lease of our owned containers and, to a lesser extent, fees received for managing containers owned by third parties and equipment resale. The most important driver of our profitability is the extent to which revenues on our owned fleet and management fee income exceed our operating costs. The key drivers of our revenues are fleet size, rental rates and utilization. Our operating costs primarily consist of depreciation and amortization, interest expense, direct operating expenses and administrative expenses. Our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities.

### **Factors Affecting Our Performance**

We believe there are a number of factors that have affected, and are likely to continue to affect, our operating performance. These factors include the following, among others:

the demand for leased containers;

lease rates;

our ability to lease our new containers shortly after we purchase them;

prices of new containers and the impact of changing prices on the residual value of our owned containers;

remarketing risk;

availability of credit to our customers;

further consolidation of container manufacturers and/or decreased access to new containers; and

terrorist attacks, the threat of such attacks, the outbreak of war and hostilities or other global events that could impact international trade.

For further details regarding these and other factors that may affect our business and results of operations, see Item 3, *Key Information -- Risk Factors* included in our 2010 Form 20-F.

### **Results of Operations**

#### **Comparison of the Three and Nine Months Ended September 30, 2011 and 2010**

The following table summarizes our total revenues for the three and nine months ended September 30, 2011 and 2010 and the percentage changes between those periods:

**% Change**

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

	<b>Three Months Ended September 30,</b>		<b>% Change Between</b>	<b>Nine Months Ended September 30,</b>		<b>Between</b>
	<b>2011</b>	<b>2010</b>	<b>2011 and 2010</b>	<b>2011</b>	<b>2010</b>	<b>2011 and 2010</b>
	<b>(Dollars in thousands)</b>			<b>(Dollars in thousands)</b>		
Lease rental income	\$ 85,147	\$ 61,268	39.0%	\$ 240,555	\$ 167,590	43.5%
Management fees	7,397	7,760	(4.7%)	22,696	21,065	7.7%
Trading container sales proceeds	9,024	2,211	308.1%	19,444	9,846	97.5%
Gains on sale of containers, net	7,913	4,389	80.3%	23,724	21,379	11.0%
<b>Total revenues</b>	<b>\$ 109,481</b>	<b>\$ 75,628</b>	<b>44.8%</b>	<b>\$ 306,419</b>	<b>\$ 219,880</b>	<b>39.4%</b>

Lease rental income for the three months ended September 30, 2011 increased \$23,879 (39.0%) compared to the three months ended September 30, 2010. This increase was due to a 32.8% increase in our owned fleet size, a 5.5% increase in per diem rental rates and a 0.6 percentage point increase in utilization. Lease rental income for the nine months ended September 30, 2011 increased \$72,965 (43.5%) compared to the nine months ended September 30, 2010. This increase was due to a 30.1% increase in our owned fleet size, a 9.4% increase in per diem rental rates and a 4.0 percentage point increase in utilization.

Management fees for the three months ended September 30, 2011 decreased \$363 (-4.7%) compared to the three months ended September 30, 2010 primarily due to a \$746 decrease due to a 11.9% decrease in the size of the managed fleet primarily due to our May 2011 acquisition of a portion of the Gateway Management Services Limited ( Gateway ) fleet that we previously managed, partially offset by a \$297 increase due to higher

**Table of Contents**

acquisition fees due to higher container purchases and a \$133 increase due to improved fleet performance. Management fees for the nine months ended September 30, 2011 increased \$1,631 (7.7%) compared to the nine months ended September 30, 2010 primarily due to a \$2,730 increase due to improved fleet performance and a \$1,115 increase due to higher acquisition fees due to higher container purchases, partially offset by a \$1,837 decrease due to a 11.2% decrease in the size of the managed fleet primarily due to our May 2011 acquisition of a portion of the Gateway fleet that we previously managed.

Trading container sales proceeds for the three months ended September 30, 2011 increased \$6,813 (308.1%) compared to the three months ended September 30, 2010. This increase consisted of a \$5,284 increase due to a 239.1% increase in unit sales and a \$1,529 increase due to an increase in average sales proceeds per container. Trading container sales proceeds for the nine months ended September 30, 2011 increased \$9,598 (97.5%) compared to the nine months ended September 30, 2010 primarily due to an increase in average sales proceeds per container.

Gains on sale of containers, net for the three months ended September 30, 2011 increased \$3,524 (80.3%) compared to the three months ended September 30, 2010, primarily due to a \$2,110 increase due to a 51.0% increase in the number of containers sold and a \$1,640 increase resulting from an increase in average sales proceeds of \$366 per unit. Gains on sale of containers, net for the nine months ended September 30, 2011 increased \$2,345 (11.0%) compared to the nine months ended September 30, 2010, primarily due to a \$10,293 increase due to an increase in average sales proceeds of \$685 per unit, partially offset by a \$1,923 decrease due to a 13.2% decrease in the number of containers sold. This increase was partially offset by a \$6,025 decrease in net gains on sales-type leases resulting from 953 containers placed on sales-type leases for the nine months ended September 30, 2011 compared to 13,542 containers placed on sales-type leases for the nine months ended September 30, 2010.

