Navios Maritime Holdings Inc.
Form 6-K
November 18, 2008

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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: November 18, 2008
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)(1):

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 for the three and nine month periods ended September 30, 2008 and 2007. All of these financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (US GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Holdings 2007 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 our 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.

Cancellation of Vessels to be delivered

In October 2008, Navios Holdings entered into cancellation agreements for six Kamsarmax vessels scheduled for delivery in 2010 and 2011 to Navios Holdings long term charter-in fleet at no cost.

On November 4, 2008, Navios Holdings entered into agreements for the cancellation of three Capesize vessels scheduled for delivery to Navios Holdings owned fleet in Q4 2009 and Q1 2010. Installments already paid were applied towards future payments on three other Capesize vessels under construction with the same yard. The cancellation fee was $1.5 million in total.

In November 2008, three Handysize vessels scheduled for delivery to Navios Holdings long term charter-in fleet in 2010 and 2011 were cancelled at no cost.

Financing

In November 2008, Navios Holdings entered into a new revolving credit facility of up to $90.0 million. The facility can be used for general corporate purposes. As of November 18, 2008, no amounts had been drawn under this facility.

Dividend Policy:

On November 14, 2008, the Board of Directors declared a quarterly cash dividend with respect to the third quarter of 2008 of $0.09 per common share payable on January 6, 2009 to stockholders on record as of December 22, 2008.

The Board of Directors revised our dividend policy for the fourth quarter of 2008 and subsequent periods to $0.06 per share ($0.24 per share annually). The Board of Directors may amend our dividend policy from time to time in light of our capital needs, among other factors. The amount of dividends we can pay is also limited by our credit arrangements.

Changes in Capital Structure

Share Repurchase Program: In October 2008, Navios Holdings completed a $50.0 million share repurchase program of Navios Holdings common stock, as approved by the Board of Directors on February 14, 2008. A total of 6,959,290 shares were repurchased under this 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.

Warrant Exercises: During the nine months ended September 30, 2008, Navios Holdings issued 1,349,868 shares of common stock following the exercise of warrants. The exercise of these warrants generated $6.7 million of cash proceeds.

As of September 30, 2008, Navios Holdings had 102,989,458 shares of common stock outstanding and 6,452,837 warrants remaining outstanding. The warrants expire in accordance with their terms on December 9, 2008.

As of November 18, 2008, Navios Holdings had 100,816,958 shares of common stock outstanding and 6,451,337 warrants remaining outstanding.

Sale of Navios Aurora I

On July 1, 2008, Navios Holdings sold the Navios Aurora I, a 75,397 dwt Panamax vessel built in 2005, to Navios Maritime Partners L.P. (Navios Partners) for approximately $80.0 million, consisting of $35.0 million cash and 3,131,415 common units. The number of the common units issued was calculated using the $14.3705 volume weighted average trading price for the 10 business days immediately before the closing date. Following the sale of Navios Aurora I, Navios Holdings owns a 51.6% interest (includes 14.5% of common units accounted for under FAS 115) in Navios Partners which includes 2% general partner interest.

Acquisition of Vessels

On October 10, 2008, Navios Holdings took delivery of Navios Ulysses, a 2007 built, 55,728 dwt Ultra Handymax vessel built in Japan. The total acquisition price of the vessel amounted to $79.6 million. The vessel commenced a five-year time charter at a net daily rate of $31,281.

Update on Navios Maritime Acquisition Corporation

The initial public offering (IPO) of Navios Maritime Acquisition Corporation (Navios Acquisition) closed on July 1, 2008. The IPO raised gross proceeds of $253.0 million. The units, common shares and warrants trade on the NYSE under the symbols NNA.U, NNA, and NNA WS, respectively. Navios Holdings has a 19% ownership position in Navios Acquisition. In addition, Navios Holdings has purchased 7.6 million warrants for $1.00 per warrant.

Update on Navios South American Logistics

Navios Logistics completed its acquisition program of a total of six push boats, 108 dry barges and three self-propelled barges anticipated to be fully operational sometime during the fourth quarter of 2008.

Navios Logistics also took delivery of Estefania H on July 25, 2008, a 12,000 dwt Product Oil Tanker, built in 2008 which was employed as of August 2, 2008 in the Argentinian cabotage business.

Navios Logistics began construction of a new silo at its port facility in Uruguay. The silo is expected to be fully operational by April 2009 in time for the new crop season and it will add an additional 80,000 metric tons of storage capacity. The project is funded by Navios Logistics internally generated cash.

Stockholders Rights Agreement

On October 3, 2008, The Board of Directors approved Navios Holdings Stockholders Rights Agreement and declared a dividend of one preferred share purchase right, or a Right, to purchase one one-thousandth of the Company s Preferred Stock for each outstanding share of the Company s common stock, par value $0.0001 per share. The dividend was paid on October 16, 2008 to our stockholders of record on that date. Each Right entitles the registered holder, upon the occurrence of certain events, to purchase from the Company one one-thousandth of a share of Preferred Stock at an exercise price of $50.00, subject to adjustment.

