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

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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 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	02/28/2010
				37,953	04/01/2014
Navios Orbiter	Panamax	2004	76,602	32,385	02/28/2010
				38,052	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).

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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 ex		