The following table summarizes our total operating expenses for the three and nine months ended September 30, 2011 and 2010 and the percentage changes between those periods:

	Three Months Ended September 30, 2011		% Change Between 2011 and 2010	Nine Months Ended September 30, 2011		% Change Between 2011 and 2010
	(Dollars in thousands)			(Dollars in thousands)		
Direct container expense	\$ 4,480	\$ 4,107	9.1%	\$ 12,753	\$ 21,448	(40.5%)
Cost of trading containers sold	8,047	1,819	342.4%	17,237	7,900	118.2%
Depreciation expense	18,809	14,891	26.3%	61,676	40,922	50.7%
Amortization expense	1,443	1,636	(11.8%)	4,775	4,788	(0.3%)
General and administrative expense	5,801	5,146	12.7%	18,042	16,095	12.1%
Short-term incentive compensation expense	1,259	1,347	(6.5%)	3,712	3,463	7.2%
Long-term incentive compensation expense	1,356	1,062	27.7%	4,464	4,200	6.3%
Bad debt expense (recovery), net	1,681	227	640.5%	2,225	(254)	(976.0%)
Gain on sale of containers to noncontrolling interest	-	-	0.0%	(19,773)	-	(100.0%)
Total operating expenses	\$ 42,876	\$ 30,235	41.8%	\$ 105,111	\$ 98,562	6.6%

Direct container expense for the three months ended September 30, 2011 was relatively unchanged compared to the three months ended September 30, 2010 primarily due to no significant change in utilization between the two periods. Direct container expense for the nine months ended September 30, 2011 decreased \$8,695 (-40.5%) compared to the nine months ended September 30, 2010 primarily due to the increase in utilization and included a \$4,814 decrease in storage expense, a \$1,765 decrease in damage protection plan repair expense and a \$1,263 decrease in handling expense.

Cost of trading containers sold for the three months ended September 30, 2011 increased \$6,228 (342.4%) compared to the three months ended September 30, 2010 due to a \$4,349 increase resulting from a 239.1% increase in the number of containers sold and a \$1,879 increase resulting from a 30.5% increase in the average cost per unit sold. Cost of trading containers sold for the nine months ended September 30, 2011 increased \$9,337 (118.2%) compared to the nine months ended September 30, 2010 due to a 117.0% increase in the average cost per unit sold.

---

**Table of Contents**

Depreciation expense for the three months ended September 30, 2011 increased \$3,918 (26.3%) compared to the three months ended September 30, 2010, due to a \$8,679 increase resulting from an increase in fleet size and a higher average price of containers purchased, partially offset by a \$4,761 decrease due to an increase in estimated residual values used in the calculation of depreciation expense. Depreciation expense for the nine months ended September 30, 2011 increased \$20,754 (50.7%) compared to the nine months ended September 30, 2010, due to a \$25,515 increase resulting from an increase in fleet size and a higher average price of containers purchased, partially offset by a \$4,761 decrease due to a decrease in estimated residual values used in the calculation of depreciation expense. The Company has experienced a significant increase in container resale prices over the last few years as a result of an industry-wide shortage of older containers available for sale and the increased cost of new containers. Based on this extended period of higher realized container resale prices and the Company's expectation that new equipment prices will remain near current levels, the Company increased the estimated future residual values of its containers used in the calculation of depreciation expense during the three months ended September 30, 2011. Depreciation expense may fluctuate in future periods based on fluctuations in these estimates.

Amortization expense for the three and nine months ended September 30, 2011 was relatively unchanged on an aggregate dollar basis compared to the three and nine months ended September 30, 2010. This expense represents the amortization of the amounts paid to acquire the rights to manage the container fleets of Capital Intermodal Limited, Capital Intermodal GmbH, Capital Intermodal Inc., Capital Intermodal Assets Limited and Xines Limited; Amphibious Container Leasing Limited; Capital Lease Limited, Hong Kong and Gateway.

General and administrative expense for the three months ended September 30, 2011 increased \$655 (12.7%) compared to the three months ended September 30, 2010 primarily due a \$330 increase in professional fees and a \$273 increase in compensation costs. General and administrative expense for the nine months ended September 30, 2011 increased \$1,947 (12.1%) compared to the nine months ended September 30, 2010 primarily due a \$904 increase in professional fees, a \$673 increase in compensation costs and a \$263 increase in travel costs.

Long-term incentive compensation expense for the three months ended September 30, 2011 increased \$294 (27.7%) compared to the three months ended September 30, 2010 primarily due to additional share options and restricted share units that were granted under our 2007 Share Incentive Plan. Long-term incentive compensation expense for the nine months ended September 30, 2011 increased \$264 (6.3%) compared to the nine months ended September 30, 2010 primarily due to additional share options and restricted share units that were granted under our 2007 Share Incentive Plan, partially offset by a decrease in forfeiture rate adjustments to prior periods.

Bad debt expense (recovery), net for the three months ended September 30, 2011 increased \$1,454 (640.5%) compared to the three months ended September 30, 2010 and changed from a net recovery of \$254 for the nine months ended September 30, 2010 to a net expense of \$2,225 for the nine months ended September 30, 2011 primarily due to the bankruptcies of two customers in 2011 and collections on accounts during the three and nine months ended September 30, 2010 that had previously been included in the allowance for doubtful accounts.

