Navios Maritime Holdings Inc.
Form 6-K
August 20, 2009

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**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: August 20, 2009**
**Commission File No. 001-33311**
**NAVIOS MARITIME HOLDINGS INC.**
**85 Akti Miaouli Street, Piraeus, Greece 185 38**
(Address of Principal Executive Offices)

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 þ Form 40-F o

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

Yes o No þ

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 o No þ

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

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The information contained in this Report is hereby incorporated by reference into the Navios Registration Statements on Form F-3, File Nos. 333-136936, 333-129382 and 333-141872 and on Form S-8, File No. 333-147186.

**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 and six month periods ended June 30, 2009 and 2008. All of these financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Holdings 2008 annual report filed on Form 20-F with the Securities and Exchange Commission.

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.

***Recent Developments***

***Navios Maritime Holdings Inc.***

***Acquisition of Six New Capesize Vessels***

In June 2009 and August 2009, Navios Holdings agreed to purchase six Capesize vessels. All vessels are currently under construction at the same South Korean shipyard.

The purchase price for the six new vessels will be an aggregate of approximately $466.0 million paid with a combination of cash and mandatorily convertible preferred stock.

The details of the six new Capesize vessels and their related charters are set forth in the below table:

| Name | Type | DWT | Delivery Date | Charter-out rate per day (net) | Charter Term (years) | Profit Share |
|---|---|---|---|---|---|---|
| Navios Fulvia | Capesize | 180,000 | 8/2010 | $ 29,356 | 12 | 50/50 in excess of $37,500 |
| NB2 | Capesize | 180,000 | 9/2010 | $ 29,356 | 10 | 50/50 in excess of $38,500 |
| NB3 | Capesize | 180,000 | 2/2011 | $ 29,356 | 12 | 50/50 in excess of $37,500 |
| NB4 | Capesize | 180,000 | 8/2010 | $ 50,588 | 5 | n/a |
| NB5 | Capesize | 180,000 | 10/2010 | $ 29,356 | 10 | 50/50 in excess of $38,500 |
| NB6 | Capesize | 180,000 | 12/2010 | $ 29,356 | 10 | 50/50 in excess of $38,500 |

***Vessel Deliveries***

During June and July 2009, Navios Holdings took delivery of three newbuild Capesize vessels, Navios Bonavis, Navios Happiness and Navios Pollux, constructed by South Korean shipyards.

The three vessels will be employed under existing long-term charter-out contracts which have been insured by an AA+ EU governmental agency.

In July 2009, Navios Holdings issued a $20.0 million unsecured bond due 2012 (the Debt Security ) in partial payment of the acquisition price of a Capesize vessel. The Debt Security is not convertible into any securities of Navios Holdings and is structurally subordinated to the existing $300.0 million senior note outstanding and those other obligations which are guaranteed by Navios Holdings subsidiaries. Interest will accrue on the principal amount of the Debt Security at the rate of 6% per annum. All accrued interest (which will not be compounded) will be first due and payable in July 2012, on the maturity date. The Debt Security may be prepaid by Navios Holdings at any time without prepayment penalty.

***Issuance of Mandatorily Convertible Preferred Stock***

In June 2009 and August 2009, Navios Holdings has agreed to issue $213.1 million in mandatorily convertible preferred stock. $52.8 million will be used to partially finance three existing Capesize vessels, scheduled for delivery in the fourth quarter of 2009, in accordance with the amended agreements.

In general, the holders of the mandatorily convertible preferred stock will receive an annual dividend equal to 2%, payable quarterly, until such time as the preferred stock converts into common stock. The preferred shares will mandatorily convert into common stock upon the following events: (1) following the third anniversary of issuance, if the common stock closing price is at least $20.00 per share for 10 consecutive business days, then the outstanding shares of preferred stock automatically convert at a conversion price of $14.00 per share of common stock; and (2) 30% of the then-outstanding mandatorily convertible preferred stock will mandatorily convert into common stock five years from the date of issuance and any remaining then-outstanding preferred stock will convert 10 years from the date of issuance at a $10.00 price per share of common stock. The holder shall have the right to convert the shares of preferred stock into common stock prior to the scheduled maturity date at a price of $14.00 per share of common stock. The number of shares of common stock that may be issued ranges from 15.2 million, if all shares of preferred stock are converted at $14.00 per share, to 21.3 million, if all shares of preferred stock are converted at $10.00 per common share.

***Dividend Policy***

On August 18, 2009, the Board of Directors declared a quarterly cash dividend for the second quarter of 2009 of $0.06 per common share of common stock payable on October 2, 2009 to stockholders of record on September 18, 2009. The declaration and payment of any further dividend remains subject to the discretion of the Board, and will depend on, among other things, Navios Holdings cash requirements as measured by market opportunities, debt obligations and restrictions under its credit agreements.

***Changes in Capital Structure***

***Share Repurchase Program:*** On November 14, 2008, the Board of Directors approved a share repurchase program authorizing the purchase of up to $25.0 million of Navios Holdings common stock pursuant to a program adopted under Rule 10b-1 under the Securities Exchange Act. The program does not require any minimum purchase or any specific number or amount of shares and may be suspended or reinstated at any time in Navios Holdings discretion and without notice. During the six month period ended June 30, 2009, 331,900 shares were repurchased under this program for a total consideration of $0.7 million. Since the initiation of the program 907,480 shares have been repurchased for a total consideration of $1.8 million.

***Issuance of common stock:*** During the six months ended June 30, 2009, 12,658 shares of restricted common stock were issued to Navios Holdings employees following the vesting of restricted stock units and an additional 55,675 shares of restricted common stock were issued pursuant to its existing stock option plan. In addition, during such period, 20,033 shares of restricted common stock were forfeited by various employees upon termination of their employment.

As of June 30, 2009, Navios Holdings had 100,205,184 shares of common stock outstanding.

***Update on Navios Maritime Partners L.P. ( Navios Partners )***

On April 1, 2009, Navios Partners board of directors decided not to exercise the option to acquire the capital stock of the subsidiary that will own the Capesize vessel Navios TBN II due to unfavorable conditions in the capital markets. The option to acquire



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the Navios TBN II was granted by Navios Holdings to Navios Partners in connection with the initial public offering of Navios Partners.

On May 8, 2009, Navios Partners completed its follow-on public offering of 3,500,000 common units at $10.32 per common unit, raising gross proceeds of approximately $36.1 million.

On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis (formerly Navios TBN I) and, upon delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Holdings received 1,000,000 subordinated Series A units. The subordinated Series A units are not eligible to receive distributions until the third anniversary of their issuance, at which point they will automatically convert into common units and receive distributions in accordance with all other common units. In addition, Navios Holdings will be released from the omnibus agreement restrictions for two years in connection with acquiring vessels from third parties (but not from the requirement to offer to Navios Partners qualifying vessels in Navios Holdings existing fleet). This issuance was recognized as a $6.1 million non-cash income in the second quarter of 2009.

On June 10, 2009, Navios Holdings sold to Navios Partners the rights to the Navios Sagittarius, a 2006 Japanese-built Panamax vessel with a capacity of 75,756 dwt, for a sale price of $34.6 million received entirely in cash.

Following the above transactions, Navios Holdings owns a 46.7% equity interest in Navios Partners, which includes a 2% general partner interest.

On August 11, 2009, Navios Holdings received $4.5 million as a dividend distribution from Navios Partners.

***Update on Navios South American Logistics Inc. ( Navios Logistics )***

Navios Logistics constructed a new silo at its port facility in Uruguay. The silo started its operations during the second quarter of 2009 and it adds an additional 80,000 metric tons of storage capacity. The project was funded by Navios Logistics internally generated cash.

On June 2, 2009, Navios Logistics took delivery of the Makenita H, a product tanker vessel.

## *Overview*

### *General*

Navios Holdings is a global, vertically-integrated seaborne shipping and logistics company focused on the transport and transshipment of drybulk commodities including iron ore, coal and grain. For over 50 years, Navios Holdings has had an in-house technical ship management expertise that has worked with producers of raw materials, agricultural traders and exporters, industrial end-users, ship owners, and charterers. Navios Holdings technically and commercially manages its owned fleet (except for one of Kleimar N.V. s ( Kleimar ) vessels which is managed by a non-related third party), Navios Partners fleet, and commercially manages its chartered-in fleet, including the shipping operations throughout the life of the vessels, and the superintendence of maintenance, repairs and dry-docking of the operated fleet.

**Navios Partners:**

On August 7, 2007, Navios Holdings formed Navios Partners under the laws of Marshall Islands. Navios GP L.L.C. (the General Partner ), a wholly-owned subsidiary of Navios Holdings, was also formed on that date to act as the general partner of Navios Partners and received a 2% general partner interest in Navios Partners.

In connection with the initial public offering, ( IPO ) of Navios Partners on November 16, 2007, Navios Holdings sold the interests of five of its wholly-owned subsidiaries, each of which owned a Panamax drybulk carrier, as well as interests of three of its wholly-owned subsidiaries that operated and had options to purchase three additional vessels in exchange for: (a) all of the net proceeds from the sale of an aggregate of 10,500,000 common units in the IPO and to a corporation owned by Navios Partners Chairman and CEO for a total amount of $193.3 million, plus; (b) $160.0 million of the $165.0 million borrowings under Navios Partners new revolving credit facility; (c) 7,621,843 subordinated units issued to Navios Holdings; and (d) 2% general partner interest and all incentive distribution rights in Navios Partners to the General Partner. Upon the closing of the IPO, Navios Holdings owned a 43.2% interest in Navios Partners, including the 2% general partner interest.

On July 1, 2008, Navios Holdings sold the Navios Aurora I, a 75,397 dwt Panamax vessel built in 2005, to Navios Partners in exchange for approximately $79.9 million, consisting of $35.0 million cash and 3,131,415 common units

of Navios Partners. The number of the common units issued was calculated using the $14.3705 volume-weighted average trading price for the 10 business days immediately prior to the closing date.



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As of June 30, 2009, Navios Holdings owned a 46.7% interest in Navios Partners, which includes a 2% general partner interest.

**Navios Logistics:**

On January 1, 2008, pursuant to a share purchase agreement, Navios Holdings contributed: (a) $112.2 million in cash; and (b) the authorized capital stock of its wholly-owned subsidiary, Corporacion Navios Sociedad Anonima ( CNSA ) in exchange for the issuance and delivery of 12,765 shares of Navios Logistics representing 63.8% (67.2% excluding contingent consideration) of Navios Logistics outstanding stock. Navios Logistics acquired all ownership interests in Horamar Group ( Horamar ) in exchange for: (a) $112.2 million in cash (financed entirely by existing cash), of which $5.0 million was kept in escrow payable upon the attainment of certain EBITDA targets during specified periods through December 2008 (the EBITDA Adjustment ); and (b) the issuance of 7,235 shares of Navios Logistics representing 36.2% (32.8% excluding contingent consideration) of Navios Logistics outstanding stock, of which 1,007 shares were kept in escrow pending the EBITDA Adjustment.

In November 2008, part of the contingent consideration for the acquisition of Horamar was released, as Horamar achieved the interim EBITDA target, at which time $2.5 million in cash and 503 shares were released to the shareholders of Horamar. Following this release, Navios Holdings owned 65.5% (excluding 504 shares still kept in escrow at December 31, 2008, pending achievement of final EBITDA target) of the outstanding common stock of Navios Logistics. In accordance with the amended share purchase agreement, the final EBITDA target may be resolved until December 31, 2009.

Horamar was a privately held Argentina-based group that specializes in the transportation and storage of liquid cargoes and the transportation of dry bulk cargoes in South America. (See Navios South American Logistics Inc. under Statement of Operations Breakdown by Segment ).

**Navios Acquisition:**

On July 1, 2008, Navios Holdings completed the IPO of units in its subsidiary, Navios Maritime Acquisition Corporation ( Navios Acquisition ), a blank check company. In the offering, Navios Acquisition sold 25,300,000 units for an aggregate purchase price of $253.0 million. Simultaneously with the completion of the IPO, Navios Holdings purchased private placement warrants of Navios Acquisition for an aggregate purchase price of $7.6 million ( Private Placement Warrants ). Prior to the IPO, Navios Holdings had purchased 8,625,000 units of Navios Acquisition ( Sponsor Units ) for a total consideration of $25,000, of which an aggregate of 290,000 units were transferred to the Company s officers and directors and an aggregate of 2,300,000 Sponsor Units were returned to Navios Acquisition and cancelled upon receipt. Each unit consists of one share of Navios Acquisition s common stock and one warrant ( Sponsor Warrants , together with the Private Placement Warrants , the Navios Acquisition Warrants ). Currently, Navios Holdings owns approximately 6,035,000 shares (19%) of the outstanding common stock of Navios Acquisition.

***Fleet***

Following is the current Core Fleet employment profile (excluding Navios Logistics), including the newbuilds to be delivered. The current Core Fleet consists of 59 vessels totaling 6.3 million deadweight tons. The employment profile of the fleet as of August 20, 2009 is reflected in the tables below. The 38 vessels in current operation aggregate approximately 3.3 million deadweight tons and have an average age of 4.8 years. Navios Holdings has currently fixed 99.0%, 81.4%, 63.2% and 57.7% of its 2009, 2010, 2011 and 2012 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 Navios Holdings current charter agreement of $251.6 million, $307.1 million, $317.4 million and $305.7 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and Navios Holdings. 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 rates for the core fleet (excluding vessels, which are utilized to fulfill COAs) are $25,708, $30,471, $34,627 and $35,422 for 2009, 2010, 2011 and 2012, respectively. The average daily charter-in rate for the active long term charter-in vessels (excluding vessels, which are utilized to fulfill COAs) for 2009 is $10,003.