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. We technically and commercially manage our owned fleet (except for one of Kleimar N.V. s initial owned vessels which is managed by a non-related third party), Navios Partners fleet and commercially manage our chartered-in fleet. Navios Holdings has in-house ship management expertise that allows it to oversee every step of technical management of the owned fleet and Navios Partners fleet including the shipping operations throughout the life of the vessels, the superintendence of maintenance, repairs and dry-docking of the operated fleet. Navios also owns and operates an end-to-end logistics business which leverages Navios transshipment facility in Uruguay with an upriver port facility in Paraguay and dry and wet barge capacity.

On February 2, 2007, Navios Holdings acquired all of the outstanding share capital of Kleimar N.V. (Kleimar) for a cash consideration of $165.6 million (excluding direct acquisition costs), subject to certain adjustments. Kleimar is a Belgian maritime transportation company established in 1993. Kleimar is an owner and operator of Capesize and Panamax vessels used in the transportation of cargoes. It also has an extensive Contract of Affreightment (COA) business, a large percentage of which involves transporting cargo to China.

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 connection with the IPO of Navios Partners on November 16, 2007, Navios Holdings sold the interests of its five wholly-owned subsidiaries, each of which owned a Panamax drybulk carrier, as well as interests of its three 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) the issuance to the General Partner of the 2% general partner interest and all incentive distribution rights in Navios Partners.

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Effective January 1, 2008 pursuant to a share purchase agreement, Navios Holdings contributed $112.2 million in cash and the authorized capital stock of its wholly-owned subsidiary CNSA in exchange for a 63.8% (67.2% excluding contingent consideration) interest in Navios Logistics. Navios Logistics acquired all ownership interests in Horamar Group (Horamar) in exchange for $112.2 million in cash, of which $5.0 million is kept in escrow payable upon the attainment of the EBITDA adjustment during specified periods through December 2008 and the issuance of shares of Navios Logistics representing 36.2% (32.8% excluding contingent consideration) of Navios Logistics outstanding stock, of which 1,007 shares are kept in escrow pending the EBITDA Adjustment.

Horamar was a privately held Argentina-based group that specialized in the transportation and storage of liquid cargoes and the transportation of dry bulk cargoes in South America. Horamar owns an upriver port in Paraguay and controls a fleet of barges and other vessels. As part of its efforts to expand its cabotage business Horamar recently added to its fleet two Handysize oil tankers and expects to take delivery of another two in 2008 or at the beginning of 2009 (See Recent Developments under Section Statement of Income Breakdown by Segment).

On July 1, 2008, Navios Holdings completed the IPO of units in its subsidiary, 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 (Sponsor Units) for a total consideration of $25, of which an aggregate of 290,000 units were transferred to Navios Holdings 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 (19%) of the outstanding common stock of Navios Acquisition. Navios Acquisition is no longer a wholly-owned subsidiary of Navios Holdings but accounted for under the equity method due to Navios Holdings significant influence over Navios Acquisition.

Fleet

The following is the current core fleet employment profile as of November 18, 2008, including the newbuildings to be delivered. The current core fleet consists of 53 vessels totaling 5.1 million deadweight tons. The employment of the fleet is reflected in the tables below. The 34 vessels in current operation aggregate approximately 2.6 million deadweight tons and have an average age of 4.6 years. Navios has currently fixed 100.0%, 81.8%, 59.3% and 48.8% of its 2008, 2009, 2010 and 2011 available days respectively, of its fleet (excluding Kleimar s vessels, which are primarily utilized to fulfill COAs), representing contracted fees (net of commissions), based on contracted charter rates from our current charter agreements of $220.0 million, $232.7 million, $260.8 million and $229.7 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counter parties and us. Additionally, the fees above reflect an estimate of off-hire days to perform periodic maintenance. If actual off-hire days are greater than estimated, these would decrease the level of fees above. The average contractual daily charter-out rate for the core fleet is $24,744, $28,515, $35,917 and $37,533 for 2008, 2009, 2010 and 2011, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding Kleimar s vessels) for the nine months ended September 30, 2008 was $9,672.

Owned Vessels

Vessel Name[1]	**Vessel Type**	**Year Built**	**Deadweight (in metric tons)**	**Charter-out Rate**[2]	**Expiration Date**[3]
Navios Ionian	Ultra Handymax	2000	52,068	22,219	03/18/2009
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		2001	52,061	26,600	05/12/2009

	Ultra Handymax				
Navios Achilles	Ultra Handymax	2001	52,063	21,138	02/22/2009
				38,009	03/07/2012
Navios Meridian	Ultra Handymax	2002	50,316	23,700	10/08/2012
Navios Mercator	Ultra Handymax	2002	53,553	19,950	02/11/2009
				31,350	02/12/2014
Navios Arc	Ultra Handymax	2003	53,514	27,693	05/25/2009
Navios Hios	Ultra Handymax	2003	55,180	24,035	11/30/2008
				9,500	04/30/2009
Navios Kypros	Ultra Handymax	2003	55,222	34,024	02/14/2011
Navios Magellan	Panamax	2000	74,333	21,850	02/06/2010
Navios Star	Panamax	2002	76,662	21,375	01/21/2010
Navios Hyperion	Panamax	2004	75,707	26,268	04/10/2009
				37,050	05/11/2014
Navios Orbiter	Panamax	2004	76,602	24,700	04/08/2009
				37,147	05/09/2014
Navios Ulysses[(4)]	Ultra Handymax	2007	55,728	31,281	10/10/2013
Navios Aurora I[(5)]	Panamax	2005	75,397		
Navios Asteriks	Panamax	2005	76,801		
Vanessa	Product Handysize	2002	19,078		