Gain on sale of containers to noncontrolling interest of \$19,773 for the nine months ended September 30, 2011 resulted from our primary asset owning subsidiary, Textainer Marine Containers Limited's (TMCL), transfer of containers, net and net investment in direct financing and sales-type leases in exchange for the purchase of 12.5% of its Class A common shares as a part of a capital restructuring on June 30, 2011.

**Table of Contents**

The following table summarizes other income (expense), net for the three and nine months ended September 30, 2011 and 2010 and the percentage changes between those periods:

	Three Months Ended		% Change	Nine Months Ended		% Change
	September 30, 2011	September 30, 2010	Between 2011 and 2010	September 30, 2011	September 30, 2010	Between 2011 and 2010
	(Dollars in thousands)			(Dollars in thousands)		
Interest expense	\$ (13,708)	\$ (6,058)	126.3%	\$ (30,242)	\$ (11,493)	163.1%
Interest income	6	8	(25.0%)	20	14	42.9%
Realized losses on interest rate swaps and caps, net	(2,763)	(2,292)	20.5%	(8,170)	(7,399)	10.4%
Unrealized losses on interest rate swaps, net	(3,516)	(3,188)	10.3%	(5,758)	(9,516)	(39.5%)
Other, net	12	(492)	(102.4%)	(118)	(829)	(85.8%)
Other expense, net	\$ (19,969)	\$ (12,022)	66.1%	\$ (44,268)	\$ (29,223)	51.5%

Interest expense for the three months ended September 30, 2011 increased \$7,650 (126.3%) compared to the three months ended September 30, 2010. \$6,844 of this increase was due to an increase in average debt balances of \$766,466 and \$806 of this increase was due to an increase in average interest rates of 0.22 percentage points. Interest expense for the nine months ended September 30, 2011 increased \$18,749 (163.1%) compared to the nine months ended September 30, 2010. \$9,918 of this increase was due to an increase in average interest rates on 1.11 percentage points and \$8,831 of this increase was due to an increase in average rate debt balances of \$515,510.

Realized losses on interest rate swaps and caps, net for the three months ended September 30, 2011 increased \$471 (20.5%) compared to the three months ended September 30, 2010. \$1,060 of this increase was due to an increase in average interest rate swap notional amounts of \$163,300, partially offset by a \$589 decrease due to a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.46 percentage points. Realized losses on interest rate swaps and caps, net for the nine months ended September 30, 2011 increased \$771 (10.4%) compared to the nine months ended September 30, 2010. \$3,689 of this increase was due an increase in average interest rate swap notional amounts of \$171,470, partially offset by a \$2,918 decrease due to a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.75 percentage points.

Unrealized losses on interest rate swaps, net for the three months ended September 30, 2011 increased \$328 (10.3%) compared to the three months ended September 30, 2010 due to a larger increase in the net fair value liability of interest rate swap agreements for the three months ended September 30, 2011 compared to the increase in the net fair value liability of interest rate swap agreements for the three months ended September 30, 2010 resulting from decreases in long-term interest rates during each period. Unrealized losses on interest rate swaps, net for the nine months ended September 30, 2011 decreased \$3,758 (-39.5%) compared to the nine months ended September 30, 2010 due to a smaller increase in the net fair value liability of interest rate swap agreements for the nine months ended September 30, 2011 compared to the increase in the net fair value liability of interest rate swap agreements for the nine months ended September 30, 2011 resulting from decreases in long-term interest rates during each period.

Other, net changed from a net loss of \$492 for the three months ended September 30, 2010 to a net gain of \$12 for the three months ended September 30, 2011 and other, net (expense) for the nine months ended September 30, 2011 decreased \$711 (-85.8%) compared to the nine months ended September 30, 2010, primarily due to decreases in structuring fees paid by TMCL for container purchases of \$513 and \$791 during the three and nine months ended September 30, 2011, compared to the three and nine months ended September 30, 2010, respectively.



**Table of Contents**

The following table summarizes income tax expense and net income attributable to the noncontrolling interest for the three months ended September 30, 2011 and 2010 and the percentage changes between those periods:

	Three Months Ended		% Change	Nine Months Ended		% Change
	September 30,	September 30,	Between	September 30,	September 30,	Between
	2011	2010	2011 and 2010	2011	2010	2011 and 2010
	(Dollars in thousands)			(Dollars in thousands)		
Income tax expense (benefit)	\$ 1,131	\$ (49)	(2408.2%)	\$ 7,511	\$ 3,219	133.3%
Net (loss) income attributable to the noncontrolling interest	\$ (295)	\$ 2,752	(110.7%)	\$ 14,842	\$ 8,892	66.9%