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**Owned Vessels**

| Vessels | Type | Built | DWT | Charter-out Rate[(1)] ($) | Expiration Date[(2)] |
|---|---|---|---|---|---|
| Navios Ionian | Ultra Handymax | 2000 | 52,068 | 11,970 | 04/07/2011 |
| Navios Apollon | Ultra Handymax | 2000 | 52,073 | 23,700 | 11/08/2012 |
| Navios Horizon | Ultra Handymax | 2001 | 50,346 | 36,100 | 08/24/2011 |
| Navios Herakles | Ultra Handymax | 2001 | 52,061 | 11,400 | 03/30/2010 |
| Navios Achilles | Ultra Handymax | 2001 | 52,063 | 26,864(*) | 11/17/2013 |
| | | | | 13,609 | 12/17/2013 |
| Navios Meridian | Ultra Handymax | 2002 | 50,316 | 23,700 | 10/08/2012 |
| Navios Mercator | Ultra Handymax | 2002 | 53,553 | 22,800 | 08/01/2011 |
| | | | | 31,350 | 02/20/2015 |
| Navios Arc | Ultra Handymax | 2003 | 53,514 | 10,450(*) | 02/26/2011 |
| Navios Hios | Ultra Handymax | 2003 | 55,180 | 12,588(*) | 06/19/2010 |
| Navios Kypros | Ultra Handymax | 2003 | 55,222 | 24,063 | 03/31/2010 |
| | | | | 34,024 | 01/28/2011 |
| | | | | 20,685 | 01/28/2014 |
| Navios Ulysses | Ultra Handymax | 2007 | 55,728 | 31,281 | 10/12/2013 |
| Navios Vega | Ultra Handymax | 2009 | 58,792 | 12,350 | 02/18/2011 |
| Navios Magellan | Panamax | 2000 | 74,333 | 21,850 | 01/20/2010 |
| Navios Star | Panamax | 2002 | 76,662 | 21,375 | 01/24/2010 |

| | | | | | |
|---|---|---|---|---|---|
| Navios Hyperion | Panamax | 2004 | 75,707 | 32,300<br>37,953 | 02/28/2010<br>04/01/2014 |
| Navios Orbiter | Panamax | 2004 | 76,602 | 32,385<br>38,052 | 02/28/2010<br>04/01/2014 |
| Navios Asteriks | Panamax | 2005 | 76,801 | | |
| Navios Bonavis[(4)] | Capesize | 2009 | 180,022 | 47,400 | 06/29/2014 |
| Navios Happiness[(4)] | Capesize | 2009 | 180,022 | 55,100 | 07/23/2014 |
| Navios Pollux[(4)] | Capesize | 2009 | 180,727 | 42,250 | 07/24/2019 |
| Vanessa[(5)] | Product Handysize | 2002 | 19,078 | | |

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**Long-Term Chartered-in Vessels**

| Vessels | Type | Built | DWT | Purchase Option[3] | Charter-out Rate[1] ($) | Expiration Date[2] |
|---|---|---|---|---|---|---|
| Navios Vector | Ultra Handymax | 2002 | 50,296 | No | 9,738 | 10/17/2009 |
| | | | | | 9,975 | 10/17/2010 |
| Navios Astra | Ultra Handymax | 2006 | 53,468 | Yes | 14,012 | 10/15/2010 |
| Navios Primavera | Ultra Handymax | 2007 | 53,464 | Yes | 20,046 | 05/09/2010 |
| Navios Armonia | Ultra Handymax | 2008 | 55,100 | No | 23,700 | 06/07/2013 |
| Navios Cielo | Panamax | 2003 | 75,834 | No | 14,773 | 06/12/2010 |
| Navios Orion | Panamax | 2005 | 76,602 | No | 49,400 | 12/14/2012 |
| Navios Titan | Panamax | 2005 | 82,936 | No | 27,100 | 11/24/2010 |
| Navios Sagittarius[6] | Panamax | 2006 | 75,756 | | | |
| Navios Altair | Panamax | 2006 | 83,001 | No | 22,715 | 09/20/2009 |
| Navios Esperanza | Panamax | 2007 | 75,200 | No | 14,513 | 02/19/2013 |
| Torm Antwerp | Panamax | 2008 | 75,250 | No | | |
| Belisland | Panamax | 2003 | 76,602 | No | | |
| Golden Heiwa | Panamax | 2007 | 76,662 | No | | |
| SA Fortius | Capesize | 2001 | 171,595 | No | | |
| C. Utopia | Capesize | 2007 | 174,000 | No | | |
| Beaufiks | Capesize | 2004 | 180,181 | Yes | | |
| Rubena N | Capesize | 2006 | 203,233 | No | | |
| SC Lotta | Capesize | 2009 | 170,500 | No | | |

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

| Vessels | Type | Delivery Date | Purchase Option | DWT |
|---|---|---|---|---|
| Phoenix Beauty | Capesize | 01/2010 | No | 170,500 |
| Kleimar TBN | Capesize | 04/2010 | No | 176,800 |
| Navios TBN | Handysize | 02/2011 | Yes[7] | 35,000 |
| Navios TBN | Handysize | 04/2011 | Yes[7] | 35,000 |
| Navios TBN | Panamax | 09/2011 | Yes | 80,000 |
| Navios TBN | Capesize | 09/2011 | Yes | 180,200 |
| Navios TBN | Ultra Handymax | 03/2012 | Yes | 61,000 |
| Kleimar TBN | Capesize | 07/2012 | Yes | 180,000 |
| Navios TBN | Panamax | 01/2013 | Yes | 82,100 |
| Navios TBN | Ultra Handymax | 08/2013 | Yes | 61,000 |

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**Owned Vessels**

| Vessels | Type | Delivery Date | DWT | Charter-out Rate[1] ($) | Expiration Date[2] |
|---|---|---|---|---|---|
| Navios Aurora II | Capesize | 10/2009 | 172,000 | 41,325 | 10/2019 |
| Navios Lumen | Capesize | 11/2009 | 181,000 | 44,850 | 11/2016 |
| Navios Antares | Capesize | 11/2009 | 172,000 | 57,000 | 11/2014 |
| Navios Phoenix[8] | Capesize | 01/2010 | 180,000 | 45,500 | 12/2014 |
| Navios Stellar[9] | Capesize | 12/2009 | 172,000 | 39,900 | 12/2019 |
| Navios Fulvia | Capesize | 08/2010 | 180,000 | 29,356 | 08/2022 |
| Navios TBN | Capesize | 08/2010 | 180,000 | 50,588 | 08/2015 |
| Navios TBN | Capesize | 09/2010 | 180,000 | 29,356 | 09/2020 |
| Navios TBN | Capesize | 10/2010 | 180,000 | 29,356 | 10/2020 |
| Navios TBN | Capesize | 12/2010 | 180,000 | 29,356 | 12/2020 |
| Navios TBN | Capesize | 02/2011 | 180,000 | 29,356 | 02/2023 |

(1) Net time charter-out rate per day (net of commissions).

(2) Estimated dates assuming midpoint of redelivery by charterers.

(3) Generally, Navios Holdings may exercise its purchase option after three to five years of service.

(4) Navios Bonavis, Navios Happiness and Navios Pollux were delivered on June 29, 2009, July 23, 2009 and July 24, 2009, respectively.

(5) The vessel is contracted to be sold for $24.2 million in the second quarter of 2010. The vessel is 95% owned.

(6) The rights to Navios Sagittarius were sold to Navios Partners on June 10, 2009.

(7) Navios Holdings holds the initial 50% purchase option on each vessel.

(8) Allocated to a long-term COA contract (TCE defined below).

(9) The vessel has been chartered-out for a ten-year period at a daily rate of $39,900 if delivered prior to December 31, 2009 or at a daily rate of $37,762 if delivered in the first quarter of 2010.

(*) Denotes vessels chartered-out for various periods subsequent to the date of the issuance of the 20-F in

April 2009. The Navios Achilles charter was extended for two additional years at a favorable rate that provides upside potential. Should the Baltic Exchange Supermax Index (BSI) exceed $39,800 for the period to Nov 17, 2011 or $14,250 for the extended period from Nov. 17, 2011, then charterers to pay a profit share to the owners in addition to the above hire rate, basis 70% for owners and 30% for charterers.

As of June 30, 2009, the Navios Holdings executed purchase options comprised of four Ultra Handymax, six Panamax and one Capesize vessels. The Navios Meridian, the Navios Mercator, the Navios Arc, the Navios Galaxy I, the Navios Magellan, the Navios Horizon, the Navios Star, the Navios Hyperion, the Navios Orbiter, the Navios Aurora I and the Navios Fantastiks were delivered on November 30, 2005, December 30, 2005, February 10, 2006, March 23, 2006, March 24, 2006, April 10, 2006, December 4, 2006, February 26, 2007, February 7, 2008, April 24, 2008 and May 2, 2008, respectively. Accordingly, Navios Holdings has options to acquire three of the remaining 17 chartered-in vessels currently in operation and eight of the ten long-term chartered-in vessels on order (on two of the eight purchase options Navios Holdings holds a 50% initial purchase option).

***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 to various shipping industry counterparties, considered by Navios Holdings to have appropriate credit profiles, many of the fleet vessels that it is presently operating (i.e. vessels owned by Navios Holdings or which it has taken into its fleet under charters having a duration of more than 12 months) during 2006, 2007 and 2008 for various periods ranging between one to ten years. By doing this, Navios Holdings aimed to lock-in, subject to credit and operating risks, favorable forward cash flows which it believes will cushion it against unfavorable market conditions. In addition, Navios Holdings actively trades additional vessels taken in on shorter term charters of less than 12 months duration, as well as, COAs and forward freight agreements, ( FFAs ).

In 2007 and 2008, this policy had the effect of generating time charter equivalents ( TCE ) that, while high by the average historical levels of the dry bulk freight market over the last 30 years, were below those which could have been earned had the Navios Holdings fleet been operated purely on short term and/or spot employment. Currently, this chartering policy has had the effect of generating higher TCE than spot employment.

The average daily charter-in vessel cost for Navios Holdings long-term charter-in fleet (excluding Kleimar vessels) was $9,883 per day for the six months ended June 30, 2009. The average charter-in hire rate per vessel was derived from the amount for long-term hire included elsewhere in this document and was computed by (a) multiplying the (i) daily charter-in rate for each vessel by (ii) number of days the vessel is in operation for the year and (b) dividing such product by the total number of vessel days for the year. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options at favorable prices relative to the current market exercisable in the future.

Long-term dry bulk demand fundamentals remain attractive. Chinese demand for natural resources for steel and energy production and food products continues to be driven primarily by urbanization and industrialization. Significant commodities purchases by Asian countries, especially China and India, combined with favorable changing trading patterns and the growth in the Chinese coastal trade should support freight rates for the foreseeable future. Additionally, new longer haul trade routes have developed that Navios Holdings anticipates should serve to stimulate ton-mile demand, while port congestion continues to absorb global fleet tonnage.

Navios Holdings believes that a further decrease in global commodity demand from its current level, and the delivery of dry bulk carrier new buildings into the world fleet, would have an adverse impact on future revenue and profitability. However, the cost advantage of Navios Holdings long-term chartered fleet, which is chartered-in at historically favorable fixed rates, will continue to help mitigate the impact of the lower freight market environment. The reduced freight rate environment may also have an adverse impact on the market value of Navios Holdings owned fleet and the presently in-the-money purchase options. In reaction to a decline in freight rates, available ship financing has also been negatively impacted.

***Navios Logistics Operations***

Navios Logistics, an end-to-end logistics business which leverages Navios Holdings transshipment facility in Uruguay with an up-river port facility in Paraguay and dry and wet barge capacity, marked the successful conclusion of an effort Navios Holdings commenced in June 2006, when Navios Holdings announced its intention to develop a South American logistics business. Navios Holdings intends to continue growing its South American logistics business by opportunistically acquiring assets complementary to its port terminal and storage facilities.

Navios Logistics operates different types of tanker vessels, push boats and wet and dry barges for the delivery of a great range of products meeting the needs of the market between Buenos Aires, Argentina, and all the ports of the Paraná, Paraguay, Uruguay River System in South America, commonly known as the Hidrovia (Waterway). The Hidrovia passes through five countries, Argentina, Bolivia, Brazil, Paraguay and Uruguay along its 3,442 kilometers and to maritime facilities of the South American coastline. The group also owns and operates an up-river port terminal containing tank storage for petroleum products, oil and gas in the region San Antonio, Paraguay as well as the largest bulk transfer and storage port terminal in Uruguay located in an international tax free trade zone in the port of Nueva Palmira. (See Navios South American Logistics Inc. under Statement of Operations Breakdown by Segment ).

**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 2008 annual report on Form 20-F 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 FFA 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.

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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, to adjust to anticipated changes in market rates. Navios Holdings aims at achieving an appropriate balance between owned vessels and long- and short-term chartered-in vessels and controls approximately 6.3 million dwt in dry bulk tonnage. Navios Holdings options to extend the duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessel permits 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.

**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 dry-dock undergoing repairs and upgrades;

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the dry bulk shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to long-term, which may be many years. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand, and many other factors that might be beyond the control of management.

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Consistent with industry practice, Navios Holdings uses TCE rates 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 industry standard for measuring revenue and comparing results between geographical regions and amongst 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 fleet is 5.6 years. But 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**

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

- The operation of voyage charters or spot charter-out fixtures for the carriage of a single cargo between load and discharge port;

- The use of COAs, under which Navios Holdings contracts to carry a given quantity of cargo between certain load and discharge ports within a stipulated time frame; and

- The use of FFAs both as economic hedges in reducing market risk on specific vessels, freight commitments or the overall fleet and in order to increase or reduce the size of its exposure to the dry bulk shipping market.

In addition, Navios Holdings, through selecting COAs on what would normally be backhaul or ballast legs, attempts to enhance vessel utilization and profitability. The cargoes are used to position vessels at or near major loading areas (such as the U.S. Gulf) where spot cargoes can readily be obtained. This enables ballast time to be reduced as a percentage of the round voyage. This strategy is referred to as triangulation.

Navios Holdings enters into COAs with major industrial end users of bulk products, primarily in the steel, energy and grain sectors. These contracts are entered into not only with a view to making profit but also as a means of maintaining relationships, obtaining market information and continuing a market presence in this market segment. Navios Holdings has adopted a strategy of entering into COAs to carry freight into known loading areas, such as the U.S. Gulf and the Gulf of St. Lawrence, where subsequent spot or voyage charters can be obtained.

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

As of June 30, 2009 and December 31, 2008, none of Navios Holdings FFAs, qualified for hedge accounting treatment. Dry bulk FFAs traded by Navios Holdings that do not qualify for hedge accounting are shown at fair value through the statement of operations.

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

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

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

the establishment of a list of approved counterparties and a credit committee which meets regularly.

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**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. As a result, Navios Holdings reviews operating results solely by revenue per day and operating results of the owned and chartered-in fleet and, thus, the Company has determined that it has two reportable segments, Vessel Operations and Logistics Business. Following the acquisition of Horamar in January 2008 and the formation of Navios Logistics, the Company renamed its Port Terminal segment the Logistics Business segment, to include the activities of Horamar, which provides similar products and services in the region that Navios Holdings existing port facility currently operates. The reportable segments reflect the internal organization of Navios Holdings and strategic businesses that offer different products and services. The Vessel Operations business consists of transportation and handling of bulk cargoes through ownership, operation, and trading of vessels, freight and FFAs. The Logistics Business consists of operating ports and transfer station terminals, handling of vessels, barges and push boats as well as up-river transport facilities in the Hidrovia region. Navios Holdings measures segment performance based on net income. For further segment information, please see Note 12 to the Unaudited Interim Consolidated Financial Statements.

For a more detailed discussion about the Navios Logistics Segment refer to the section Navios South American Logistics Inc. further below.