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Owned Vessels to be delivered

Vessel Name	Vessel Type	Delivery Date	Deadweight (in metric tons)	Charter-out Rate[(2)]	Expiration Date[(3)]
Navios Vega	Ultra Handymax	03/2009	58,500		
Navios Pollux	Capesize	06/2009	181,000	42,250	06/2019
Navios Lumen	Capesize	09/2009	181,000	44,850	09/2016
Navios TBN	Capesize	10/2009	172,000	41,325	10/2019
Navios Happiness[(6)]	Capesize	10/2009	180,000	55,100	09/2014
Navios TBN[(7)]	Capesize	11/2009	180,000	45,500	12/2014
Navios TBN	Capesize	12/2009	172,000	39,900	12/2019
Navios TBN	Capesize	11/2009	172,000	57,000	11/2014

Long-term Chartered-in Fleet in Operation

Vessel Name	Vessel Type	Year Built	Deadweight (in metric tons)	Purchase Option [(8)]	Charter-out Rate[(2)]	Expiration Date[(3)]
Navios Vector[(9)]	Ultra Handymax	2002	50,296	No	9,500	10/16/2008
					9,738	10/17/2009
Navios Astra	Ultra Handymax	2006	53,468	Yes	34,200	08/11/2009
Navios Primavera	Ultra Handymax	2007	53,464	Yes	20,046	05/09/2010
Navios Cielo	Panamax	2003	75,834	No	25,175	12/14/2008
					14,773	06/12/2010
Navios Orion	Panamax	2005	76,602	No	27,312	03/31/2009
					49,400	12/15/2012
Navios Titan	Panamax	2005	82,936	No	27,100	12/09/2010
Navios Sagittarius	Panamax	2006	75,756	Yes	25,413	01/31/2009
					26,125	02/01/2019
Navios Altair	Panamax	2006	83,001	No	22,715	09/20/2009
Navios Esperanza	Panamax	2007	75,200	No	37,056	08/09/2009
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		
Navios Armonia	Ultra Handymax	2008	55,100	No	23,700	06/07/2013

Long-term Chartered-in Fleet to be Delivered

Vessel Name	Vessel Type	Delivery Date	Deadweight	Purchase Option

			(in metric tons)	
Phoenix Grace	Capesize	01/2009	170,500	No
Phoenix Beauty	Capesize	11/2009	170,500	No
Navios TBN	Handysize	03/2010	35,000	Yes[(10)]
Kleimar TBN	Capesize	04/2010	176,800	No
Navios TBN	Handysize	08/2010	35,000	Yes[(10)]
Navios TBN	Panamax	09/2011	80,000	Yes
Navios TBN	Capesize	09/2011	180,200	Yes
Navios TBN	Ultra Handymax	03/2012	61,000	Yes
Kleimar TBN	Capesize	07/2012	180,000	Yes
Navios TBN	Kamsarmax	01/2013	82,100	Yes
Navios TBN	Ultra Handymax	07/2013	61,000	Yes

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(1) Capesize vessel Obeliks was sold for approximately $35.1 million in Q2 2008.

(2) Daily Charter-out rate net of commissions.

(3) Expected redelivery basis midpoint of full redelivery period.

(4) The vessel was delivered on October 10, 2008.

(5) On July 1, 2008, the vessel was sold to Navios Partners for $79.9 million.

(6) Navios Partners has the option to acquire this vessel for $135.0 million.

(7) Allocated to long-term COA Contract

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

(9) Charterer has right to extend period at similar day rate.

(10) The initial 50% purchase option on each vessel is held by Navios Holdings.

Since August 25, 2005, Navios exercised all exercisable options to purchase eleven vessels of its long-term chartered-in fleet. Of these ten vessels, eight vessels were delivered until December 31, 2007, the ninth vessel, Navios Orbiter was delivered on February 7, 2008, the tenth vessel, Navios Aurora I, was delivered on April 24, 2008, and the eleventh vessel, Navios Fantastiks, was delivered on May 2, 2008. Accordingly, Navios Holdings has options to acquire four of the remaining 17 chartered-in vessels currently in operation and eight of the eleven long-term chartered-in vessels on order (on two of the eight purchase options Navios Holdings holds a 50% initial purchase option).

Charter Policy

Navios Holdings policy has been to take a portfolio approach in 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 2007 and 2008 for various periods ranging between one to five years. By doing this Navios Holdings aims 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 Contracts of Affreightment (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.

The average daily charter-in vessel cost for the Navios Holdings long term charter-in fleet (excluding Kleimar vessels) was $9,672 per day for the nine months ended September 30, 2008. 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.