Income tax expense (benefit) changed from an income tax benefit of \$49 for the three months ended September 30, 2010 to an income tax expense of \$1,131 for the three months ended September 30, 2011. Income tax expense for the nine months ended September 30, 2011 increased \$4,292 (133.3%) compared to the nine months ended September 30, 2010. During the three months ended September 30, 2011 and 2010, the Company released liabilities for unrecognized tax benefits, net of correlative deductions of \$3,267 and \$2,859, respectively, due to the lapsing of certain statutes of limitation. In May 2009, the Company received notification from the U.S. Internal Revenue Service (the IRS) that the 2007 and 2008 United States tax returns for TGH's subsidiary Textainer Equipment Management (U.S.) Limited (TEML) had been selected for examination. On May 6, 2010, the Company received final notification from the IRS regarding its exam and, as a result, the Company revised its estimate of unrecognized tax benefits and recognized a tax provision reduction of \$2,314, net of correlative deduction. The remaining increase in income tax expense for the three months ended September 30, 2011 compared to the three months ended September 30, 2010 was due to a \$1,117 increase due to a higher level of income before income tax and noncontrolling interest and a \$471 increase due to a higher effective tax rate. The remaining increase in income tax expense for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010 was due to a \$5,918 increase resulting from a higher level of income before income tax and noncontrolling interest, partially offset by a \$3,532 decrease due to a lower effective tax rate.

Net (loss) income attributable to the noncontrolling interest changed from net income of \$2,752 for the three months ended September 30, 2010 to a net loss of \$295 for the three months ended September 30, 2011. Net income attributable to the noncontrolling interest for the nine months ended September 30, 2011 increased \$5,950 (66.9%) compared to the nine months ended September 30, 2010. On June 30, 2011, the Company completed a capital restructuring of TMCL whereby the Company's wholly owned subsidiary, Textainer Limited (TL), became the sole owner and acquired the noncontrolling interest of TMCL. TL's total ownership and voting interest in TMCL's class A common shares before and after the capital restructuring was 75% and 100%, respectively. On August 5, 2011, a joint venture, TW Container Leasing, Ltd. (TW), was formed between TL and Wells Fargo Container Corp. (WFC). The purpose of TW is to lease containers to lessees under direct financing leases. TW is governed by a members agreement whereby TL owns 25% and WFC owns 75% of the common shares of TW. TL also has two seats and WFC has six seats on TW's board of directors, with each seat having equal voting rights, provided, however, that the approval of at least one TL-appointed director is required for any action of the board of directors. TW also has entered into a credit agreement, dated as of August 5, 2011, with certain lenders and Wells Fargo Securities, LLC (WFS), as administrative agent for the lenders, whereby TW maintains a revolving credit facility with an aggregate commitment of up to \$425,000 for the origination of direct financing leases, to finance up to 85% of the book value of TW's net investment in direct financing leases. Both WFC and WFS are directly and indirectly wholly owned subsidiaries of Wells Fargo and Company. Further, TW has entered into a management agreement with TEML whereby TEML manages all of TW's containers. Based on the combined design and provisions of TW's members, credit and management agreements, the Company determined that TW is a variable interest entity in which the Company is the primary beneficiary. Accordingly, the Company includes TW's financial statements in its consolidated financial statements. The equity attributable to TW is shown as a noncontrolling interest on the Company's consolidated balance sheet and the net income (loss) attributable to its operations is shown as net income (loss) attributable to noncontrolling interest on the Company's consolidated statement of income. As a result, the net loss attributable to the noncontrolling interest for the three months ended September 30, 2011 is due to a net loss recognized by TW.

**Table of Contents****Segment Information:**

The following table summarizes our income before taxes attributable to each of our business segments for the three and nine months ended September 30, 2011 and 2010 (before inter-segment eliminations) and the percentage changes between those periods:

	Three Months Ended September 30, 2011		% Change Between 2011 and 2010	Nine Months Ended September 30, 2011		% Change Between 2011 and 2010
	2011	2010		2011	2010	
	(Dollars in thousands)			(Dollars in thousands)		
Container ownership	\$ 38,429	\$ 27,928	37.6%	\$ 135,819	\$ 79,823	70.2%
Container management	\$ 10,549	\$ 5,717	84.5%	\$ 28,008	\$ 8,872	215.7%
Container resale	\$ 2,602	\$ 1,279	103.4%	\$ 6,769	\$ 6,352	6.6%

Income before taxes attributable to the Container ownership segment for the three months ended September 30, 2011 increased \$10,501 (37.6%) compared to the three months ended September 30, 2010. This increase primarily consisted of a \$23,823 increase in lease rental income and a \$3,524 increase in gains on sale of containers, net, partially offset by a \$7,650 increase in interest expense, a \$4,228 increase in depreciation expense, a \$2,956 increase in direct container expense and a \$1,454 increase in bad debt expense, net.

Income before taxes attributable to the Container ownership segment for the nine months ended September 30, 2011 increased \$55,996 (70.2%) compared to the nine months ended September 30, 2010. This increase primarily consisted of a \$73,118 increase in lease rental income, a \$19,773 gain on sale of containers to noncontrolling interest, a \$3,758 decrease in unrealized losses on interest rate swaps, net, a \$2,345 increase in gains on sale of containers, net, a \$791 decrease in structuring fees paid by TMCL for container purchases and a \$667 decrease in direct container expense, partially offset by a \$21,442 increase in depreciation expense, a \$18,749 increase in interest expense, a change in bad debt expense (recovery), net from a net recovery of \$254 for the nine months ended September 30, 2010 to a net expense of \$2,225 for the nine months ended September 30, 2011, a \$1,029 increase in overhead expenses and a \$771 increase in realized losses on interest rate swaps and caps, net.