**Period-over-Period Comparisons of Navios Holdings**

**For the Three Month Period ended June 30, 2009 compared to the Three Month Period ended June 30, 2008**

The following table presents consolidated revenue and expense information for the three month periods ended June 30, 2009 and 2008. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Holdings for the respective periods.

| *(Expressed in thousands of U.S. dollars)* | **Three Month Period ended June 30, 2009 (unaudited)** | **Three Month Period ended June 30, 2008 (unaudited)** |
|---|---|---|
| Revenue | $ 142,208 | $ 328,040 |
| Time charter, voyage and logistic business expenses | (82,883) | (280,548) |
| Direct vessel expenses | (7, 915) | (6,885) |
| General and administrative expenses | (10,561) | (9,065) |
| Depreciation and amortization | (16,377) | (13,837) |
| Interest income/expense and finance cost, net | (14,737) | (9,307) |
| Gain on derivatives | 645 | 7,743 |
| Gain on sale of assets | 16,790 | 174 |
| Other income/expense, net | (9,784) | 536 |
| Income before equity in net earnings of affiliate companies | 17,386 | 16,851 |
| Equity in net earnings of affiliated companies | 5,399 | 6,257 |
| Income before taxes | 22,785 | 23,108 |
| Income taxes | 962 | 57,360 |
| Net income | 23,747 | 80,468 |

| | | |
|---|---|---|
| Less: Net income attributable to the noncontrolling interest | (1,610) | (1,302) |
| **Net income attributable to Navios Holdings common stockholders** | **$ 22,137** | **$ 79,166** |

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Set forth below are selected historical and statistical data for Navios Holdings that it believes may be useful in better understanding its financial position and results of operations.

| | Three month period ended June 30, | |
|---|---|---|
| | 2009 | 2008 |
| **FLEET DATA** | | |
| Available days[1] | 3,721 | 5,987 |
| Operating days[2] | 3,717 | 5,970 |
| Fleet utilization[3] | 99.9% | 99.7% |
| Equivalent vessels[5] | 40.9 | 65.8 |
| **AVERAGE DAILY RESULTS** | | |
| Time Charter Equivalents[4] | $26,684 | $47,313 |

(1) Available days for fleet are total calendar days the vessels were in Navios Holdings possession for the relevant period after subtracting off-hire days associated with major repairs, drydocks or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.

(2) Operating days is the number of available days in the relevant period less the aggregate number of days

that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels actually generate revenues.

(3) Fleet utilization is the percentage of time that Navios Holdings vessels were available for revenue generating available days, and is determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels.

(4)

Time Charter Equivalent, or TCE, are defined as voyage and time charter revenues less voyage expenses during a relevant period divided by the number of available days during the period.

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

During the three month period ended June 30, 2009, there were 2,266 less available days as compared to the same period of 2008 mainly due to the decrease in short-term fleet activity. This decrease was mitigated by the increase in the number of vessels in Navios Holdings owned fleet by two vessels resulting in 113 additional days. Navios Holdings can increase or decrease its fleet size by chartering-in vessels for long- or short-term periods (less than one year). Fleet size and the corresponding available days will be decreased if charters are not renewed or replaced.

The average TCE rate for the three month period ended June 30, 2009 was $26,684 per day, $20,629 per day lower than the rate achieved in the same period of 2008. This was primarily due to the decrease in the freight market resulting in lower charter-out daily rates in the second quarter of 2009 than those achieved in the second quarter of 2008.

*Revenue:* Revenue from vessel operations for the three months ended June 30, 2009 was $107.1 million, as compared to $302.5 million for the same period during 2008. The decrease in revenue was mainly attributable to the decrease in TCE rate per day and the decrease in the available days of the fleet in 2009 as compared to 2008. The achieved TCE rate per day, decreased 43.6% to $26,684 per day in the second quarter of 2009 from $47,313 per day in the same period of 2008. The available days for the fleet decreased by 37.8% to 3,721 in the second quarter of 2009 from 5,987 days in the same period of 2008.

Revenue from the logistics business was $35.1 million for the three months ended June 30, 2009 as compared to $25.5 million during the same period of 2008. This increase was mainly due to the increased fleet of Navios Logistics (which became operational in the fourth quarter of 2008) compared to the same period of 2008.

*Time Charter, Voyage and Logistic Business Expenses:* Time charter, voyage and logistic business expenses decreased by $197.6 million or 70.4% to $82.9 million for the three month period ended June 30, 2009, as compared to $280.5 million for same period in 2008. This was primarily due to the decrease in the short-term fleet activity (which also negatively affected the available days of the fleet, discussed above). This decrease was mitigated by an increase of $7.2 million in logistic business expenses.

*Direct Vessel Expenses:* Direct vessel expenses for operation of the owned fleet increased by $1.0 million to $7.9 million or 14.5% for the three month period ended June 30, 2009, as compared to $6.9 million for the same period in 2008. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs. The increase resulted primarily from the increase of the owned fleet by two vessels in the second quarter of 2009 compared to the same period in 2008 and the increase in crew costs and lubricating oils.

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

| *(Expressed in thousands of U.S. dollars)* | Three month period ended June 30, 2009 (unaudited) | Three month period ended June 30, 2008 (unaudited) |
|---|---|---|
| Payroll and related costs[1] | $ 3,820 | $ 4,408 |
| Professional, legal and audit fees[1] | 1,635 | 589 |
| Navios Logistics | 2,009 | 1,793 |
| Other[1] | 465 | 1,546 |
| Sub-total | 7,929 | 8,336 |
| Credit default insurance cover | 2,632 | 729 |
| General and administrative expenses | $ 10,561 | $ 9,065 |

(1) Amounts do not include general and administrative expenses of the logistics business.

The increase by $1.5 million to $10.6 million or 16.5% for the three month period ended June 30, 2009, as compared to $9.1 million for the same period of 2008, is mainly attributable to (a) expenses relating to the cover of additional contracts under the credit default insurance, (b) the general and administrative expenses attributable to Navios Logistics and (c) increase in professional, legal and audit fees. This increase was mitigated mainly by a decrease in payroll and related costs and other expenses.

*Depreciation and Amortization:* For the three month period ended June 30, 2009, depreciation and amortization increased by $2.6 million compared to the same period in 2008. The increase was primarily due to the increase in depreciation of vessels by $1.4 million due to the increase in the owned fleet by two vessels, the increase by $1.5 million in depreciation and amortization from the logistics business was mainly due to the acquisition of the six convoys during the third quarter of 2008 and the increase by $0.6 in amortization of favorable and unfavorable leases. This increase was mitigated by the decrease in amortization of backlog by $1.0 million which were fully amortized by the end of 2008.

*Interest Income/Expense and Finance Cost, Net:* Interest expense and finance cost for the three month period ended June 30, 2009 increased to $15.1 million, as compared to $12.1 million in the same period of 2008. The increase is due to higher average outstanding loan balance to $575.0 million in the second quarter of 2009 (excluding the drawdowns relating to facilities for the construction of the Capesize vessels, Navios Logistics loans and the

$60.0 million drawdown of Commerzbank loan facility in June 2009) from $307.9 million in the same period of 2008. This increase is mitigated by a decrease in interest and finance costs of $0.3 million relating to the Navios Logistics loans and the decrease in average LIBOR rate to 1.70% for the three month period ended June 30, 2009 compared to 3.54% for the same period in 2008. Interest income decreased by $2.4 million to $0.4 million for the three month period ended June 30, 2009, as compared to $2.8 million for the same period of 2008. This decrease is mainly attributable to the decrease in the average cash balances to $228.4 million in the second quarter of 2009 from $289.9 million in the same period of 2008, and the decrease in interest rates.

*Gains on Derivatives:* Income from derivatives decreased by $7.1 million to $0.6 million during the three month period ended June 30, 2009, as compared to $7.7 million for the same period in 2008. Navios Holdings records the change in the fair value of derivatives at each balance sheet date. The FFAs market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs has, and can, cause significant volatility in earnings. The extent of the impact on earnings is dependent on two factors: market conditions and Navios Holdings net position in the market. Market conditions were volatile in both periods. As an indicator of volatility, selected Baltic Exchange Panamax time charter average rates are shown below.

| | Baltic Exchange s Panamax Time Charter Average Index |
|---|---|
| April 7, 2009 | $ 8,879(a) |
| June 3, 2009 | $ 28,110(b) |
| June 30, 2009 | $ 23,275(*) |
| April 3, 2008 | $ 60,763(c) |
| May 20, 2008 | $ 91,710(d) |
| June 30, 2008 | $ 77,671(*) |

(a) Low for Q2 2009

(b) High for Q2 2009

(c) Low for Q2 2008

(d) High for Q2 2008

(*) End of period rate

*Gain on Sale of Assets:* The gain on sale of assets for the three month period ended June 30, 2009 was $16.8 million which resulted from the sale of the Navios Sagittarius to Navios Partners on June 10, 2009. During the same period in 2008, a gain of $0.2 million resulted from the sale of the Obeliks in June 2008.

*Net Other Income and Expense:* Net other income and expense decreased by $10.3 million to $9.8 million other expense for the three month period ended June 30, 2009, from $0.5 million other income for the same period in 2008. This decrease was mainly due to the $13.8 million unrealized mark-to-market losses on common units of Navios Partners, accounted for as available-for-sale investments written-down to their market value at quarter end, which is below the prevailing market value as of August 20, 2009, $1.4 million increase in other expenses of Navios Logistics, $0.5 million decrease in interest income from investments in finance leases, and $0.7 million of additional expenses relating to miscellaneous expenses. This decrease was mitigated by $6.1 million non-cash compensation income relating to the relief of Navios Partners from its obligation to purchase the Navios Bonavis (formerly Navios TBN I).

*Income Taxes:* Income taxes decreased by $56.4 million to $1.0 million for the three month period ended June 30, 2009, as compared to $57.4 million for the same period in 2008. The main reason was the $57.3 million write-off of deferred taxes relating to Kleimar in the second quarter of 2008. This decrease was mitigated by a $0.9 million increase in income taxes relating to Navios Logistics.

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**For the Six Month Period ended June 30, 2009 compared to the Six Month Period ended June 30, 2008**

The following table presents consolidated revenue and expense information for the six month periods ended June 30, 2009 and 2008. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Holdings for the respective periods.

| *(Expressed in thousands of U.S. dollars)* | **Six Month Period ended June 30, 2009 (unaudited)** | **Six Month Period ended June 30, 2008 (unaudited)** |
|---|---|---|
| Revenue | $ 289,376 | $ 654,546 |
| Time charter, voyage and logistic business expenses | (174,682) | (562,476) |
| Direct vessel expenses | (15,085) | (12,518) |
| General and administrative expenses | (20,992) | (17,778) |
| Depreciation and amortization | (31,917) | (27,442) |
| Interest income/expense and finance cost, net | (29,102) | (18,799) |
| Gain on derivatives | 619 | 10,255 |
| Gain on sale of assets/partial sale of subsidiary | 16,790 | 2,748 |
| Other income/expense, net | (10,992) | 462 |
| Income before equity in net earnings of affiliate companies | 24,015 | 28,998 |
| Equity in net earnings of affiliated companies | 10,499 | 8,336 |
| Income before taxes | 34,514 | 37,334 |
| Income taxes | 1,594 | 57,868 |
| Net income | 36,108 | 95,202 |
| Less: Net income attributable to the noncontrolling interest | (1,978) | (1,791) |
| **Net income attributable to Navios Holdings common stockholders** | **$ 34,130** | **$ 93,411** |

Set forth below are selected historical and statistical data for Navios Holdings that it believes may be useful in better understanding its financial position and results of operations.

| | **Six month period ended June 30,** | |
|---|---|---|
| | **2009** | **2008** |
| **FLEET DATA** | | |
| Available days | 7,601 | 12,000 |
| Operating days | 7,583 | 11,979 |
| Fleet utilization | 99.8% | 99.8% |
| Equivalent vessels | 42.0 | 65.9 |
| **AVERAGE DAILY RESULTS** | | |
| Time Charter Equivalents | $27,544 | $46,824 |

During the six month period ended June 30, 2009, there were 4,399 less available days as compared to the same period of 2008 mainly due to the decrease in short-term fleet activity. This decrease was mitigated by the increase in the number of vessels in Navios Holdings, owned fleet by two vessels resulting in 260 additional days. Navios Holdings can increase or decrease its fleet size by chartering-in vessels for long- or short-term periods (less than one year). Fleet size and the corresponding available days will be decreased if charters are not renewed or replaced.

The average TCE rate for the six month period ended June 30, 2009 was $27,544 per day, $19,280 per day lower than the rate achieved in the same period of 2008. This was primarily due to the decrease in the freight market resulting in lower charter-out daily rates in the first half of 2009 than those achieved in the first half of 2008.

*Revenue:* Revenue from vessel operations for the six months ended June 30, 2009 was $224.9 million, as compared to $607.5 million for the same period during 2008. The decrease in revenue was mainly attributable to the decrease in TCE rate per day and the decrease in the available days of the fleet in 2009 as compared to 2008. The achieved TCE rate per day, decreased 41.2% to

$27,544 per day in the first half of 2009 from $46,824 per day in the same period of 2008. The available days for the fleet decreased by 36.7% to 7,601 in the first half of 2009 from 12,000 days in the same period of 2008.

Revenue from the logistics business was $64.4 million for the six months ended June 30, 2009, as compared to $47.0 million during the same period of 2008. This increase was mainly due to the increased fleet of Navios Logistics (which became operational in the fourth quarter of 2008) as compared to the fleet in the same period of 2008.

*Time Charter, Voyage and Logistic Business Expenses:* Time charter, voyage and logistic business expenses decreased by $387.8 million or 68.9% to $174.7 million for the six month period ended June 30, 2009, as compared to $562.5 million for the same period in 2008. This decrease was primarily due to the decrease in the short term fleet activity (which also negatively affected the available days of the fleet, discussed above). This decrease was mitigated by an increase of $14.6 million in logistic business expenses.

*Direct Vessel Expenses:* Direct vessel expenses for operation of the owned fleet increased by $2.6 million to $15.1 million or 20.8% for the six month period ended June 30, 2009, as compared to $12.5 million for the same period in 2008. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs. The increase resulted primarily from the increase of the owned fleet by two vessels in the first half of 2009 compared to the same period in 2008 and the increase in crew costs, spares and lubricating oils.

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

| *(Expressed in thousands of U.S. dollars)* | Six month period ended June 30, 2009 (unaudited) | Six month period ended June 30, 2008 (unaudited) |
|---|---|---|
| Payroll and related costs[(1)] | $ 7,284 | $ 8,491 |
| Professional, legal and audit fees[(1)] | 2,839 | 1,805 |
| Navios Logistics | 4,154 | 3,543 |
| Other[(1)] | 1,397 | 2,729 |
| Sub-total | 15,674 | 16,568 |
| Credit default insurance cover | 5,318 | 1,210 |
| General and administrative expenses | $ 20,992 | $ 17,778 |

(1) Amounts do not include general and administrative expenses of the logistics business.

The increase by $3.2 million to $21.0 million or 18.0% for the six month period ended June 30, 2009, as compared to $17.8 million for the same period of 2008, is mainly attributable to (a) expenses relating to the cover of additional contracts under the credit default insurance, (b) the general and administrative expenses attributable to Navios Logistics and (c) increase in professional, legal and audit fees. This increase was mitigated mainly by a decrease in payroll and related costs and other expenses.

*Depreciation and Amortization:* For the six month period ended June 30, 2009, depreciation and amortization increased by $4.5 million compared to the same period in 2008. The increase was primarily due to the increase in depreciation of vessels by $2.7 million due to the increase in the owned fleet by two vessels, the increase by $2.8 million in depreciation and amortization from the logistics business was mainly due to the acquisition of the six convoys during the third quarter of 2008 and the increase by $1.2 in amortization of favorable and unfavorable leases. This increase was mitigated by the decrease in amortization of backlog by $2.2 million which were fully amortized by the end of 2008.