Industry Outlook

In the near term, the slowdown in the world economy and specifically in the steel industry has dampened the demand for iron ore and coal. Looking further out, dry bulk fundamentals remain attractive. Navios Holdings believes that Asian demand for commodities will remain robust on the back of strong expected economic growth. China, which is one of the main importers of most major dry bulk commodities such as iron ore and grains, is expected to continue its industrialization and urbanization over the next few years. 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 contribute to support freight rates for the foreseeable future. New longer haul trade routes have developed that Navios Holdings anticipates should serve to stimulate ton-mile demand. Additionally, with the recent announcements of new building cancellations and the prospect of increasing numbers of vessel scrapping, the growth in the supply side is expected to decline significantly.

Navios Holdings believes that a 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 to future revenue and profitability. However, the cost advantage of Navios Holdings long-term chartered fleet, which is chartered-in at historically favorable fixed rates, would help to mitigate the impact of any short-term decline in freight rates. The reduced freight rate environment may also have an adverse impact on the 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 may also be negatively impacted.

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Logistics Business

Navios also owns and operates an end-to-end logistics business which leverages Navios transshipment facility in Uruguay with an upriver port facility in Paraguay and dry and wet barge capacity. Navios logistics business consists of a group of related companies providing maritime transportation. The group specializes in the transport and storage of liquid cargoes and the transport of dry bulk cargoes along the Hidrovia passing through Argentina, Bolivia, Brazil, Paraguay and Uruguay.

The group also owns and operates an upriver oil storage and transfer facility in Paraguay, as well as the largest dry bulk transfer and storage port facility in Uruguay. While a relatively small portion of the overall enterprise, Navios Holdings believes that the logistics business segment is a stable business with strong growth and integration prospects. (See Recent Developments under Section Statement of Income Breakdown by Segment).

Factors Affecting Navios Holdings Results of Operations

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

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

Market Exposure: Navios Holdings manages the size and composition of its fleet, by chartering and owning vessels, 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 5.8 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 (see separate table) permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.

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

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

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

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

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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.

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

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

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings owned fleet is 6.2 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 (COAs), and Forward Freight Agreements (FFAs)

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

The balance of Other Comprehensive Income that relates to FFAs amounts to $4,897 and $19,939 as of September 30, 2008 and December 31, 2007, respectively, that qualified for hedge accounting treatment during the respective periods. Dry bulk FFAs traded by Navios Holdings that do not qualify for hedge accounting are shown at fair value through the statement of income.

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

NOS ASA and LCH call for both base and margin collaterals, which are funded by Navios Holdings, 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 either over-the-counter or through NOS and LCH are determined from an index published in London, United Kingdom. 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.

Period over Period Comparisons

For the Three Month Period ended September 30, 2008 compared to the Three Month Period ended September 30, 2007

The following table presents consolidated revenue and expense information for the three month periods ended September 30, 2008 and 2007. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Holdings for the respective periods.

	Three Month Period ended September 30, 2008 (unaudited)	Three Month Period ended September 30, 2007 (unaudited)
Revenue	$ 371,285	$ 212,887
Gain on forward freight agreements	5,187	10,249
Time charter, voyage and logistic business expenses	(329,026)	(154,228)
Direct vessel expenses	(6,469)	(6,948)
General and administrative expenses	(10,233)	(4,996)
Depreciation and amortization	(14,641)	(8,619)
Interest income from investments in finance lease	240	946
Interest income	1,522	2,642
Interest expense and finance cost, net	(11,664)	(12,783)
Gain on sale of assets/partial sale of subsidiary	24,940	
Other income	147	(390)
Other expense	(3,400)	(377)
Income before equity in net earnings of affiliate companies and joint venture	27,888	38,383
Equity in net earnings of affiliated companies and joint venture	3,949	302
Income before taxes and minority interests	31,837	38,685
Income taxes	(228)	(2,165)
Income before minority interest	31,609	36,520
Minority interest	(933)	
Net income	**$ 30,676**	**$ 36,520**

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 September 30,	
	2008	**2007**
FLEET DATA		
Available days[(1)]	6,036	5,207
Operating days[(2)]	6,032	5,199
Fleet utilization[(3)]	99.9%	99.8%
AVERAGE DAILY RESULTS		
Time Charter Equivalents (including FFAs) [(4)]	$50,658	$33,090
Time Charter Equivalents (excluding FFAs) [(4)]	$49,769	$31,122

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(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 plus gains or losses on FFAs less voyage expenses during a relevant period divided by the number of available

days during the
period.

During the three month period ended September 30, 2008, there were 829 more available days as compared to the same period of 2007 which was due mainly to the increase in short-term chartered in fleet. This increase was mitigated by the decrease in the number of vessels in our owned fleet by four vessels (acquisition of one vessel through the exercise of option from the charter-in fleet and five vessels which were sold to Navios Partners), resulting in 355 less days. Navios Holdings can increase or decrease its fleet s size by chartering-in vessels for long or short-term periods (less than one year). Fleet size and the corresponding available days will be decreased if charters are not renewed or replaced.