Income before taxes attributable to the Container management segment for the three months ended September 30, 2011 increased \$4,832 (84.5%) compared to the three months ended September 30, 2010. This increase primarily consisted of a \$5,097 increase in management fees, which included a \$3,898 increase in acquisition fees, partially offset by a \$375 increase in overhead expense.

Income before taxes attributable to the Container management segment for the nine months ended September 30, 2011 increased \$19,136 (215.7%) compared to the nine months ended September 30, 2010. This increase primarily consisted of a \$19,922 increase in management fees, which included a \$12,076 increase in acquisition fees, partially offset by an \$876 increase in overhead expense.

Income before taxes attributable to the Container resale segment for the three months ended September 30, 2011 increased \$1,323 (103.4%) compared to the three months ended September 30, 2010. This increase primarily consisted of a \$753 increase in sales commissions primarily due to an increase in average managed container sales prices, partially offset by a lower volume of managed container sales, and a \$576 increase in gains on container trading, net primarily due to a higher volume of trading container sales.

Income before taxes attributable to the Container resale segment for the nine months ended September 30, 2011 increased \$417 (6.6%) compared to the nine months ended September 30, 2010. This increase primarily consisted of a \$383 increase in sales commissions primarily due to an increase in average managed container sales prices, partially offset by a lower volume of managed container sales.

**Table of Contents**

**Currency**

Substantially all of our revenues are denominated in U.S. dollars and approximately 67% and 65% of our direct container expenses for the three and nine months ended September 30, 2011, respectively, were denominated in U.S. dollars. See the risk factor entitled "Because substantially all of our revenues are generated in U.S. dollars, but a significant portion of our expenses are incurred in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations" under Item 3, *Key Information Risk Factors* included in our 2010 Form 20-F. Our operations in locations outside of the U.S. have some exposure to foreign currency fluctuations, and trade growth and the direction of trade flows can be influenced by large changes in relative currency values. As of September 30, 2011 and 2010, our operating expenses paid in foreign currencies were spread among 16 and 18 currencies, respectively, resulting in some level of self-hedging. We do not engage in currency hedging.

**Liquidity and Capital Resources**

As of September 30, 2011, we had cash and cash equivalents of \$73,349. Our principal sources of liquidity have been (1) cash flows from operations, (2) the sale of containers, (3) the issuance of Series 2011-1 Fixed Rate Asset Backed Notes (the "2011-1 Bonds") by TMCL, (4) borrowings under a conduit facility (which allows for recurring borrowings and repayments) granted to TMCL (the "Secured Debt Facility") and (5) borrowings under the revolving credit facility (the "2008 Credit Facility") extended to TL. As of September 30, 2011, we had the following outstanding borrowings and borrowing capacities (in thousands):

Facility	Additional			Borrowing, as		Total
	Current	Borrowing	Commitment	Current	Limited by our	Current and Available
2008 Credit Facility	\$ 136,000	\$ 69,000	\$ 205,000	\$ 136,000	\$ 25,075	161,075
2005-1 Bonds (1)	188,833	-	188,833	188,833	-	188,833
2011-1 Bonds	390,000	-	390,000	390,000	-	390,000
Secured Debt Facility (1)(2)	795,697	54,303	850,000	795,697	-	795,697
<b>Total</b>	<b>\$ 1,510,530</b>	<b>\$ 123,303</b>	<b>\$ 1,633,833</b>	<b>\$ 1,510,530</b>	<b>\$ 25,075</b>	<b>\$ 1,535,605</b>

(1) Current borrowings for the 2005-1 Bonds and Secured Debt Facility exclude step acquisition adjustments of \$267 and \$301, respectively, related to TL's purchase of 3,000 additional shares of TMCL on November 1, 2007. The adjustments were recorded to reduce the balance of both the 2005-1 Bonds and Secured Debt Facility to an amount that equaled the fair market value of the debt on the date of the acquisition.

(2) On March 15, 2011, we exercised an option to increase the maximum available commitment under the Secured Debt Facility from \$750,000 to \$850,000.

Our condensed consolidated financial statements do not reflect the income taxes that would be payable to foreign taxing jurisdictions if the earnings of a group of corporations operating in those jurisdictions were to be transferred out of such jurisdictions, because such earnings are intended to be permanently reinvested in those countries. At September 30, 2011, cumulative earnings of approximately \$46,362 would be

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

subject to income taxes of approximately \$13,954 if such earnings of foreign corporations were transferred out of such jurisdictions in the form of dividends.

The disruption in the credit markets in 2008 and 2009 had a significant adverse impact on a number of financial institutions. To date, we believe that our liquidity has not been materially impacted by the current credit environment. Assuming that our lenders remain solvent, we currently believe that cash flow from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our liquidity needs, including for the payment of dividends, for the next twelve months. We will continue to monitor our liquidity and the credit markets. However, we cannot predict with any certainty the impact to the Company of continuing and further disruptions in the credit market.