*Interest Income/Expense and Finance Cost,,Net:* Interest expense and finance cost for the six month period ended June 30, 2009 increased to $29.8 million, as compared to $24.4 million in the same period of 2008. The increase is due to higher average outstanding loan balance to $516.2 million in the first half of 2009 (excluding the drawdowns relating to facilities for the construction of the Capesize vessels, Navios Logistics loans and the $60.0 million drawdown of Commerzbank loan facility in June 2009) from $311.6 million in the same period of 2008 and the increase in interest and finance costs by $0.1 million relating to the Navios Logistics loans. This increase was mitigated by the decrease in average LIBOR rate to 2.00% for the six month period ended June 30, 2009 compared to 4.18% for the same period in 2008. Interest income decreased by $4.9 million to $0.7 million for the six month period ended June 30, 2009, as compared to $5.6 million for the same period of 2008. This decrease is mainly attributable to the decrease in the average cash balances to $186.7 million in the first half of 2009 from $298.9 million in the same period of 2008, and the decrease in interest rates.

*Gains on Derivatives:* Income from derivatives decreased by $9.7 million to $0.6 million during the six month period ended June 30, 2009, as compared to $10.3 million for the same period in 2008. Navios Holdings records the change in the fair value of

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

| | Baltic Exchange s Panamax Time Charter Average Index |
|---|---|
| January 19, 2009 | $ 3,917(a) |
| June 3, 2009 | $ 28,110(b) |
| June 30, 2009 | $ 23,275(*) |
| January 29, 2008 | $ 44,363(c) |
| May 20, 2008 | $ 69,619(d) |
| June 30, 2008 | $ 77,671(*) |

(a) Low for six months 2009

(b) High for six months 2009

(c) Low for six months 2008

(d) High for six months 2008

(*) End of period rate

*Gain on Sale of Assets/Partial Sale of Subsidiary:* The gain on sale of assets for the six month period ended June 30, 2009 was $16.8 million which resulted from the sale of the Navios Sagittarius to Navios Partners on June 10, 2009. During the same period in 2008, a gain of $0.2 million resulted from the sale of the Obeliks in June 2008 and a further gain of $2.6 million resulted from the partial sale of CNSA to the minority shareholders of Navios Logistics.

*Net Other Income and Expense:* Net other income and expense decreased by $11.5 million to $11.0 million other expense for the six month period ended June 30, 2009, from $0.5 million other income for the same period in 2008. This decrease was mainly due to the $13.8 million unrealized mark-to-market losses on common units of Navios Partners, accounted for as available-for-sale investments written-down to their market value at quarter end, which is below the prevailing market value as of August 20, 2009, $1.3 million increase in other expenses of Navios Logistics, $0.9 million decrease in interest income from investments in finance leases, and $1.6 million of additional expenses relating to miscellaneous expenses. This decrease was mitigated by $6.1 million non-cash compensation income relating to the relief of Navios Partners from its obligation to purchase the Navios Bonavis (formerly Navios TBN I).

*Income Taxes:* Income taxes decreased by $56.3 million to $1.6 million for the six month period ended June 30, 2009, as compared to $57.9 million for the same period in 2008. The main reason was the $57.3 million write-off of deferred taxes relating to Kleimar in the second quarter of 2008. This decrease was mitigated by a $1.3 million increase in income taxes relating to Navios Logistics and a $0.3 million increase in taxes relating to Kleimar which is

taxed under the tonnage tax system.

**NAVIOS SOUTH AMERICAN LOGISTICS INC.**

The following is a discussion of the financial condition and results of operations for the three and six month periods ended June 30, 2009 and 2008 of Navios Logistics. All of these financial statements have been prepared in accordance with U.S. GAAP.

***Recent Developments***

During June 2009, Navios Logistics took delivery of a product tanker vessel named the Makenita H. The purchase price of the vessel (including direct costs) amounted to approximately $25.1 million.

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***Financial Highlights***

The following table presents consolidated revenue and expense information for each of the three and six month periods ended June 30, 2009 and 2008.

| *(Expressed in thousands of U.S. dollars )* | **Three Month Period ended June 30, 2009 (unaudited)** | **Three Month Period ended June 30, 2008 (unaudited)** | **Six Month Period ended June 30, 2009 (unaudited)** | **Six Month Period ended June 30, 2008 (unaudited)** |
|---|---|---|---|---|
| Revenue | $ 35,097 | $ 25,546 | $ 64,442 | $ 47,059 |
| Time charter, voyage and logistics business expenses | (21,917) | (14,711) | (42,632) | (27,965) |
| General and administrative expenses | (2,009) | (1,793) | (4,154) | (3,543) |
| Depreciation and amortization | (5,196) | (3,677) | (10,627) | (7,798) |
| Interest income/expense and finance cost, net | (1,002) | (952) | (1,752) | (1,291) |
| Other income/expense, net | (2,166) | (756) | (2,656) | (1,410) |
| **Income before taxes** | $ **2,807** | $ **3,657** | $ **2,621** | $ **5,052** |
| Income taxes | 1,047 | 112 | 1,725 | 398 |
| **Net income** | **3,854** | **3,769** | **4,346** | **5,450** |
| Noncontrolling interests | (427) | (99) | (730) | (4) |
| **Net income attributable to Navios Holdings common stockholders** | $ **3,427** | $ **3,670** | $ **3,616** | $ **5,446** |

The following table presents consolidated balance sheets of Navios Logistics as of June 30, 2009 and December 31, 2008.

| *(Expressed in thousands of U.S. dollars )* | **June 30, 2009 (unaudited)** | **December 31, 2008** |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 14,294 | $ 11,516 |
| Restricted cash | 1,465 | 1,050 |
| Accounts receivable, net | 18,306 | 13,864 |
| Due from affiliate companies | | 41 |
| Short-term backlog asset | | 44 |
| Prepaid expenses and other current assets | 8,885 | 6,041 |
| **Total current assets** | **42,950** | **32,556** |
| Vessels, port terminal and other fixed assets, net | 272,305 | 250,237 |
| Deferred financing costs, net | 1,026 | 420 |
| Deferred dry dock and special survey costs, net | 1,685 | 1,433 |

| | | |
|---|---|---|
| Other long-term assets | 9,852 | 9,535 |
| Intangible assets other than goodwill | 79,474 | 84,957 |
| Goodwill | 91,393 | 91,393 |
| **Total non-current assets** | **455,735** | **437,975** |
| **Total assets** | **$ 498,685** | **$ 470,531** |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable | $ 14,717 | $ 10,165 |
| Accrued expenses | 10,076 | 9,058 |
| Intercompany accounts | 94 | |
| Current portion of long-term debt | 2,587 | 3,137 |

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| (Expressed in thousands of U.S. dollars ) | June 30, 2009 (unaudited) | December 31, 2008 |
|---|---|---|
| **Total current liabilities** | **27,474** | **22,360** |
| Long-term debt, net of current portion | 77,646 | 78,191 |
| Unfavorable lease terms | 753 | 1,505 |
| Long-term liabilities | 45,420 | 22,181 |
| Deferred tax liability | 23,326 | 26,573 |
| **Total non-current liabilities** | **147,145** | **128,450** |
| **Total liabilities** | **174,619** | **150,810** |
| **Commitments and contingencies** | | |
| **Stockholders equity** | | |
| Common stock $1 par value, authorized 20,000 shares | 20 | 20 |
| Additional paid-in capital | 284,762 | 284,762 |
| Retained earnings | 7,043 | 3,427 |
| **Total stockholders equity** | **291,825** | **288,209** |
| Noncontrolling interest | 32,241 | 31,512 |
| **Total equity** | **324,066** | **319,721** |
| **Total liabilities and equity** | **$ 498,685** | **$ 470,531** |

**Period-over-Period Comparisons of Navios Logistics**

**For the Three Month Period ended June 30, 2009 compared to Three Month Period ended June 30, 2008**

*Revenue:* For three month period ended June 30, 2009, Navios Logistics revenue increased by $9.6 million to $35.1 million, as compared to $25.5 million for the same period during 2008. Revenue from port terminal operations amounted to $15.7 million and revenue from vessels, barges and push boats amounted to $19.4 million. The increase is mainly due to the recovery in the Petrosan port s operations and partially due to the effect of the new fleet acquired in the second half of 2008. Revenue was adversely affected by an extraordinarily large drought that significantly affected the level of water in the Hidrovia.

*Time Charter, Voyage and Port Terminal Expenses:* Time charter, voyage and port terminal expenses for the three month period ended June 30, 2009, increased by $7.2 million to $21.9 million, as compared to $14.7 million for the same period during 2008. Port terminal expenses for the three month period ended June 30, 2009 amounted to $9.2 million while the remaining $12.7 million related to time charter and voyage expenses of vessels, barges and push boats. The increase was due mainly to the $7.0 million increase in operating expenses of the Petrosan port due to larger volume of activity during the period.

*General and Administrative Expenses*: General and administrative expenses increased by $0.2 million to $2.0 million for the three month period ended June 30, 2009, as compared to $1.8 million for the same period during 2008. General and administrative expenses for the three month period ended June 30, 2009, relating to port terminal operations amounted to $0.4 million while the remaining amount of $1.6 million relates to general and administrative expenses from vessels, barges and push boats operations. The increase was due mainly to an increase in employee salaries and the increase in legal and audit fees.

*Depreciation and Amortization:* Depreciation and amortization expense increased by $1.5 million to $5.2 million for the three month period ended June 30, 2009, as compared to $3.7 for the same period of 2008. Depreciation of tangible assets amounted to $4.3 million and amortization of intangible assets amounted to $0.9 million. The increase in depreciation and amortization expense was due primarily to the depreciation of the new fleet acquired during the second half of 2008.

*Net Other Income and Expense:* Net other income and expense decreased by $1.4 million for the three month period ended June 30, 2009, as compared with the same period in 2008 due mainly to exchange rate differences, allowance for doubtful accounts and taxes other than income taxes.

*Income Taxes:* Income taxes increased by $0.9 million to $1.0 million for the three month period ended June 30, 2009, as compared to $0.1 million for the same period in 2008. The main reason for the increase was the reversal of some deferred income tax liabilities in Paraguay. Income taxes consist of income taxes calculated for certain subsidiaries of Navios Logistics, which are subject to corporate income tax.



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**For the Six Month Period ended June 30, 2009 compared to Six Month Period ended June 30, 2008**

*Revenue:* For six month period ended June 30, 2009 Navios Logistics revenue increased by $17.4 million to $64.4 million, as compared to $47.0 million for the same period during 2008. Revenue from port terminal operations amounted to $24.6 million while $39.8 million related to revenue from vessels, barges and push boats. The increase is due mainly to the increase in the ports operations and partially due to the effect of the new fleet acquired in the second half of 2008. Revenue was adversely affected by an extraordinarily large drought that significantly affected the level of water in the Hidrovia.

*Time Charter, Voyage and Port Terminal Expenses:* Time charter, voyage and port terminal expenses increased by $14.6 million to $42.6 million for the six month period ended June 30, 2009, as compared to $28.0 million for the same period during 2008. Port terminal expenses amounted to $16.8 million while $25.8 million relates to expenses from vessels, barges and push boats operations. The increase was due mainly to the $13.0 million increase in operating expenses of the Petrosan port due to larger volume of activity during the period.

*General and Administrative Expenses:* General and administrative expenses increased by $0.6 million to $4.1 million for the six month period ended June 30, 2009, as compared to $3.5 million for the same period during 2008. General and administrative expenses relating to port terminal operations amounted to $0.6 million while $3.5 million relates vessels, barges and push boats operations. The increase was due mainly to an increase in salaries and in legal and audit fees.

*Depreciation and Amortization:* Depreciation and amortization expenses increased by $2.8 million to $10.6 million for the six month period ended June 30, 2009, as compared to $7.8 million for the same period of 2008. Depreciation of fixed assets amounted to $9.0 million and amortization of intangible assets amounted to $1.6 million. The increase in depreciation and amortization expense was due primarily to the depreciation of the new fleet acquired during the second half of 2008.

*Net Interest Expense and Income:* Net interest income and expense increased by $0.5 million to $1.8 for the six month period ended June 30, 2009, as compared to $1.3 million for the same period in 2008. The increase was due mainly to the new loan obtained for the acquisition of product tankers. This effect was mitigated by the decrease in interest rates and the decrease in financial investments.

*Net Other Income and Expense:* Net other income and expense increased by $1.2 million to $2.6 million for the six month period ended June 30, 2009, as compared to $1.4 million for the same period in 2008, due mainly to exchange rate differences as a result of foreign currency fluctuations, taxes other-than-income tax and allowance for doubtful accounts.

*Income Taxes:* Income taxes, net for the six month period ended June 30, 2009 increased by $1.3 million to $1.7 million for the six month period ended June 30, 2009, as compared to $0.4 for the same period in 2008. The increase was due mainly to the reversal of some deferred income tax liabilities in Paraguay. Income taxes consist of income taxes calculated for certain subsidiaries of Navios Logistics, which are subject to corporate income tax.

***EBITDA:*** EBITDA represents net income before interest, taxes, depreciation, and amortization. Navios Logistics uses EBITDA because Navios Logistics believes that EBITDA is a basis upon which operational performance can be assessed and because Navios Logistics believes that EBITDA presents useful information to investors regarding Navios Logistics ability to service and/or incur indebtedness. Navios Logistics also uses EBITDA: (i) by prospective and current lessors as well as potential lenders to evaluate potential transactions; and (ii) to evaluate and price potential acquisition candidates.

**EBITDA Reconciliation to Net Income**

| (Expressed in thousands of U.S. dollars) | Three Month Period Ended June 30, 2009 (unaudited) | Three Month Period Ended June 30, 2008 (unaudited) |
|---|---|---|
| Net income | $ 3,427 | $ 3,670 |
| Depreciation and amortization | 5,196 | 3,677 |
| Dry dock amortization | 60 | |
| Interest income/expense, net | 1,002 | 952 |
| Income taxes | (1,047) | (112) |
| **EBITDA** | $ **8,638** | $ **8,187** |

| (Expressed in thousands of U.S. dollars) | Six Month Period Ended June 30, 2009 (unaudited) | Six Month Period Ended June 30, 2008 (unaudited) |
|---|---|---|
| Net income | $ 3,616 | $ 5,446 |
| Depreciation and amortization | 10,627 | 7,798 |
| Dry dock amortization | 120 | |
| Interest income/expense, net | 1,752 | 1,291 |
| Income taxes | (1,725) | (398) |
| **EBITDA** | $ **14,390** | $ **14,137** |

EBITDA increased by $0.4 million to $8.6 million for the three month period ended June 30, 2009, as compared to $8.2 million for the same period of 2008. The increase is mainly attributable to the increase in revenue by $9.6 million. The above increase was mitigated mainly by: (a) the increase in time charter, voyage expenses and port terminal expenses by $7.2 million; (b) the increase in other income and expense by $1.4 million; (c) the increase in general and administrative expenses by $0.2 million; and (d) the increase in minority interest by $0.3 million.

EBITDA increased by $0.3 million to $14.4 million for the six month period ended June 30, 2009 as compared to $14.1 million for the same period of 2008. The increase is mainly attributable to the increase in revenue by $17.4 million. The above increase was mitigated mainly by: (a) the increase in time charter, voyage expenses and port terminal expenses by $14.6 million; (b) the increase in other income and expense by $1.2 million; (c) the increase in general and administrative expenses by $0.6 million; and (d) the increase in minority interest by $0.7 million.