The average Time Charter Equivalent (TCE) rate excluding FFAs for the three month period ended September 30, 2008 was $49,769 per day, $18,647 per day higher than the rate achieved in the same period of 2007. This was primarily due to the improvement in the freight market resulting in higher charter-out daily rates in the third quarter of 2008 than those achieved in the third quarter of 2007.

Revenue: Revenue from vessels operations for the three months ended September 30, 2008 was $337.7 million as compared to $210.1 million for the same period during 2007. The increase in revenue is mainly attributable to the increase in TCE per day and the increase in the available days of the fleet in 2008 as compared to 2007. The achieved TCE rate per day, excluding FFAs, increased 59.9% from $31,122 per day in the third quarter of 2007 to $49,769 per day in the same period of 2008. The available days for the fleet increased by 15.9% to 6,036 days in the third quarter of 2008 from 5,207 days in the same period of 2007.

Revenue from the logistics business was $33.6 million for the three months ended September 30, 2008 as compared to $2.8 million during the same period of 2007. This is due to the acquisition of Horamar Group in January 2008.

Gains on FFAs: Income from FFAs decreased by $5.0 million to a gain of $5.2 million during the three month period ended September 30, 2008 as compared to $10.2 million gain for the same period in 2007. 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.

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	Baltic Exchange s Panamax Time Charter Average Index
July 11, 2008	$ 77,028(a)
September 30, 2008	$ 19,294(b)(*)
July 2, 2007	$ 52,285(c)
September 25, 2007	$ 76,782(d)
September 28, 2007	$ 76,149(*)

(a) High for Q3 2008

(b) Low for Q3 2008

(c) Low for Q3 2007

(d) High for Q3 2007

(*) End of period rate

Time Charter, Voyage and Logistic Business Expenses: Time charter, voyage and logistic business expenses increased by $174.8 million or 113.4% to $329.0 million for the three month period ended September 30, 2008 as compared to $154.2 million for same period in 2007. This was primarily due to the increase in the market rates, which negatively affected the charter-in daily hire rate cost for the long-term chartered-in fleet from $11,562 per day in the third quarter of 2007 to $15,228 per day for the same period of 2008, the increase in the short term fleet activity (which also positively affected the available days of the fleet, discussed above), as well as the acquisition of Horamar which had a further impact of $20.8 million.

Direct Vessel Expenses: Direct vessel expenses for operation of the owned fleet decreased by $0.4 million to $6.5 million or 5.8% for the three month period ended September 30, 2008 as compared to $6.9 million for the same period in 2007. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and maintenance and repairs. The decrease resulted primarily from the reduction of the owned fleet by three vessels in the third quarter of 2008 compared to the same period in 2007.

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

	Three month period ended September 30, 2008	Three month period ended September 30, 2007
Payroll and related costs[1]	3,552(2)	2,308
Professional, legal and audit fees[1]	1,790	1,529
Navios Logistics	2,933	165

Credit default insurance cover	897	
Other[1]	1,061	994

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

(2) Includes stock plan expenses

The increase by $5.2 million to $10.2 million or 104.0% for the three month period ended September 30, 2008 as compared to $5.0 million for the same period of 2007 is mainly attributable to (a) increase in payroll and related costs in connection with the expansion of Navios Holdings operations including the stock plan expenses incurred in the third quarter of 2008, (b) increase in professional, legal and audit fees and other expenses due to the additional costs incurred by Navios Holdings in connection with acquisitions and other activities, (c) the general and administrative expenses attributable to the Navios Logistics, and (d) expenses relating to credit default insurance cover.

Depreciation and Amortization: For the three month period ended September 30, 2008, depreciation and amortization increased by $6.0 million compared to the same period in 2007. The increase was primarily due to the additional depreciation and amortization following the acquisition of Horamar, amounting to $5.1 million, as well as the increase in amortization of intangibles by $2.8 million, mainly due to the expiration of unfavorable contracts which positively affected amortization in the third quarter of 2007. The above increase was mitigated by the decrease in depreciation of $1.3 million in the third quarter of 2008, mainly due to the transfer of five owned vessels to Navios Partners in the fourth quarter of 2007 and the decrease in amortization of backlog by $0.6 million.

Interest income from investments in finance leases: Interest income from investments in finance leases decreased by $0.7 million and amounted to $0.2 million for the three months ended September 30, 2008 compared to $0.9 million for the same period of 2007.

Net Interest Expense and Income: Interest expense for the three month period ended September 30, 2008 decreased to $11.7 million as compared to $12.8 million in the same period of 2007. The decrease is due to the decrease (excluding Navios Logistics) in average outstanding loan balance from $307.6 million in the third quarter of 2007 to $288.4 million in the same period of 2008 (excluding the drawdowns relating to facilities for the construction of the Capesize vessels). This decrease was mitigated by an increase in interest expense and finance cost in the third quarter of 2008 of $1.3 million due to the outstanding loan balances of Navios Logistics. Interest income decreased by $1.1 million to $1.5 million for the three month period ended September 30, 2008 as compared to $2.6 million for the same period of 2007. This is mainly attributable to the decrease in the average cash balances from $223.6 million in the third quarter of 2007 to $205.5 million in the same period of 2008.