**Table of Contents**

The 2008 Credit Facility, the 2005-1 Bonds, the 2011-1 Bonds and the Secured Debt Facility require us to comply with certain financial covenants. As of September 30, 2011, we believe we were in compliance with all of the applicable financial covenants.

On October 27, 2011, the board of directors of Textainer Group Holdings Limited approved and on November 4, 2011 the Company announced a quarterly cash dividend of \$0.35 per share on the issued and outstanding common shares of Textainer Group Holdings Limited, payable on November 28, 2011 to shareholders of record as of November 14, 2011.

*Cash Flow*

The following table summarizes historical cash flow information for the nine months ended September 30, 2011 and 2010:

	<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Dollars in thousands)</b>	
Net income	\$ 149,529	\$ 88,876
Adjustments to reconcile net income to net cash provided by operating activities	9,469	29,940
Net cash provided by operating activities	158,998	118,816
Net cash used in investing activities	(692,808)	(85,300)
Net cash provided by (used in) financing activities	549,889	(27,375)
Effect of exchange rate changes	189	12
Net increase in cash and cash equivalents	16,268	6,153
Cash and cash equivalents, beginning of year	57,081	56,819
Cash and cash equivalents, end of the period	\$ 73,349	\$ 62,972

*Cash Flows from Operating Activities*

Net cash provided by operating activities for the nine months ended September 30, 2011 increased \$40,182 (33.8%) compared to the nine months ended September 30, 2010 primarily due to an increase in net income primarily resulting from an increase in the owned fleet size due to the purchase of new containers and an increase in both per diem rental rates and utilization due to improved conditions in the container leasing industry.

*Cash Flows used in Investing Activities*

Net cash used in investing activities for the nine months ended September 30, 2011 increased \$607,508 (712.2%) compared to the nine months ended September 30, 2010 primarily due to a higher amount of container purchases, the payment for TMCL's capital restructuring (net of cash acquired) in the nine months ended September 30, 2011 and a lower receipt of principal payments on direct financing and sales-type leases, partially offset by higher proceeds from the sale of containers and fixed assets.

*Cash Flows from Financing Activities*

Net cash provided by (used in) financing activities changed from net cash used in financing activities of \$27,375 for the nine months ended September 30, 2010 to net cash provided by financing activities of \$549,889 for the nine months ended September 30, 2011 primarily due to \$400,000 of proceeds from the issuance of our 2011-1 Bonds, a \$198,198 increase in net proceeds from our Secured Debt Facility, a \$10,000 increase in net proceeds from our 2008 Credit Facility, an excess tax benefit from share-based compensation awards of \$3,491 in the nine months ended September 30, 2011, a \$3,357 decrease in debt issuance costs, a \$2,053 increase in proceeds from the issuance of common shares and capital contributions from noncontrolling interest of \$749 in the nine months ended September 30, 2011, partially offset by a \$27,031 increase in restricted cash for the nine months ended September 30, 2011 compared to a \$7,262 increase in restricted cash for the nine months ended September 30, 2010, a \$10,815 increase in dividends paid and \$10,000 of principal payments on our 2011-1 Bonds in the nine months

ended September 30, 2011.

**Table of Contents***Contractual Obligations and Commercial Commitments*

The following table sets forth our contractual obligations by due date as of September 30, 2011:

	Total	2012	2013	2014	2015	2016	2017 and thereafter
	(Dollars in thousands)						
	(Unaudited)						
<b>Total debt obligations:</b>							
2008 Credit Facility	\$ 136,000	\$ -	\$ 136,000	\$ -	\$ -	\$ -	\$ -
2005-1 Bonds	188,833	51,500	51,500	51,500	34,333	-	-
2011-1 Bonds	390,000	40,000	40,000	40,000	40,000	40,000	190,000
Secured Debt Facility	795,697	19,892	79,570	79,570	79,570	79,570	457,525
Interest on obligations (1)	235,101	44,987	40,008	34,178	29,484	25,078	61,366
Interest rate swap payables (2)	23,336	10,186	7,887	3,701	1,420	142	-
Office lease obligations	7,754	1,501	1,437	1,423	1,401	1,362	630
Container contracts payable	19,499	19,499	-	-	-	-	-
<b>Total contractual obligations</b>	<b>\$ 1,796,220</b>	<b>\$ 187,565</b>	<b>\$ 356,402</b>	<b>\$ 210,372</b>	<b>\$ 186,208</b>	<b>\$ 146,152</b>	<b>\$ 709,521</b>

- (1) Assuming an estimated current interest rate of London Inter Bank Offered Rate ( LIBOR ) plus a margin, which equals an all-in interest rate of 3.02%.
- (2) Calculated based on the difference between our fixed contractual rates and the counterparties' estimated average LIBOR rate of 0.24%, for all periods, for all interest rate contracts outstanding as of September 30, 2011.