**Balance sheet highlights of Navios Logistics**

***Investing activities***

In September 2008, Navios Logistics began construction of a new silo at its port facilities in Uruguay that is fully operational as of the beginning of the third quarter of 2009 and it is expected to add an additional of 80,000 metric tons of storage capacity. During the six month period ended June 30, 2009, Navios Logistics paid $2.3 million for the construction of the new silo.

On June 2, 2009, Navios Logistics took delivery of a product tanker vessel named the Makenita H. The purchase price of the vessel (including direct costs) amounted to approximately $25.1 million.

On April 2, 2008, Navios Logistics took delivery of a push boat named the Accu II, which consists part of the six convoys agreed to be acquired. The push boat s purchase price was approximately $3.2 million.

On July 25, 2008, Navios Logistics took delivery of a product tanker vessel named the Estefania H. The purchase price of the vessel (including direct costs) amounted to approximately $19.0 million.

Both product tankers, the Estefania H and the Makenita H are employed in cabotage trade for major Argentinean companies.

***Financing activities***

On March 31, 2008, Nauticler S.A. entered into a $70.0 million loan facility with Marfin Egnatia Bank S.A. for the purpose of providing Nauticler S.A. with investment capital to be used in connection with the acquisition of a fleet of barges and pushboats. The loan was repayable in one installment by March 2011 and bears interest at LIBOR plus 1.75%. In March 2009, Navios Logistics

transferred its loan facility of $70.0 million to Marfin Popular Bank Public Co. Ltd. The loan provided for one additional year extension and an increase in margin to 275 basis points ( bps ).

## LIQUIDITY AND CAPITAL RESOURCES

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

In November 2008, the Board of Directors approved a share repurchase program of up to $25.0 million of Navios Holdings common stock pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act, as amended. The program does not require any minimum purchase or any specific number or amount of shares and may be suspended or reinstated at any time in Navios Holdings discretion and without notice. Repurchases are subject to restrictions under the terms of Navios Holdings credit facilities and senior notes. During the six month period ended June 30, 2009, 331,900 shares were repurchased under this program for a total consideration of $0.7 million. Since the initiation of the program, 907,480 shares have been repurchased for a total consideration of $1.8 million.

The following table presents cash flow information derived from the unaudited consolidated statements of cash flows of Navios Holdings for the six month periods ended June 30, 2009 and 2008.

| | Six Month Period ended June 30, 2009 | Six Month Period ended June 30, 2008 |
|---|---|---|
| | (Expressed in thousands of U.S. dollars) | |
| | (unaudited) | (unaudited) |
| Net cash provided by operating activities | $ 113,716 | $ 63,549 |
| Net cash used in investing activities | (219,900) | (262,408) |
| Net cash provided by financing activities | 184,060 | 55,552 |
| **Increase (decrease) in cash and cash equivalents** | 77,876 | (143,307) |
| Cash and cash equivalents, beginning of the period | 133,624 | 427,567 |
| **Cash and cash equivalents, end of period** | $ 211,500 | $ 284,260 |

**Cash provided by operating activities for the six month period ended June 30, 2009 as compared to the cash provided for the six month period ended June 30, 2008:**

Net cash provided by operating activities increased by $50.2 million to $113.7 million for the six month period ended June 30, 2009, as compared to $63.5 million for the same period of 2008. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization and unrealized gains and losses on derivatives.

The cumulative effect of the adjustments to reconcile net income to net cash provided by operating activities was a $34.9 million increase for the six month period ended June 30, 2009; which consisted mainly of the following adjustments: $31.9 million of depreciation and amortization; $1.1 million of amortization of deferred dry-dock expenses; $2.1 million of amortization of deferred finance fees; $1.0 million provision for losses on accounts receivable; $8.2 million of unrealized losses on FFAs; $13.8 million unrealized mark-to-market losses on common

units of Navios Partners, accounted for as available-for-sale investments; $1.1 million relating to share-based compensation; $2.5 million movement in earnings in affiliates net of dividends received and $2.0 million movement in non-controlling interest. These adjustments were partially offset by $4.2 million of unrealized gain on Navios Acquisition Warrants; $16.8 million gain on sale of the rights to the Navios Sagittarius to Navios Partners; $6.1 million of non-cash compensation income relating to the relief of Navios Partners from its obligation to purchase the Navios Bonavis (formerly Navios TBN I); a $1.6 million movement in income taxes and $0.1 million of unrealized gain on interest rate swaps.

A positive change in cash flow from operations of $44.7 million for the six month period ended June 30, 2009 resulted from a $35.7 million decrease in accounts receivable; a $40.6 million increase in derivative accounts; and an $18.6 million increase in other long-

term liabilities. This positive change was partially offset by a $4.0 million increase in prepaid expenses and other current assets; a $4.8 million increase in amounts due from affiliates; a $36.8 million decrease in accounts payable; a $1.1 million increase in accrued expenses; a $0.4 million increase in restricted cash; a $1.5 million decrease in deferred income; and $1.8 million relating to payments for dry-dock and special survey costs.

The cumulative effect of the adjustments to reconcile net income to net cash provided by operating activities was a $28.0 million decrease for the six month period ended June 30, 2008, which consisted mainly of the following adjustments: $27.4 million of depreciation and amortization; $1.0 million of amortization of deferred dry-dock expenses; $1.0 million of amortization of deferred finance fees; $2.8 million of unrealized losses on FFAs (represents $3.4 million in unrealized gains on FFAs not qualifying for hedge accounting treatment charged to period results and a $6.2 million loss reclassified to earnings from Accumulated Other Comprehensive Income (Loss) on FFAs previously qualified for hedge accounting); $0.4 million of unrealized losses on interest rate swaps; $1.8 million relating to movement of minority interest; and $1.5 million of share based compensation. These adjustments were offset by $3.2 million movement in earnings in affiliates net of dividends received; $2.8 million gains on sale of assets and $57.9 million relating to the movement in deferred taxes.

A negative change in cash flow from operations of $1.8 million for the six month period ended June 30, 2008 resulted from an $11.6 million increase in prepaid expenses and other current assets; a $13.1 million increase in accounts payable; an $11.3 million increase in deferred voyage revenue; a $15.0 million decrease in derivative accounts; a $0.4 million decrease in long-term liabilities and a $2.3 million relating to payments for dry-dock and special survey costs. This negative change was offset by a $34.0 million decrease in restricted cash; a $10.8 million decrease in accounts receivable; a $3.6 million increase in amounts due from affiliates; and $3.5 million increase in accrued expenses.

**Cash used in investing activities for the six month period ended June 30, 2009 as compared to the six month period ended June 30, 2008:**

Cash used in investing activities decreased by $42.5 million to $219.9 million for the six month period ended June 30, 2009, from $262.4 million for the same period in 2008.

Cash used in investing activities was the result of: (a) the payment of $25.6 million cash portion for the acquisition of the Navios Vega in February 2009 and $95.5 million cash portion for the acquisition of one Capesize vessel, (b) the deposits for acquisitions of Capesize vessels under construction amounting to $105.7 million, and (c) the purchase of other fixed assets amounting to $28.0 million mainly relating to the construction of the new silo of Navios Logistics and the acquisition of the tanker vessel Makenita H. The above was offset by $0.3 million received in connection with the capital lease receivable and by $34.6 million consideration received for the sale of the rights of the Navios Sagittarius to Navios Partners.

Cash used in investing activities was $262.4 million for the six month period ended June 30, 2008. This was the result of: (a) the payment of $110.1 million (net of acquired cash of $5.6 million) for the acquisition of Horamar (b) the acquisition of the vessels Navios Orbiter and Navios Aurora amounting to $39.2 million (c) the deposits on exercise of vessel purchase options amounting to $81.4 million relating mainly to the deposits for the acquisition of nine Capesize vessels and to the acquisition of the two Ultra-Handymaxes (d) the increase in restricted cash relating to Navios Logistics amounting to $34.5 million, and (e) the purchase of other fixed assets amounting to $36.9 million relating mainly to the acquisition of tanker vessels, barges and push boats. The above was offset by $4.6 million received in connection with the capital lease receivable and proceeds of $35.1 million for the sale of the Obeliks.

**Cash provided by financing activities for the six month period ended June 30, 2009 as compared to the six month period ended June 30, 2008:**

Cash provided by financing activities increased by $128.5 million to $184.1 million for the six month period ended June 30, 2009, compared to $55.6 million for the same period of 2008.

Cash provided by financing activities was the result of $214.1 million of loan proceeds (net of relating finance fees of $5.2 million) in connection with an $18.0 million drawdown from the loan facility with DNB NOR BANK ASA for the construction of one Capesize vessel, $31.3 million drawdown from Emporiki bank for the construction of two Capesize vessels, a $60.0 million drawdown from Commerzbank for the acquisition of the Navios Bonavis (formerly Navios TBN I) and a $110.0 million drawdown from the Marfin Egnatia Bank loan facility. This was offset by: (a) the

acquisition of treasury stock amounting to $0.7 million, (b) the $6.9 million installments paid in connection with Navios Holdings outstanding indebtedness, (c) the $7.3 million increase in restricted cash required under the amendment in one of its facility agreements and (d) $15.1 million of dividends paid in the six months ended June 30, 2009 in connection with the third quarter and fourth quarter of 2008.

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Cash provided by financing activities was $55.6 million for the six month period ended June 30, 2008. This was the result of a $104.1 million of loan proceeds (net of relating finance fees of $1.0 million) in connection with the loan facility of Nauticler S.A. and the loan facilities with DNB NOR BANK ASA and Emporiki bank of Greece for the construction of four Capesize vessels, and $4.5 million of cash proceeds relating to the issuance of common stock through exercise of warrants. This was offset by: (a) the acquisition of treasury stock amounting to $9.1 million, (b) the $24.7 million installments paid in connection with the Company s outstanding indebtedness, and (c) $19.2 million of dividends paid in June 2008 in connection with the first quarter of 2008.

***Adjusted EBITDA:*** EBITDA represents net income before interest income and expense, taxes, depreciation, and amortization. Adjusted EBITDA represents EBITDA before stock based compensation. Navios Holdings uses Adjusted EBITDA because Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and because Navios Holdings believes that Adjusted EBITDA presents useful information to investors regarding Navios Holdings ability to service and/or incur indebtedness.

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

Because of these limitations, EBITDA should not be considered as a principal indicator of Navios Holdings performance.

**Adjusted EBITDA Reconciliation to Cash from Operations**

| | **Three Months Ended** | |
|---|---|---|
| | **June 30, 2009** | **June 30, 2008** |
| **(Expressed in thousands of U.S. dollars)** | **(unaudited)** | **(unaudited)** |
| Net cash provided by operating activities | $ 63,729 | $ 53,930 |
| Net (decrease) increase in operating assets | (3,008) | 3,272 |
| Net increase in operating liabilities | (24,925) | (19,826) |
| Net interest cost | 14,737 | 9,306 |
| Deferred finance charges | (1,419) | (461) |
| Provision for losses on accounts receivable | (1,041) | |
| Unrealized gain (loss) on FFA derivatives, warrants and interest rate swaps | (207) | (2,863) |
| Earnings in affiliates and joint ventures, net of dividends received | (2,201) | 3,460 |
| Payments for dry-dock and special survey | 244 | 485 |
| Noncontrolling interest | (1,610) | (1,302) |
| Available-for-sale investments reclassification to earnings | (13,778) | |
| Non-cash compensation received | 6,082 | |
| Gain on sale of assets/partial sale of subsidiary | 16,790 | 174 |
| **Adjusted EBITDA** | $ **53,393** | $ **46,175** |

| | **Six Months Ended** | |
|---|---|---|
| | **June 30, 2009** | **June 30, 2008** |
| **(Expressed in thousands of U.S. dollars)** | **(unaudited)** | **(unaudited)** |
| Net cash provided by operating activities | $113,716 | $ 63,549 |
| Net decrease in operating assets | (26,644) | (37,160) |
| Net (increase) decrease in operating liabilities | (19,839) | 36,668 |

| | | |
|---|---|---|
| Net interest cost | 29,102 | 18,799 |
| Deferred finance charges | (2,128) | (925) |
| Provision for losses on accounts receivable | (1,041) | |
| Unrealized loss on FFA derivatives, warrants and interest rate swaps | (3,820) | (3,167) |
| Earnings in affiliates and joint ventures, net of dividends received | (2,522) | 3,164 |
| Payments for dry-dock and special survey | 1,831 | 2,288 |
| Noncontrolling interest | (1,978) | (1,791) |
| Available-for-sale investments reclassification to earnings | (13,778) | |
| Non-cash compensation received | 6,082 | |
| Gain on sale of assets/partial sale of subsidiary | 16,790 | 2,748 |
| **Adjusted EBITDA** | $ **95,771** | $ **84,173** |

Adjusted EBITDA for the second quarter of 2009 and 2008 was $53.4 million and $46.2 million, respectively. The $7.2 million increase in Adjusted EBITDA was due primarily to a decrease in time charter, voyage and logistic business expenses by $197.6 million from $280.5 million in the second quarter of 2008 to $82.9 million in the same period in 2009 and an increase in gain on sale of assets by $16.6 million. This overall favorable variance of $214.2 was mitigated mainly by: (a) a decrease in revenue by $185.8 million from $328.0 million in the second quarter of 2008 to $142.2 million for the same period in 2009, (b) an increase in direct vessel expenses (excluding the amortization of deferred dry-dock and special survey costs) by $0.9 million from $6.4 million in the second quarter of 2008 to $7.3 million for the same period in 2009, (c) an increase in general and administrative expenses by $1.7 million from $8.4 million in the second quarter of 2008 to $10.1 million for the same period in 2009 (excluding $0.5 million and $0.7 million share-based compensation for the second quarter of 2009 and 2008, respectively), (d) a decrease in gain from derivatives by $7.1 million from $7.7 million for the second quarter of 2008 to $0.6 million for the same period in 2009, (e) an increase in net other expenses by $10.3 million, a decrease in equity in net earnings from affiliated companies by $0.9 million, from $6.3 million for the second quarter of 2008 to $5.4 million for the same period of 2009, and (f) an increase in income attributable to non-controlling interests by $0.3 million from $1.3 million in the second quarter of 2008 to $1.6 million in the same period of 2009.

Adjusted EBITDA for the first half of 2009 and 2008 was $95.8 million and $84.2 million, respectively. The $11.6 million increase in EBITDA was due primarily to a decrease in time charter, voyage and logistic business expenses by $387.8 million from $562.5 million in the first half of 2008 to $174.7 million in the same period in 2009, an increase in equity in net earnings from affiliated companies by $2.2 million, from $8.3 million for the first half of 2008 to $10.5 million for the same period of 2009 and an increase in gains from sale of assets by $14.1 million. This overall favorable variance of $404.1 million was mitigated mainly by: (a) a decrease in revenue by $365.1 million from $654.5 million in the first half of 2008 to $289.4 million for the same period in 2009, (b) an increase in direct vessel expenses (excluding the amortization of deferred dry dock and special survey costs) by $2.5 million from $11.5 million in the first half of 2008 to $14.0 million for the same period in 2009, (c) an increase in general and administrative expenses by $3.6 million from $16.3 million in the first half of 2008 to $19.9 million for the same period in 2009 (excluding $1.1 million and $1.5 million share-based compensation for the first half of 2009 and 2008, respectively), (d) a decrease in gain from derivatives by $9.7 million from $10.3 million for the first half of 2008 to $0.6 million for the same period in 2009, (e) an increase in net other expenses by $11.4 million, and (f) an increase in income attributable to non-controlling interests by $0.2 million from $1.8 million in the first half of 2008 to $2.0 million in the same period of 2009.