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Other Income: Other income increased by $0.5 million to $0.1 million for the three month period ended September 30, 2008 compared to the same period in 2007. This increase is mainly due to mark-to-market losses realized in the third quarter of 2007.

Other Expense: Other expense increased by $3.0 million for the three month period ended September 30, 2008. This change is mainly due to unrealized losses on the Navios Acquisition Warrants which qualify as derivatives.

Income taxes: Income taxes decreased by $1.9 million, mainly due to the write-off of deferred taxes in the second quarter of 2008 relating to Kleimar.

Minority Interest: Minority interest increased by $0.9 million, which relates to the 32.8% minority attributable to the shareholders of Navios Logistics, following the acquisition of Horamar group.

For the Nine Month Period ended September 30, 2008 compared to the Nine Month Period ended September 30, 2007

The following table presents consolidated revenue and expense information for the nine month periods ended September 30, 2008 and 2007. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Holdings for the respective periods.

	Nine Month Period ended September 30, 2008 (unaudited)	Nine Month Period ended September 30, 2007 (unaudited)
Revenue	$ 1,063,994	$ 449,890
Gain on forward freight agreements	16,523	20,299
Time charter, voyage and logistic business expenses	(929,664)	(304,625)
Direct vessel expenses	(18,987)	(20,972)
General and administrative expenses	(28,928)	(14,098)
Depreciation and amortization	(42,083)	(22,313)
Interest income from investments in finance lease	1,865	2,592
Interest income	7,100	5,730
Interest expense and finance cost, net	(36,040)	(38,782)
Gain on sale of assets/partial sale of subsidiary	27,688	
Other income	324	349
Other expense	(4,904)	(1,125)
Income before equity in net earnings of affiliate companies and joint venture	56,888	76,945
Equity in net earnings of affiliated companies and joint venture	12,285	1,518
Income before taxes and minority interests	69,173	78,463
Income taxes	57,640	(3,978)
Income before minority interest	126,813	74,485
Minority interest	(2,724)	
Net income	**$ 124,089**	**$ 74,485**

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.

Nine month period ended

	September 30, 2008	September 30, 2007
FLEET DATA		
Available days[1]	18,040	13,125
Operating days	18,014	13,115
Fleet utilization	99.9%	99.9%
AVERAGE DAILY RESULTS		
Time Charter Equivalents (including FFAs)	$48,724	$27,108
Time Charter Equivalents (excluding FFAs)	$47,798	$25,561

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(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 plus gains or losses on FFAs less voyage expenses during a relevant period divided by the number of available

days during the
period.

During the nine month period ended September 30, 2008, there were 4,915 more available days as compared to the same period of 2007, which was due mainly to the increase in short-term chartered in fleet. This increase was mitigated by the decrease in the number of vessels in our owned fleet by three vessels (acquisition of two vessels through the exercise of options from the charter-in fleet and five vessels which were sold to Navios Partners), resulting in 868 less days. Navios Holdings can increase or decrease its fleet s size by chartering-in vessels for long or short-term periods (less than one year). Fleet size and the corresponding available days will be decreased if charters are not renewed or replaced.

The average Time Charter Equivalent (TCE) rate excluding FFAs for the nine month period ended September 30, 2008 was $47,798 per day, $22,237 per day higher than the rate achieved in the same period of 2007. This was primarily due to the improvement in the freight market resulting in higher charter-out daily rates in the first nine months of 2008 than those achieved in the same period of 2007.

Revenue: Revenue from vessels operations for the nine months ended September 30, 2008 was $983.4 million as compared to $442.2 million for the same period during 2007. The increase in revenue is mainly attributable to the increase in TCE per day and the increase in the available days of the fleet in 2008 as compared to 2007. The achieved TCE rate per day, excluding FFAs, increased 87.0% from $25,561 per day in the first nine months of 2007 to $47,798 per day in the same period of 2008. The available days for the fleet increased by 37.4% to 18,040 days in the first half of 2008 from 13,125 days in the same period of 2007.

Revenue from the logistics business was $80.5 million in the first nine months of 2008 as compared to $7.7 million during the same period of 2007. This is due to the acquisition of Horamar group in January 2008.

Gains on FFAs: Income from FFAs decreased by $3.8 million to a gain of $16.5 million during the nine month period ended September 30, 2008 as compared to $20.3 million gain for the same period in 2007. 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
May 20, 2008	$ 91,710(a)
September 30, 2008	$ 19,294(b)(*)
January 31, 2007	$ 31,719(c)
September 25, 2007	$ 76,782(d)
September 28, 2007	$ 76,149(*)

(a) High for nine months 2008

(b) Low for nine months 2008

(c) Low for nine months 2007

(d) High for nine months 2007

(*) End of period rate

Time Charter, Voyage and Logistic Business Expenses: Time charter, voyage and logistic business expenses increased by $625.1 million or 205.2% to $929.7 million for the nine month period ended September 30, 2008 as compared to $304.6 million for same period in 2007. This was primarily due to the increase in the market, which negatively affected the charter-in daily hire rate cost for the long-term chartered-in fleet from $11,350 per day in the first nine months of 2007 to $15,228 per day for the same period of 2008, the increase in the short term fleet activity (which also positively affected the available days of the fleet, discussed above), as well as the acquisition of Horamar which had a further impact of $46.9 million and the acquisition of Kleimar in the first quarter of 2007 (which is included in full during the nine month period ended September 30, 2008).