*2011-1 Bond Offering*

In June 2011, TMCL issued \$400,000 in aggregate amount of 2011-1 Bonds to qualified institutional investors pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act ) and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act. The \$400,000 in 2011-1 Bonds represent fully amortizing notes payable on a straight-line basis over a scheduled payment term of 10 years, but not to exceed a maximum payment term of 15 years. Based on the outstanding principal amount at September 30, 2011 and under a 10-year amortization schedule, \$40,000 in 2011-1 Bond principal will amortize per year. Under the terms of the 2011-1 Bonds, both principal and interest incurred are payable monthly. TMCL is not permitted to make voluntary prepayments of all, or a portion of, the principal balance of the 2011-1 Bonds prior to the payment date occurring in June 2013. The interest rate for the outstanding principal balance of the 2011-1 Bonds is fixed at 4.70% per annum. The final target payment date and legal final payment date are June 15, 2021 and June 15, 2026, respectively. The 2011-1 Bonds are secured by a pledge of TMCL's assets. A portion of the proceeds from the issuance of the 2011-1 Bonds was used to repay certain outstanding indebtedness of TMCL, in particular certain Floating Rate Asset Backed Notes, Series 2010-1 under the Secured Debt Facility.

*Off Balance Sheet Arrangements*

As of September 30, 2011, we had no significant off-balance sheet arrangements that have or are reasonably likely to have a significant current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

**Critical Accounting Policies and Estimates**

## Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

We have identified the policies and estimates in Item 5, *Operating and Financial Review and Prospects* included in our 2010 Form 20-F as among those critical to our business operations and the understanding of our results of operations. These policies and estimates are considered critical due to the existence of uncertainty at the time the estimate is made, the likelihood of changes in estimates from period to period and the potential impact



---

## **Table of Contents**

that these estimates can have on our financial statements. Our current critical accounting policies and estimates remain consistent with those reported in our 2010 Form 20-F. Please refer to Item 5, *Operating and Financial Review and Prospects* included in our 2010 Form 20-F and the *Summary of Significant Accounting Policies* reported in Note 2 to our condensed consolidated financial statements in Item 1, *Condensed Consolidated Financial Statements* included in this Quarterly Report on Form 6-K.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET AND CREDIT RISK**

#### **Quantitative and Qualitative Disclosures About Market Risk**

We could be exposed to market risk from future changes in interest rates and foreign exchange rates. At times, we may enter into various derivative instruments to manage certain of these risks. We do not enter into derivative instruments for speculative or trading purposes.

For the nine months ended September 30, 2011, there have been no material changes in the information that would be provided with respect to market risk that affects the quantitative and qualitative disclosures presented in Item 11, *Quantitative and Qualitative Disclosures About Market Risk Foreign Exchange Risk* or in Item 11, *Quantitative and Qualitative Disclosures About Market Risk Interest Rate Risk* included in our 2010 Form 20-F. Updated interest rate swap and cap agreement information is set forth below.

#### *Interest Rate Risk*

We have entered into various interest rate swap and cap agreements to mitigate our exposure associated with our variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate. The differentials between the fixed and variable rate payments under these agreements are recognized in realized losses on interest rate swaps, net in the condensed consolidated statements of income.

The notional amount of the interest rate swap agreements was \$512,060 as of September 30, 2011, with termination dates between May 15, 2012 and December 15, 2015. Through the interest rate swap agreements we have obtained fixed rates between 0.97% and 3.96%. The net fair value liability of these agreements was \$18,019 and \$12,261 as of September 30, 2011 and December 31, 2010, respectively.

The notional amount of the interest rate cap agreements was \$233,640 as of September 30, 2011, with termination dates between October 15, 2011 and November 15, 2015.

Based on the debt balances and derivative instruments as of September 30, 2011, it is estimated that a 1% increase in interest rates would result in a decrease in the fair value liability of interest rate swaps of \$10,127, an increase in interest expense of \$8,931 and a decrease in realized losses on interest rate swaps and caps, net of \$3,932.

#### **Quantitative and Qualitative Disclosures About Credit Risk**

For the nine months ended September 30, 2011, we did not experience any material changes in our credit risks that affect the quantitative and qualitative disclosures about credit risk presented in Item 11, *Quantitative and Qualitative Disclosures About Market Risk Quantitative and Qualitative Disclosures About Credit Risk* included in our 2010 Form 20-F.

### **ITEM 4. RISK FACTORS**

There have been no material changes with respect to the risk factors disclosed in Item 3, *Key Information Risk Factors* included in our 2010 Form 20-F, except as noted below. Please refer to that section for disclosures regarding the risks and uncertainties related to the Company's business and industry and the Company's common shares.