**Long-Term Debt Obligations and Credit Arrangements**

In December 2006, Navios Holdings issued $300.0 million of 9.5% senior notes due December 15, 2014. The senior notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company s subsidiaries, other than the Uruguayan subsidiary, CNSA. At any time before December 15, 2009, Navios Holdings may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of a public equity offering at 109.5% of the principal amount of the notes, plus accrued and unpaid interest, if any, so long as at least 65% of the originally issued aggregate principal amount of the notes remains outstanding after such redemption. In addition, Navios Holdings has the option to redeem the notes in whole or in part, at any time (1) before December 15, 2010, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 bps, and (2) on or after December 15, 2010, at a fixed price of 104.75%, which price declines ratably until it reaches par in 2012. Furthermore, upon occurrence of certain change of control events, the holders of the senior notes may require Navios Holdings to repurchase some or all of the notes at 101% of their face amount. The senior notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into transactions with affiliates, merging or consolidating or selling all or substantially all of Company s properties and assets and creation or designation of restricted subsidiaries. Pursuant to the covenant regarding asset sales, Navios Holdings has to repay the senior notes at par plus interest with the proceeds of certain asset sales if the proceeds from such asset sales are not reinvested in the business within a

specified period or used to pay secured debt.

In February 2007, Navios Holdings entered into a secured loan facility with HSH Nordbank and Commerzbank AG maturing on October 31, 2014. The facility is composed of a $280.0 million term loan facility and a $120.0 million reducing revolver facility. In April 2008, Navios Holdings entered into an agreement for the amendment of the facility due to a prepayment of $10.0 million. After the amendment the term loan facility is repayable in 19 quarterly payments of $2.7 million, seven quarterly payments of $5.7 million and a balloon payment of $166.4 million. The revolver credit facility is available for future acquisitions and general corporate and working capital purposes. As of June 30, 2009, the amount available under the revolver facility was $11.0 million and the amount drawn was $80.7 million.

The loan facility requires compliance with the covenants contained in the senior notes. The loan facility also requires compliance with financial covenants including, specified Security Value Maintenance ( SVM ) to total debt percentage and minimum liquidity. It

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is an event of default under the credit facility if such covenants are not complied with or if Angeliki Frangou, the Company s Chairman and Chief Executive Officer, beneficially owns less than 20% of Navios Holdings issued common stock.

In March 2009, Navios Holdings amended its facility agreement with HSH Nordbank and Commerzbank A.G., effective as of November 15, 2008, as follows: (a) to reduce the SVM ratio (ratio of the charter-free valuations of the mortgaged vessels over the outstanding loan amount) from 125% to 100%; (b) to obligate Navios Holdings to accumulate cash reserves into a pledged account with the agent bank of $14.0 million ($5.0 million in March 2009 and $1.1 million on each loan repayment date during 2009 and 2010, starting from January 2009); and (c) to set the margin at 200 bps. The amendment is effective until January 31, 2010. On June 30, 2009, Navios Holdings was in compliance with the financial covenants, including the SVM ratio, as required under its amended facility agreement.

In December 2007, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece of up to $154.0 million in order to partially finance the construction of two Capesize bulk carriers. In July 2009, following an amendment of the above-mentioned agreement, the amount of the facility has been changed to up to $130.0 million. The principal amount is available for partial drawdown according to terms of the payment of the shipbuilding contracts. As of June 30, 2009, the amount drawn was $82.4 million. The amended facility is repayable upon delivery of the Capesize vessels in 10 semi-annual installments of $6.0 million and 10 semi-annual installments of $4.0 million with a final payment of $30.0 million on the last payment date. The interest rate of the amended facility is based on a margin of 175 bps. The loan facility requires compliance with the covenants contained in the senior notes. After the delivery of the vessels, the loan also requires compliance with certain financial covenants.

On March 31, 2008, Nauticler S.A. entered into a $70.0 million loan facility for the purpose of providing Nauticler S.A. with investment capital to be used in connection with one or more investment projects. The loan is repayable in one installment by March 2011 and bears interest at LIBOR plus 1.75%. In March 2009, Navios Logistics transferred its loan facility of $70.0 million to Marfin Popular Bank Public Co. Ltd. The loan provided for an additional one-year extension and an increase in margin to 275 bps.

In June 2008, Navios Holdings entered into a facility agreement with DNB NOR BANK ASA of up to $133.0 million in order to partially finance the construction of two Capesize bulk carriers. In June 2009, following an amendment of the above-mentioned agreement, one of the two tranches amounting to $66.5 million has been cancelled following the cancellation of one of the two Capesize bulk carriers. The principal amount is available for partial drawdown according to terms of the payment of the shipbuilding contract. As of June 30, 2009, the amount drawn was $36.0 million. The amended facility is repayable six months following the delivery of the Capesize vessel in 11 semi-annual installments of $2.9 million, with a final payment of $34.6 million on the last payment date. The interest rate of the amended facility is based on a margin of 225 bps as defined in the new agreement.

In December 2008, Navios Holdings entered into a $90.0 million revolving credit facility with Marfin Egnatia Bank for general corporate purposes. The loan is repayable in one installment in December 2010 and bears interest at LIBOR plus 2.75%.

In February 2009, Navios Holdings concluded a facility of up to $120.0 million with Dekabank Deutsche Girozentrale to finance the acquisition of two Capesize vessels. The loan is repayable upon delivery of the Capesize vessels in 20 semi-annual installments and bears an interest rate of LIBOR plus 1.90%. The loan facility requires compliance with the covenants contained in the senior notes. The loan also requires compliance with certain financial covenants. As of June 30, 2009, no amount has been drawn under this facility. In July 2009, the full amount has been drawn in order to partially finance the acquisition of two Capesize vessels.

In February 2009, Navios Holdings issued $33.5 million of convertible debt at a fixed rate of 2% per annum, exercisable until February 2012, at a price of $11.00 per share, in order to partially finance the acquisition of the Navios Vega. Interest is payable semi-annually. Unless previously converted, the amount is payable in February 2012. Navios Holdings has the option to redeem the debt in whole or in part in multiples of a thousand dollars, at any time (1) before February 2010 at a redemption price equal to 105% of the principal amount to be redeemed and (2) any time thereafter at a redemption price equal to 100% of the principal amount to be redeemed. The convertible debt was recorded at fair market value on issuance at a discounted face value of 94.5%. The fair market value was determined using a binomial stock price tree model that considered both the debt and conversion features. The model used takes

into account the credit spread of the Company, the volatility of its stock, as well as the price of its stock at the issuance date.

In March 2009, Navios Holdings concluded a loan facility with Marfin Egnatia Bank of up to $110.0 million to be used for general corporate purposes. $57.2 million of the facility is repayable upon delivery of two Capesize vessels during 2009 and the remaining is repayable in one installment in February 2011. It bears interest at a rate of LIBOR plus 2.75%. As of June 30, 2009, the full amount had been drawn.

In June 2009, Navios Holdings entered into a new facility agreement of up to $240.0 million (divided into four tranches of $60.0 million) with Commerzbank AG in order to partially finance the acquisition of one Capesize vessel and the construction of three Capesize vessels. The principal amount for the three Capesize vessels under construction is available for partial drawdown according to the terms of the payment of the shipbuilding contracts. Each tranche of the facility is repayable starting three months after the delivery of each Capesize vessel in 40 quarterly installments of $0.9 million with a final payment of $24.7 million on the last payment

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date. It bears interest at a rate based on a margin of 225 bps. As of June 30, 2009, the amount drawn under this facility was $60.0 million. The loan facility requires compliance with the covenants contained in the senior notes. The loan also requires compliance with certain financial covenants.

In July 2009, Navios Holdings issued a $20.0 million unsecured bond due in July 2012 as partial payment of the acquisition price of a Capesize vessel. Interest will accrue on the principal amount of the unsecured bond at the rate of 6% per annum. All accrued interest (which will not be compounded) will be first due and payable in July 2012, on the maturity date. The unsecured bond may be prepaid by Navios Holdings at any time without prepayment penalty.

Upon acquisition of Kleimar the following loans were assumed:

On April 28, 2004, Kleimar entered into a $40.0 million credit facility with Fortis Bank and Dexia Bank. The facility is secured by a mortgage on a vessel together with assignment of earnings and insurances. As of June 30, 2008, the facility had been fully repaid.

On August 4, 2005, Kleimar entered into a $21.0 million loan facility with DVB Bank for the purchase of a vessel-maturing in August 2010. The loan is secured by a mortgage on a vessel together with assignment of earnings and insurances. As of June 30, 2009, $16.8 million was outstanding under this facility.

Upon acquisition of Horamar the following loans were assumed:

In connection with the acquisition of Horamar, Navios Holdings assumed a $9.5 million loan facility that was entered into by HS Shipping Ltd. Inc. in 2006, in order to finance the building of a 8,900 dwt double hull tanker (Malva H). The loan bears interest at LIBOR plus 5.5% during the construction period, which lasted until February 2008. After the vessel delivery the interest rate was LIBOR plus 1.5%. The loan will be repaid by installments that shall not be less than 90% of the amount of the last hire payment due to be paid to HS Shipping Ltd. Inc. The repayment date shall not exceed the December 31, 2011. The loan can be pre-paid before such date, upon two days written notice. Borrowings under the loan are subject to certain financial covenants and restrictions on dividend payments and other related items. As of June 30, 2009, HS Shipping Ltd. Inc. is in compliance with all the covenants.

In connection with the acquisition of Horamar, Navios Holdings assumed a $2.3 million loan facility that was entered into by Thalassa Energy S.A. in October 2007, in order to finance the purchase of two self-propelled barges (Formosa and San Lorenzo). The loan facility bears interest at LIBOR plus 1.5%. The loan will be repaid in five equal installments of $0.5 million, two of which were repaid in November 2008 and June 2009, and the remaining three installments will be repaid in January 2010, August 2010 and March 2011. Borrowings under the loan are subject to certain financial covenants and restrictions on dividend payments and other related items. As of June 30, 2009, Thalassa Energy S.A. was in compliance with all the covenants. The loan is secured by a first priority mortgage over the two self-propelled barges (Formosa and San Lorenzo).

The maturity table below reflects the principal payments of all credit facilities outstanding as of June 30, 2009 for the next five years and thereafter are based on the repayment schedule of the respective loan facilities discussed in this section Long Term Obligations and Credit Arrangements and the outstanding amount due under the senior notes. The maturity table below includes in the amount shown for 2015 and thereafter future principal payments of the drawn portion of credit facilities associated with the financing of the construction of Capesize vessels scheduled to be delivered on various dates throughout 2009.

| Year | June 30, 2009 Amounts in millions of U.S. dollars |
|---|---|
| 2009 | $ 61.8 |
| 2010 | 145.9 |

| | |
|---|---|
| 2011 | 96.0 |
| 2012 | 134.6 |
| 2013 | 31.1 |
| 2014 | 519.2 |
| 2015 and thereafter | 146.6 |
| Total | $ 1,135.2 |

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**Contractual Obligations:**

| | June 30, 2009 Payment due by period (Amounts in millions of U.S. dollars) | | | | |
|---|---|---|---|---|---|
| **Contractual Obligations** | **Total** | **Less than 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| Long-term debt(i)(ii) (iii) | $1,135.2 | $ 82.2 | $ 340.6 | $ 68.0 | $644.4 |
| Operating lease obligations (Time charters) | 949.2 | 113.8 | 205.7 | 204.4 | 425.3 |
| Operating lease obligations push boats and barges | 8.1 | 3.8 | 4.3 | | |
| Vessel deposits(iv) | 763.1 | 614.7 | 148.4 | | |
| Rent obligations(v) | $ 11.9 | $ 1.6 | $ 2.5 | $ 2.4 | $ 5.4 |

(i) The amount identified does not include interest costs associated with the outstanding credit facilities which are based on LIBOR or applicable interest rate swap rates, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.2% to 2.75% per annum.

(ii) Following the amendment of the facility agreement with HSH Nordbank and Commerzbank A.G in March 2009, Navios

Holdings has to accumulate $14.0 million of cash reserves into a pledged account with the agent bank ($5.0 million in March 2009 and $1.1 million on each loan repayment date during 2009 and 2010, commencing in January 2009).

(iii) The long-term debt contractual obligations includes in the amount shown for more than five years future principal payments of the drawn portion of credit facilities associated with the financing of the construction of Capesize vessels scheduled to be delivered on various dates throughout 2009.

(iv) Future remaining contractual deposits for the 13 owned Capesize vessels to be delivered in various dates until February 2011 including final

installments for the delivery of Navios Happiness and Navios Pollux already delivered in July 2009.

(v) On January 2, 2006, Navios Holdings relocated its headquarters to new premises in Piraeus, Greece. In October 2006, the Company signed an agreement with a third party to sublease approximately 2,000 square feet of its Norwalk office. Kleimar has leased approximately 387 square meters to locate its offices. Navios Logistics has several lease agreements to locate its offices. The table above incorporates only the lease obligation of the offices indicated in this footnote. Minimum payments have not been reduced by minimum sublease rentals

of a total amount of $0.3 million due until the end if the sublease agreement, under a non cancelable sublease.

***Working Capital Position***

On June 30, 2009, Navios Holdings current assets totaled $452.7 million, while current liabilities totaled $235.8 million, resulting in a positive working capital position of $216.9 million. Navios Holdings cash forecast indicates that it will generate sufficient cash during 2009 and 2010 to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and remain in a positive cash position during 2009 and 2010.

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

***Capital Expenditures***

Since 2007, the Company has entered into agreements for the acquisition of a total of 17 newbuild Capesize vessels. In November 2008, the Company terminated three of the above contracts. All Capesize vessels are scheduled for delivery on various dates throughout 2009 until February 2011. As of June 30, 2009, the Company took delivery of the first Capesize vessel, Navios Bonavis. The remaining capital obligations at June 30, 2009, depending on the timing of the delivery of the Capesize vessels, amount to approximately $763.1 million. These capital obligations will be funded by the Company s existing cash and term loan facilities or available credit lines, as well as any further financing arrangements. In July 2009, the Company took delivery of two additional Capesizes, Navios Pollux and Navios Happiness.

***Dividend Policy***

At the present time, Navios Holdings intends to retain most of its available earnings generated by operations for the development and growth of its business. In addition, the terms and provisions of the Company s current secured credit facilities and the indenture governing its senior notes limit its ability to pay dividends in excess of certain amounts or if certain covenants are not met. However, subject to the terms of its credit facilities, the Board of Directors may from time to time consider the payment of dividends and on August 18, 2009, the Board of Directors declared a quarterly cash dividend with respect to the first quarter of 2009 of $0.06 per share of common stock payable on October 2, 2009 to stockholders on record as of September 18, 2009. The declaration and payment of any dividend remains subject to the discretion of the Board, and will depend on, among other things, Navios Holdings cash requirements as measured by market opportunities, debt obligations, restrictions by credit agreements and market conditions.