#### **Our indebtedness reduces our financial flexibility and could impede our ability to operate.**

We currently utilize three types of borrowings: (i) borrowings under our 2008 revolving credit facility; (ii) borrowings under our secured debt facility; and (iii) the issuance of bonds. Our 2008 revolving credit facility is a bank revolving facility involving an aggregate commitment amount of up to \$205.0 million to one of our subsidiaries, Textainer Limited ( TL ). Our secured debt facility is a conduit facility, which allows for recurring



---

**Table of Contents**

borrowings and repayments, granted to Textainer Marine Containers Limited ( TMCL ), which is a subsidiary of TL. TMCL is also the issuer of our bonds. Our joint venture, TW Container Leasing ( TW ), also has a revolving credit facility with an aggregate commitment amount of up to \$425.0 million, although no principal balance was outstanding as of September 30, 2011. We have typically funded a significant portion of the purchase price of new containers through borrowings under our revolving credit facility and our secured debt facility and intend to use borrowings under our revolving credit facility and our secured debt facility for such funding in the future. We intend for containers to be typically purchased by TL using proceeds from our revolving credit facility. TL then sells these containers at book value to TMCL, which then finances part of the purchase price with draw downs from our secured debt facility. In 2001, 2005 and June 2011, at such time as the secured debt facility reached an appropriate size, the secured debt facility was refinanced through the issuance of bonds to institutional investors. We anticipate a similar refinancing at such time in the future as the secured debt facility nears its maximum size. This timing will depend on the level of future purchases of containers for our owned fleet. We separately intend to use the revolving credit facility of TW to substantially finance future investments in direct financing leases.

As of September 30, 2011, we had (i) outstanding borrowings of \$136.0 million under our 2008 revolving credit facility, (ii) \$578.8 million outstanding under our bonds payable and (iii) \$795.7 million of outstanding borrowings under our secured debt facility. We expect that we will maintain a significant amount of indebtedness on an ongoing basis.

The borrowings and related interest under our 2008 revolving credit facility are due in full on April 22, 2013, although we have the option of prepaying principal prior to that date. Payments of principal on our bonds are due monthly. Payments of principal on our secured debt facility are not scheduled to be due until June 29, 2012, although we have the option of prepaying the principal on those borrowings at any time. If we do not refinance the secured debt facility prior to June 29, 2012, we will need to make monthly principal payments. Any loans advanced under the revolving credit facility for TW will accrue interest, payable monthly in arrears, and will require principal payments on a monthly basis to the extent that the outstanding loan principal amount exceeds TW 's borrowing base, with the aggregate loan principal balance due on the maturity date, August 5, 2024.

There is no assurance that we will be able to refinance our outstanding indebtedness on terms that we can afford or at all. If we are unable to refinance our outstanding indebtedness, it could limit our ability to grow our business.

The amount of our indebtedness could have important consequences for us, including the following:

- require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing funds available for operations, investments and future business opportunities and other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- reduce our ability to make acquisitions or expand our business;
- make it more difficult for us to satisfy our debt obligations;
- any failure to comply with our debt obligations, including financial and other restrictive covenants, could result in an event of default under the agreements governing such indebtedness, which could lead to, among other things, an acceleration of our indebtedness or foreclosure on the assets securing our indebtedness and have a material adverse effect on our business or financial condition;
- limit our ability to borrow additional funds or to sell assets to raise funds, if needed, for working capital, capital expenditures, acquisitions or other purposes; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates.

We may not generate sufficient cash flow from operations to service and repay our debt and related obligations and have sufficient funds left over to achieve or sustain profitability in our operations, meet our working capital and capital expenditure needs or compete successfully in our industry.

**Table of Contents**

**If we are unable to enter into interest rate swaps and caps on reasonable commercial terms or if a counterparty under our interest rate swap and cap agreements defaults, our exposure associated with our variable rate debt could increase.**

We have typically funded a significant portion of the purchase price of new containers through borrowings under our 2008 revolving credit facility and our secured debt facility and intend to use borrowings under our 2008 revolving credit facility and our secured debt facility for such funding in the future. In 2001, 2005 and June 2011, at such time as the secured debt facility reached an appropriate size, the facility was refinanced through the issuance of bonds to institutional investors. We anticipate a similar refinancing at such time in the future as the secured debt facility nears its maximum size. As of September 30, 2011, we had (i) outstanding borrowings of \$136.0 million under our 2008 revolving credit facility, (ii) \$578.8 million outstanding under our bonds payable and (iii) \$795.7 million of outstanding borrowings under our secured debt facility. All of these outstanding amounts, other than the \$390.0 million in aggregate principal amount under TMCL's Series 2011-1 Fixed Rate Asset Backed Notes, are subject to variable interest rates. We have entered into various interest rate swap and cap agreements to mitigate our exposure associated with variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate. Our interest rate swap agreements have termination dates through December 2015. Our interest rate cap agreements have termination dates through November 2015. There can be no assurance that these interest rate caps and swaps will be available in the future, or if available, will be on terms satisfactory to us. Moreover, our interest rate swap agreements are subject to counterparty credit exposure, which is defined as the ability of a counterparty to perform its financial obligations under a derivative contract. While we monitor our counterparties' credit ratings on an on-going basis, we cannot assure you that they will stay in compliance with the related derivative agreements and not otherwise default in the future. If we are unable to obtain interest rate caps and swaps or if a counterparty under our interest rate swap and cap agreements defaults, our exposure associated with our variable rate debt could increase.

**Table of Contents**

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 14, 2011

**Textainer Group Holdings Limited**

/s/ PHILIP K. BREWER  
Philip K. Brewer  
President and Chief Executive Officer