***Concentration of Credit Risk***

Concentrations of credit risk with respect to accounts receivables are limited due to Navios Holdings large number of customers, that are internationally dispersed and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in Navios Holdings trade receivables. For the six month period ended June 30, 2009, and for the year ended December 31, 2008, no customer from the vessel operations segment accounted for more than 10.0% of Navios Holdings revenue.

***Off-Balance Sheet Arrangements***

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. Navios Holdings is also committed to making rental payments under operating leases for its office premises. With the exception of payments made during the six months ended June 30, 2009, future minimum rental payments under Navios Holdings non-cancelable operating leases are analyzed in the contractual obligations above. As of June 30, 2009, Navios Holdings was contingently liable for letters of guarantee and letters of credit amounting to $5.8 million issued by various banks in favor of various organizations of which $1.7 million are collateralized by cash deposits which are included as a component of restricted cash.

Upon acquisition of Horamar, the Company s subsidiaries in South America were contingently liable for various claims and penalties towards the local tax authorities amounting to a total of approximately $6.6 million. According to the acquisition agreement, if such cases are materialized against Navios Holdings, the amounts involved will be reimbursed by the previous shareholders, and, as such, the Company has recognized a respective receivable against such liability. The contingencies are expected to be resolved in the next five years. In the opinion of management, the ultimate disposition of these matters is immaterial and will not adversely affect the Company s financial position, results of operations or liquidity.

***Related Party Transactions***

**Office rent:** On January 2, 2006, Navios Corporation and Navios ShipManagement Inc. ( ShipManagement ), two wholly-owned subsidiaries of Navios Holdings, entered into two lease agreements with Goldland Ktimatiki-Ikodomiki-Touristiki and Xenodohiaki Anonimos Eteria, a Greek corporation which is partially owned by relatives of Angeliki Frangou, Navios Holdings Chairman and Chief Executive Officer. The lease agreements provide for the leasing of two facilities located in Piraeus, Greece, of approximately 2,034.3 square meters and houses the operations of most of the Company s subsidiaries. The total annual lease payments are EUR 0.4 million (approximately $0.6 million) and the lease agreements expire in 2017. The Company believes the terms and provisions of the lease agreements were the same as those that would have been agreed with a non-related third party. These payments are subject to annual adjustments starting from the third year which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

On October 31, 2007, ShipManagement entered into a lease agreement with Emerald Ktimatiki-Ikodomiki-Touristiki and Xenodohiaki Anonimos Eteria, a Greek corporation that is partially owned by relatives of Angeliki Frangou, Navios Holdings Chairman and Chief Executive Officer. The lease agreement provides for the leasing of one facility in Piraeus, Greece, of approximately 1,367.5 square meters and houses part of the operations of the Company. The total annual lease payments are EUR 0.4 million (approximately $0.6 million) and the lease agreement expires in 2019. These payments are subject to annual adjustments starting from the third year

which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

**Purchase of services:** The Company utilizes Acropolis Chartering and Shipping Inc. ( Acropolis ) as a broker. Commissions paid to Acropolis for each of the three month periods ended June 30, 2009 and 2008, were $0 and $0.4 million, respectively and for the six months periods ended June 30, 2009 and 2008, were $0.1 million and $0.7 million, respectively. The Company owns 50% of the

common stock of Acropolis. During the period ended June 30, 2009 and the year ended December 31, 2008, the Company received dividends of $0.9 million and $1.9 million, respectively. Included in the trade accounts payable at June 30, 2009 and December 31, 2008 is an amount of $0.2 million and $0.2 million, respectively, which is due to Acropolis.

**Management fees:** Pursuant to a management agreement dated November 16, 2007, Navios Holdings provides commercial and technical management services to Navios Partners vessels for a daily fee of $4,000 per owned Panamax vessel and $5,000 per owned Capesize vessel. This daily fee covers all of the vessels operating expenses, including the cost of dry-dock and special surveys. The daily rates are fixed for a period of two years whereas the initial term of the agreement is five years commencing from November 16, 2007. Total management fees for the three month periods ended June 30, 2009 and 2008 amounted to $2.6 million and $2.1 million, respectively and for the six month periods ended June 30, 2009 and 2008, $5.2 million and $3.9 million, respectively.

**General and administrative expenses:** Pursuant to the administrative services agreement dated November 16, 2007, Navios Holdings provides administrative services to Navios Partners which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the three months periods ended June 30, 2009 and 2008 amounted to $0.6 million and $0.3 million, respectively and for the six month period ended June 30, 2009 and 2008, $1.0 million and $0.5 million, respectively.

**Balance due from affiliate:** Due from affiliate as at June 30, 2009 amounts to $6.5 million (2008: $1.7 million) which includes the current amounts of $6.4 million due from Navios Partners (2008: $1.5 million). The balance mainly consists of management fees, administrative fees and other expenses.

**Sale of Navios Hope:** On July 1, 2008, Navios Hope was sold to Navios Partners in accordance with the terms of the omnibus agreement. The sale price consisted of $35.0 million in cash and $44.9 million in common units (3,131,415 common units) of Navios Partners. The investment in the 3,131,415 common units is classified as Investments in available for sale securities . The gain from the sale of the Navios Hope was $51.5 million, of which $24.9 million was recognized at the time of sale in the statements of income under Gain on sale of assets . The remaining $26.7 million, which represents profit to the extent of Navios Holdings ownership interest in Navios Partners, had been deferred under Long term liabilities and deferred income and amortized over the remaining life of the vessel or until it is sold. Following Navios Partners public equity offering of 3,500,000 common units in May 2009, Navios Holdings interest in Navios Partners decreased to 44.6%. As a result of this decrease, $3.5 million of the deferred gain has been recognized in the statements of income under Equity in net earnings of affiliated companies . As of June 30, 2009, the unamortized portion of the gain was $21.9 million. (See Note 5 of the Unaudited Interim Consolidated Financial Statements included elsewhere in this document).

**Sale of rights of Navios Sagittarius**: On June 10, 2009, Navios Holdings sold to Navios Partners the rights of the Navios Sagittarius, a 2006 Japanese-built Panamax vessel with a capacity of 75,756 dwt, for a cash consideration of $34.6 million. The book value assigned to the vessel was $4.3 million, resulting in gain from her sale of $30.3 million, of which, $16.8 million had been recognized at the time of sale in the statements of income under Gain on sale of assets and the remaining $13.5 million representing, profit of Navios Holdings 44.6% interest in Navios Partners, has been deferred under Long term liabilities and deferred income and is being recognized to income based on the remaining term of the vessel s contract rights or until the vessel s rights are sold. As of June 30, 2009, the unamortized portion of the gain was $13.4 million. (See Note 6 of the Unaudited Interim Consolidated Financial Statements included elsewhere in this document).

**Navios Bonavis**: On June 9, 2009, Navios Holdings relieved Navios Partners from its obligation to purchase the Capesize vessel Navios Bonavis for $130.0 million and with the delivery of the Navios Bonavis to Navios Holdings, Navios Partners was granted a 12-month option to purchase the vessel for $125.0 million. In return, Navios Partners issued to Navios Holdings 1,000,000 subordinated Series A units. Navios Holdings recognized in its results a non-cash compensation income amounting to $6.1 million. The 1,000,000 subordinated Series A units are included in Investments in affiliates . (See Note 14 of the Unaudited Interim Consolidated Financial Statements included elsewhere in this document).

**Navios Acquisition:** On July 1, 2008, Navios Holdings purchased 7,600,000 warrants from Navios Acquisition for a total consideration of $7.6 million ($1.00 per warrant) in the private placement that occurred simultaneously with the completion of Navios Acquisitions IPO. Each Sponsor Warrant will entitle the holder to purchase from Navios Acquisition one share of common stock at an exercise price of $7.00. Prior to the IPO, Navios Holdings had purchased 8,625,000 Sponsor Units for a total consideration of $25,000, of which an aggregate of 290,000 units were transferred to the Company s officers and directors and an aggregate of 2,300,000 Sponsor Units were returned to Navios Acquisition and cancelled upon receipt. Each unit consists of one share of Navios Acquisition s common stock and one Sponsor Warrant. (See Note 1 of the Unaudited Interim Consolidated Financial Statements included elsewhere in this document).

On March 31, 2008, Navios Holdings provided a non-interest bearing loan of $0.5 million to Navios Acquisition which was repaid during 2008.

Navios Acquisition presently occupies office space provided by Navios Holdings. Navios Holdings has agreed that, until the consummation of a business combination, it will make such office space available for use by Navios Acquisition, as well as certain office and secretarial services, as may be required from time to time. Navios Acquisition has agreed to pay Navios Holdings $10,000 per month for such services and the charge is included in general and administrative expenses. Total general and administrative fees charged for the three and six months periods ended June 30, 2009 amounted to $30,000 and $60,000, respectively. The charge in the respective periods of 2008 was $0. As of June 30, 2009 and December 31, 2008, the balance due from Navios Acquisition was $0.1 million and $0.1 million, respectively.

**Quantitative and Qualitative Disclosures about Market Risks**

Navios Holdings is exposed to certain risks related to interest rate, foreign currency and charter rate risks. To manage these risks, Navios Holdings uses interest rate swaps (for interest rate risk) and FFAs (for charter rate risk).

***Interest Rate Risk:***

*Debt Instruments* On June 30, 2009 and December 31, 2008, Navios Holdings had a total of $1.135.2 million and $889.4 million, respectively, in long-term indebtedness. The debt is dollar denominated and bears interest at a floating rate, except for the senior notes and the convertible debt discussed in Liquidity and Capital Resources that bear interest at fixed rate.

For a detailed discussion on Navios Holdings debt instruments refer to section Long Term Debt Obligations and Credit Arrangements included elsewhere in this document.

The interest on the loan facilities is at a floating rate and, therefore, changes in interest rates would have no effect on their fair value. The interest rate on the senior notes and convertible debt is fixed and, therefore, changes in interest rates affect their fair value which as of June 30, 2009 was $246.8 million and $31.9 million, respectively. Amounts drawn under the facilities and the senior notes are secured by the assets of Navios Holdings and its subsidiaries. A change in the LIBOR rate of 100 bps would change the annual interest expense by $6.3 million.

*Interest Rate Swaps* Navios Holdings has entered into interest rate swap contracts to hedge its exposure to variability in its floating rate long-term debt. Under the terms of the interest rate swaps Navios Holdings and the banks agreed to exchange, at specified intervals, the difference between a paying fixed rate and floating rate interest amount calculated by reference to the agreed principal amounts and maturities. The interest rate swaps allow Navios Holdings to convert long-term borrowings issued at floating rates into equivalent fixed rates.

At June 30, 2009, Navios Holdings had the following swaps outstanding:

a) One swap with the Royal Bank of Scotland and one swap with Alpha Bank with a total notional principal amount of $16.0 million. The swaps were entered into at various points in 2001 and mature in 2010. Navios Holdings estimates that it would have to pay $0.9 million to terminate these agreements as of June 30, 2009. As a result of the swaps, Navios Holdings net exposure is based on total floating rate debt less the notional principal of floating to fixed interest rate swaps. A 100 bps change in interest rates would increase or decrease interest expense by $0.1 million as of June 30, 2009, so long as the relevant LIBOR does not exceed the caps described below. The swaps are set by reference to the difference between the three month LIBOR (which is the base rate under Navios Holdings long-term borrowings) and the yield on the U.S. 10-year treasury bond. The swaps effectively fix interest rates at 5.55% to 5.65%. However, each of the foregoing swaps is subject to a cap of 7.5%; to the extent the relevant LIBOR exceeds the cap, Navios Holdings would remain exposed.

b) In July 2006, and in connection with the Company s senior secured credit facility with HSH Nordbank AG, Navios Holdings entered into a second ISDA agreement with HSH Nordbank AG, whereby it exchanges LIBOR with a fixed rate of 5.52%. This contract applies for the period from December 31, 2007 to September 30, 2009, for a notional amount of $79.3 million at redemptions in accordance with the repayment schedule of the Company s senior secured credit facility as above. The ISDA agreement is secured by the same collateral as the secured credit facility discussed in the preceding paragraph. A 100 bps change in interest rates would increase or decrease interest expense by less than $0.1 million as of June 30, 2009.

c) One swap with Dexia Bank Belgium with a total notional amount of $21.0 million. The swap was entered into at August 2005 and matures in August 2010. Navios Holdings estimates that it would have to pay $0.7 million to terminate this agreement as of June 30, 2009. The swaps exchange LIBOR with fixed rate of 4.525%. In April 2009, one swap with Fortis Bank and one swap with Dexia Bank Belgium expired under their agreement.

***Foreign Currency Risk***

*Foreign Currency:* In general, the shipping industry is a dollar dominated industry. Industry revenue is set mainly in U.S. dollars, and approximately 82.2% of Navios Holdings revenue is also incurred in U.S. dollars. Certain of Navios Holdings expenses are paid in foreign currencies and a one percent change in the exchange rates of the various currencies at June 30, 2009 would increase or decrease net income by approximately $0.4 million.

***FFAs Derivative Risk***

*Forward Freight Agreements (FFAs)* Navios Holdings enters into FFAs as economic hedges relating to identifiable ship and/or cargo positions and as economic hedges of transactions that Navios Holdings expects to carry out in the normal course of its shipping business. By using FFAs, Navios Holdings manages the financial risk associated with fluctuating market conditions. The effectiveness of a hedging relationship is assessed at its inception and then throughout the period of its designation as a hedge. If an FFA qualifies for hedge accounting, any gain or loss on the FFA, as accumulated in Accumulated Other Comprehensive Income/(Loss), is first recognized when measuring the profit or loss of related transaction. For FFAs that qualify for hedge accounting, the changes in fair values of the effective portion representing unrealized gains or losses are recorded in Accumulated Other Comprehensive Income/(Loss) in the stockholders equity while the unrealized gains or losses of the FFAs not qualifying for hedge accounting together with the ineffective portion of those qualifying for hedge accounting are recorded in the statement of income under Gain/(Loss) on Forward Freight Agreements. The gains/(losses) included in Accumulated Other Comprehensive Income/(Loss) will be reclassified to earnings under Revenue in the statement of income in the same period or periods during which the hedged forecasted transaction affects earnings. The reclassification to earnings extended until December 31, 2008, depending on the period or periods during which the hedged forecasted transaction will affect earnings and commenced in the third quarter of 2006. For the year ended December 31, 2008, $19.9 million of losses included in Accumulated Other Comprehensive Income/(Loss) had been reclassified to earnings.

Navios Holdings is exposed to market risk in relation to its FFAs and could suffer substantial losses from these activities in the event expectations are incorrect. Navios Holdings trades FFAs with an objective of both economically hedging the risk on the fleet, specific vessels or freight commitments and taking advantage of short-term fluctuations in market prices. As there no positions deemed to be open as of June 30, 2009, any change in underlying freight market indices would only have no effect on the Company s net income.

**Critical Accounting Policies**

The Navios Holdings interim consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires Navios Holdings to make estimates in the application of its accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of its financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Navios Holdings has described below what it believes are its most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of Navios Holdings significant accounting policies, see Note 2 to the Consolidated Financial Statements, included in Navios Holdings 2008 annual report on Form 20-F filed with the Securities and Exchange Commission.

***Use of estimates:*** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and

judgments, including those related to uncompleted voyages, future dry-dock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the

carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.

***Accounting for derivative financial instruments and hedge activities:*** The Company enters into dry bulk 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 dry bulk shipping FFAs, Navios Holdings manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts.

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

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

Pursuant to SFAS 133, the Company records all of its derivative financial instruments and hedges as economic hedges except for those qualifying for hedge accounting. Gains or losses of instruments qualifying for hedge accounting as cash flow hedges are reflected under Accumulated Other Comprehensive Income/(Loss) in stockholders equity, while those instruments that do not meet the criteria for hedge accounting are reflected in the statement of operations. For FFAs that qualify for hedge accounting the changes in fair values of the effective portion representing unrealized gain or losses are recorded under Accumulated Other Comprehensive Income/(Loss) in the stockholders equity while the unrealized gains or losses of the FFAs not qualifying for hedge accounting together with the ineffective portion of those qualifying for hedge accounting, are recorded in the statement of operations under Gain/(Loss) on Forward Freight Agreements . The gains/(losses) included in Accumulated Other Comprehensive Income/(Loss) are being reclassified to earnings under Revenue in the statement of operations in the same period or periods during which the hedged forecasted transaction affects earnings. The reclassification to earnings commenced in the third quarter of 2006 and extended until December 31, 2008, depending on the period or periods during which the hedged forecasted transactions will affect earnings. There is no amount included in Accumulated Other Comprehensive Income/(Loss) as of December 31, 2008, that is expected to be reclassified to earnings after December 31, 2008. For the years ended December 31, 2008, $19.9 million losses, included in Accumulated Other Comprehensive Income/ (Loss) , were reclassified to earnings.

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

***Stock-based compensation:*** On October 18, 2007 and December 16, 2008, the Compensation Committee of the Board of Directors authorized the issuance of restricted stock and stock options in accordance with Navios Holdings Stock Plan. The Company awarded restricted stock to its employees, officers and directors and stock options to its executives and directors, based on service conditions only, that vest over two years and three years, respectively.

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

***Impairment of long-lived assets:*** Vessels, other fixed assets and other long lived assets held and used by Navios Holdings are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In accordance with FAS 144, Navios Holdings management evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events or changes in circumstances have occurred that would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, certain indicators of potential impairment, are reviewed such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. Undiscounted projected net operating cash flows are determined for each vessel

and compared to the vessel carrying value. In the event that impairment occurred, the fair value of the related asset is determined and an impairment charge is recorded to operations calculated by comparing the asset s carrying value to the estimated fair market value. Fair market value is estimated primarily through the use of third-party valuations performed on an individual vessel basis. For the purposes of assessing impairment, long-lived assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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

***Vessels, net:*** Vessel acquisitions are stated at historical cost, which consists of the contract price, any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the useful life of the Company s vessels to be 25 years from the vessel s original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

***Deferred dry-dock and special survey costs:*** The Company s vessels, barges and push boats are subject to regularly scheduled dry-docking and special surveys which are carried out every 30, 60, and 84 months for vessels and barges and push boats, respectively to coincide with the renewal of the related certificates issued by the Classification Societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of dry-docking and special surveys is deferred and amortized over the above periods or to the next dry-docking or special survey date if such has been determined. Unamortized dry-docking or special survey costs of vessels, barges and push boats sold are written off to income in the year the vessel, barge or push boat is sold. When vessels are acquired the portion of the vessels capitalized cost that relates to dry-docking or special survey is treated as a separate component of the vessels cost and is deferred and amortized as above. This cost is determined by reference to the estimated economic benefits to be derived until the next dry-docking or special survey.

***Goodwill and other intangibles:*** As required by SFAS No. 142 Goodwill and Other Intangible Assets , goodwill acquired in a business combination initiated after June 30, 2001 is not to be amortized. Similarly, intangible assets with indefinite lives are not amortized. Rather, SFAS 142 requires that goodwill be tested for impairment at least annually and written down with a charge to operations if the carrying amount exceeds the estimated fair value.

The Company evaluates impairment of goodwill using a two-step process. First, the aggregate fair value of the reporting unit is compared to its carrying amount, including goodwill. The Company determines the fair value based on a combination of discounted cash flow analysis and an industry market multiple.

If the fair value exceeds the carrying amount, no impairment exists. If the carrying amount of the reporting unit exceeds the fair value, then the Company must perform the second step in order to determine the implied fair value of the reporting unit s goodwill and compare it with its carrying amount. The implied fair value is determined by allocating the fair value of the reporting unit to all the assets and liabilities of that unit, as if the unit had been acquired in a business combination and the fair value of the unit was the purchase price. If the carrying amount of the goodwill exceeds the implied fair value, then goodwill impairment is recognized by writing the goodwill down to the implied fair value.

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

The fair value of the trade name was determined based on the relief from royalty method which values the trade name based on the estimated amount that a company would have to pay in an arms length transaction in order to use that trade name. The asset is being amortized under the straight line method over 32 years. The fair value of customer relationships was determined based on the excess earnings method, which relies upon the future cash flow generating ability of the asset. The asset is amortized under the straight line method over 20 years. Other intangibles that are being amortized, such as the amortizable portion of favorable leases, port terminal operating rights, backlog assets and liabilities, would be considered impaired if their fair market value could not be recovered from the future undiscounted cash flows associated with the asset. Vessel purchase options, which are included in favorable lease terms, are not amortized and would be considered impaired if the carrying value of an option, when added to the option price of the vessel, exceeded the fair market value of the vessel.

***Investment in available for sale securities:*** The Company classifies its existing marketable equity securities as available-for-sale in accordance with provisions of SFAS 115 Accounting for Certain Investments in Debt and Equity Securities. These securities are carried at fair market value, with unrealized gains and losses excluded from earnings and reported directly in stockholders equity as a component of other comprehensive income (loss) unless an

unrealized loss is considered other-than-temporary, in which case it is transferred to the statement of income. Management evaluates securities for OTTI on a quarterly basis. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the investee, and (3) the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in fair value.

For the six month period ended June 30, 2009 and for the year ended December 31, 2008, the Company s unrealized holding gains/(losses) in available for sale securities were $8.8 million and $(22.6) million, respectively. As of June 30, 2009, $13.8 million relating to available for sale securities were reclassified to earnings.

**Recent Accounting Pronouncements**

In December 2007, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 160, Noncontrolling Interests in Consolidated Financial Statements amendments of ARB No. 51 ( SFAS No. 160 ). SFAS No. 160 states that accounting and reporting for minority interests will be recharacterized as noncontrolling interests and classified as a component of equity. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. This statement was effective as of January 1, 2009 and the interim consolidated financial statements were updated to reflect the reporting and disclosure requirements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ( FAS 141R ), which replaces FASB Statement No. 141. FAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed any non controlling interest in the acquiree and the goodwill acquired. The Statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. FAS 141R was effective for Navios Holdings for fiscal year beginning on January 1, 2009 and it did not have a material affect on the Company s consolidated financial statements.

In February 2008, the FASB issued the FASB Staff Position ( FSP No. 157-2 ) which delays the effective date of SFAS 157, for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). For purposes of applying this FSP, nonfinancial assets and nonfinancial liabilities would include all assets and liabilities other that those meeting the definition of a financial asset or financial liability as defined in paragraph 6 of FASB Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities This FSP defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and the interim periods within those fiscal years for items within the scope of this FSP. The application of SFAS 157 to those items covered by FSP 157-2 did not have a material effect on the consolidated financial statements of the Company.

In March 2008, the FASB issued SFAS No. 161 (SFAS 161) Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 . SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The adoption of SFAS 161 did not have a material effect on the Company s consolidated financial statements.

In April 2008, FASB issued FASB Staff Position FSP 142-3 Determination of the useful life of intangible assets . This FASB Staff Position (FSP) amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets . The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under Statement 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141 (revised 2007), Business Combinations , and other U.S. generally accepted accounting principles (GAAP). This FSP was effective for Navios Holdings for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of FSP 142-3 did not have a material effect on the consolidated financial statements of the Company.

In May 2008, the Financial Accounting Standards Board issued FASB Statement No. 162, The Hierarchy of Generally Accepted Accounting Principles . The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities. Statement No. 162 is effective 60 days following the SEC s approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. The application of this statement did not have a material effect on the Company s consolidated financial statements.

In June 2008, FASB issued FASB Staff Position FSP EITF 03-6-1 Determining whether instruments granted in share-based payment transactions are participating securities . This FASB Staff Position (FSP) addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS) under the two-class method described in paragraphs 60 and 61 of FASB Statement No. 128, Earnings per Share . This FSP was effective for the Company for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. All prior-period EPS data presented shall be adjusted retrospectively (including interim financial statements, summaries of earnings, and selected financial data) to conform with the provisions of this FSP. The adoption of FSP EITF 03-6-1 did not have a material effect on the Company s consolidated financial statements.

In September 2008, Financial Accounting Standards Board issued FASB Staff Positions (FSP) FAS 133-1 and FIN 45-4 Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161 . This FSP amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FASB Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, to require an additional disclosure about the current status of the payment/performance risk of a guarantee. Further, this FSP clarifies the Board s intent about the effective date of FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. This FSP applies to credit derivatives within the scope of Statement 133, hybrid instruments that have embedded credit derivatives, and guarantees within the scope of Interpretation 45. This FSP s amendment to Statement 133 also pertains to hybrid instruments that have embedded credit derivatives (for example, credit-linked notes). The provisions of this FSP that amend Statement 133 and Interpretation 45 are effective for reporting periods (annual or interim) ending after November 15, 2008. This FSP encourages that the amendments to Statement 133 and Interpretation 45 be applied in periods earlier than the effective date to facilitate comparisons at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending subsequent to initial adoption. The adoption of FSP 133-1 and FIN 45-4 did not have a material effect on the Company s consolidated financial statements.

In October 2008, the FASB issued the FASB Staff Position ( FSP No. 157-3 ) which clarifies the application of FASB Statement No. 157, Fair Value Measurements in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that asset is not active. This FSP applies to financial assets within the scope of accounting pronouncements that require or permit fair value measurements in accordance with Statement 157. The FSP was effective upon issuance, including prior periods for which financial statements have not been issued. Revisions resulting from a change in the valuation technique or its application shall be accounted for as a change in accounting estimate (FASB Statement No. 154 Accounting changes and Error Corrections , paragraph 19). The disclosure provisions of Statement No. 154 for a change in accounting estimate are not required for revisions resulting from a change in valuation technique or its application. The application of FSP 157-3 did not have a material effect on the consolidated financial statements of the Company.

In November 2008, the FASB issued its final consensus on Issue 08-8 Accounting for an instrument (or an embedded Feature) with a settlement amount that is based on the stock of an entity s consolidated subsidiary This issue applies to freestanding financial instruments (and embedded features) for which the payoff to the counterparty is based, in whole or in part, on the stock of a consolidated subsidiary. This Issue applies to those instruments (and embedded features) in the consolidated financial statements of the parent, whether the instrument was entered into by the parent or the subsidiary. This Issue was effective for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. Early adoption is not permitted. The consensus shall be applied to outstanding instruments as of the beginning of the fiscal year in which this issue is initially applied. The adoption of Issue 08-8 did not have a material effect on the consolidated financial statements of the Company.

In November 2008, the FASB issued the EITF Issue No. 08-6 Equity Method Investment Accounting Considerations ( EITF 08-6 ) to clarify the accounting for certain transactions and impairment considerations involving equity method investments. The FASB and the IASB concluded a joint effort in converging the accounting for business combinations as well as the accounting and reporting for noncontrolling interests culminating in the issuance

of Statement 141(R) and Statement 160. The objective of that joint effort was not to reconsider the accounting for equity method investments; however, the application of the equity method is affected by the accounting for business combinations and the accounting for consolidated subsidiaries, which were affected by the issuance of Statement 141(R) and Statement 160. EITF 08-6 was effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years, consistent with the effective dates of Statement 141(R) and Statement 160. EITF 08-6 shall be applied prospectively. Earlier application by an entity that has previously adopted an alternative accounting policy is not permitted. The adoption of EITF 08-6 did not have a material effect on the consolidated financial statements of the Company.

In December 2008, the FASB issued the FASB Staff Position ( FSP FAS 140-4 and FIN 46(R)-8 ) which amends FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities , to require public entities to provide additional disclosures about transfers of financial assets. It also amends FASB Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities , to require public enterprises, including sponsors that have a variable

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interest in a variable interest entity, to provide additional disclosures about their involvement with variable interest entities. Additionally, FSP FAS 140-4 and FIN 46(R)-8 requires certain disclosures to be provided by a public enterprise that is (a) a sponsor of a qualifying special-purpose entity ( SPE ) that holds a variable interest in the qualifying SPE but was not the transferor ( nontransferor ) of financial assets to the qualifying SPE and (b) a servicer of a qualifying SPE that holds a significant variable interest in the qualifying SPE but was not the transferor (nontransferor) of financial assets to the qualifying SPE. FSP FAS 140-4 and FIN 46(R)-8 is effective for the first reporting period (interim or annual) ending after December 15, 2008, with earlier application encouraged. The adoption of FSP FAS 140-4 and FIN 46(R)-8 did not have a material effect on the consolidated financial statements of the Company.

In January 2009, the FASB issued the FASB Staff Position Amendments to the Impairment Guidance to EITF Issue No. 99-20 ( FSP EITF 99-20-1 ) which amends the impairment guidance in EITF Issue No. 99-20, Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests That Continue to Be Held by a Transferor in Securitized Financial Assets, to achieve more consistent determination of whether an other-than-temporary impairment has occurred. FSP EITF 99-20-1 also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities , and other related guidance. FSP EITF 99-20-1 is effective for interim and annual reporting periods ending after December 15, 2008, and shall be applied prospectively. Retrospective application to a prior interim or annual reporting period is not permitted. The adoption of FSP EITF 99-20-1 did not have a material effect on the consolidated financial statements of the Company.

In April 2009, the FASB issued the FASB Staff Position ( FAS 107-1 and APB 28-1 ), which amends FASB Statement No.107, Disclosures about Fair Value of Financial Instruments , to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies, as well as in annual financial statements. This FSP also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. An entity may early adopt this FSP only if it also elects to early adopt FSP FAS 157-4, Determining Fair Value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly , and FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of other-than-temporary impairments . This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. This FSP will be effective for interim reporting periods after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of FSP FAS 107-1 and APB 28-1 did not have a material effect on the Company s consolidated financial statements.

In April 2009, the FASB issued the FASB Staff Position ( FSP FAS 141(R) 1 ), which amends and clarifies FASB Statement No. 141 (revised 2007), Business Combinations, to address application issues raised by preparers, auditors, and members of the legal profession on initial recognition and measurement subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP FAS 141(R) 1 is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of FSP 141(R) 1 did not have a material effect on the consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165 Subsequent events ( FAS 165 ), which establishes principles and requirements for subsequent events. In