Direct Vessel Expenses: Direct vessel expenses for operation of the owned fleet decreased by $2.0 million to $19.0 million or 9.5% for the nine month period ended September 30, 2008 as compared to $21.0 million for the same period in 2007. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and maintenance and repairs. The decrease resulted primarily from the reduction of the owned fleet by three vessels in the first nine months of 2008 compared to the same period in 2007.

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

	Nine month period ended September 30, 2008	Nine month period ended September 30, 2007
Payroll and related costs(1)	11,851(2)	6,745
Professional, legal and audit fees(1)	3,595	3,665

Navios Logistics	7,393	413
Credit default insurance cover	2,107	
Other[1]	3,982	3,275

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

(2) Includes stock plan expenses

The increase by $14.8 million to $28.9 million or 105.0% for the nine month period ended September 30, 2008 as compared to $14.1 million for the same period of 2007 is mainly attributable to (a) increase in payroll and related costs in connection with the expansion of Navios operations including the stock plan expenses incurred in the first nine months of 2008, (b) the general and administrative expenses attributable to the Logistics Business and (c) expenses relating to credit default insurance cover.

Depreciation and Amortization: For the nine month period ended September 30, 2008, depreciation and amortization increased by $19.8 million compared to the same period in 2007. The increase was primarily due to the additional depreciation and amortization following the acquisition of Horamar, amounting to $11.9 million, as well as the increase in amortization of intangibles by $6.5 million, mainly due to the expiration of unfavorable contracts which positively affected amortization in the nine month period of 2007, and the increase in amortization of backlog assets by $4.5 million. The above increase was mitigated by the decrease in depreciation of $3.1 million in 2008, due to the transfer of five owned vessels to Navios Partners in the fourth quarter of 2007.

Interest income from investments in finance leases: Interest income from investments in finance leases decreased by $0.7 million and amounted to $1.9 million for the nine months ended September 30, 2008 compared to $2.6 million for the respective period of 2007.

Net Interest Expense and Income: Interest expense for the nine month period ended September 30, 2008 decreased to $36.0 million as compared to $38.8 million in the same period of 2007. The decrease is due to the decrease (excluding Navios Logistics) in average outstanding loan balance from $326.3 million in the first nine months of 2007 to $300.0 million in the same period of 2008 (excluding the drawdowns relating to facilities for the construction of the Capesize vessels). This decrease was mitigated by an increase in interest expense and finance cost in the first nine months of 2008 of $2.9 million due to the outstanding loan balances of Navios Logistics. Interest income increased by $1.4 million to $7.1 million for the nine month period ended September 30, 2008 as compared to $5.7 million for the same period of 2007. This is mainly attributable to the increase in the average cash balances from $177.2 million in the nine month period ended September 30, 2007 to $256.2 million in the same period of 2008.

Other Income: Other income amounting to $0.3 million had almost no movement compared to the same period in 2007.

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Other Expense: Other expense increased by $3.8 million for the nine month period ended September 30, 2008. This change is mainly due to mark-to-market losses realized on interest rate swaps, foreign exchange differences as well as unrealized losses on the Navios Acquisition Warrants which qualify as derivatives.

Income taxes: Income taxes increased by $61.6 million, mainly due to the write-off of deferred taxes relating to Kleimar amounting to $57.3 million.

Minority Interest: Minority interest increased by $2.7 million, which relates to the 32.8% minority attributable to the shareholders of Navios Logistics, following the acquisition of the Horamar group.

Liquidity and Capital Resources

Navios Holdings has historically financed its capital requirements with cash flows from operations, equity contributions from stockholders and debt. Main uses of funds have been capital expenditures for the acquisition of vessels, barges and push boats, 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 available cash, internally generated cash flows and borrowings under its credit facility, will be sufficient to fund the operations of the fleet and the logistics business, including working capital requirements. 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.

The following table presents cash flow information derived from the unaudited consolidated statements of cash flows of Navios Holdings for the nine month periods ended September 30, 2008 and 2007.

	Nine Month Period ended September 30, 2008	Nine Month Period ended September 30, 2007
	(Expressed in thousands of US Dollars)	
	(unaudited)	(unaudited)
Net cash (used in)/provided by operating activities	$ (18,023)	$ 173,010
Net cash used in investing activities	(351,117)	(231,005)
Net cash provided by financing activities	62,731	207,379
(Decrease) increase in cash and cash equivalents	(306,409)	149,384
Cash and cash equivalents, beginning of the period	427,567	99,658
Cash and cash equivalents, end of period	$ 121,158	$ 249,042

Cash used in operating activities for the nine month period ended September 30, 2008 as compared to the cash provided for the nine month period ended September 30, 2007:

Net cash used in operating activities decreased by $191.0 million to $18.0 million for the nine month period ended September 30, 2008 as compared to $173.0 million net cash provided by operating activities for the same period of 2007. 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 $30.1 million loss for the nine month period ended September 30, 2008 which consisted mainly of the following adjustments: $42.1 million of depreciation and amortization, $1.4 million of amortization of deferred dry dock expenses, $1.5 million of amortization of deferred finance fees, $1.6 million of unrealized losses on Navios Acquisition Warrants, $6.1 million of unrealized losses on FFAs (represents $5.0 million unrealized gains on FFAs not qualifying for hedge accounting treatment charged to period results and $11.1 million loss reclassified to earnings from Accumulated Other Comprehensive Income (Loss) on FFAs previously qualified for hedge accounting), $1.4 million of unrealized losses on interest rate swaps, $2.7 million relating to movement of minority interest, and $2.2 million of share based compensation. These were offset by $3.9 million movement in earnings in affiliates net of dividends received, $27.7 million gains on sale of assets and $57.5 million relating to the movement in deferred taxes.

The negative change in operating assets and liabilities of $112.0 million for the nine month period ended September 30, 2008 resulted from $8.2 million increase in prepaid expenses and other current assets, $50.0 million increase in accounts payable, $15.0 million increase in deferred income, $139.6 million decrease in derivative accounts, $3.0 million relating to payments for dry-dock and special survey costs, and $0.2 million increase in long-term assets. This negative change was offset by $50.1 million decrease in restricted cash, $23.1 million decrease in accounts receivable, $1.0 million increase in due from affiliates, $16.5 million increase in long-term liabilities and $13.3 million increase in accrued expenses.

The cumulative effect of the adjustments to reconcile net income to net cash provided by operating activities was a $18.3 million gain for the nine month period ended September 30, 2007 which consisted mainly of the following adjustments: $22.3 million of depreciation and amortization, $1.3 million of amortization of deferred dry dock expenses, $1.4 million of amortization of deferred finance fees, $4.0 million movement in deferred taxes and $0.6 million of unrealized losses on interest rate swaps. These were offset by $9.9 million of unrealized gains on FFAs (represents $17.3 million unrealized gains on FFAs not qualifying for hedge accounting treatment charged to period results and $7.4 million loss reclassified to earnings from Accumulated Other Comprehensive Income (Loss) on FFAs previously qualified for hedge accounting), $0.8 million movement in earnings in affiliates net of dividends received, and $0.6 million movement in provision for losses on accounts receivable.

The positive change in operating assets and liabilities of $80.2 million for the nine month period ended September 30, 2007 resulted from $24.1 million increase in accounts payable, $25.0 million increase in accrued expenses, $14.3 million increase in deferred income and $118.7 million increase in derivative accounts. This positive change was offset by $26.4 million increase in restricted cash, $58.0 million increase in accounts receivable, $15.3 million increase in prepaid expenses and other current assets and $2.2 million relating to payments for dry-dock and special survey costs.

Cash used in investing activities for the nine month period ended September 30, 2008 as compared to the nine month period ended September 30, 2007:

Cash used in investing activities was $351.1 million for the nine month period ended September 30, 2008, or an increase of $120.1 million from $231.0 million for the same period in 2007.

Cash used in investing activities 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 I amounting to $39.2 million, (c) the deposits on exercise of vessel purchase options amounting to $173.4 million relating mainly to the deposits for the acquisition of nine Capesize vessels to be delivered in various dates until the fourth quarter of 2009 and to the acquisition of the two Ultra-Handymaxes, one delivered on October 10, 2008 and the other one to be delivered in March 2009, (d) the purchase of other fixed assets amounting to $95.6 million mainly relating to the acquisition of tanker vessels, barges and push boats, and (e) $7.6 million relating to Navios Holdings private placement to Navios Acquisition. The above was offset by $4.7 million received in connection with the capital lease receivable, the proceeds of $35.1 million from the sale of Obeliks and $35.0 million cash proceeds from the sale of Navios Aurora I to Navios Partners.

Cash used in investing activities was $231.0 million for the nine month period ended September 30, 2007. This was the result of the payment of $145.4 million (net of acquired cash of $22.1 million), for the acquisition of Kleimar, the acquisition of Navios Hyperion amounting to $18.4 million, the payment of $26.1 million for the acquisition of the 50% of White Narcissus S.A., the vessel owning company of 50% of vessel Asteriks, the payment of $48.0 million as a deposit for the acquisition of two Capesize vessels and the purchase of property plant and equipment amounting to $0.4 million. The above was offset by $7.3 million received in connection with the capital lease receivable.

Cash provided by financing activities for the nine month period ended September 30, 2008 as compared to the nine month period ended September 30, 2007:

Cash provided by financing activities was $62.7 million for the nine month period ended September 30, 2008, while for the same period of 2007 was $207.4 million.

Cash provided by financing activities was the result of $103.8 million loan proceeds (net of relating finance fees of $1.4 million) in connection with the loan facility of Nauticler S.A. the loan facilities with DNB NOR BANK ASA and Emporiki bank of Greece for the construction of four Capesize vessels and $50.0 million drawdown from the available revolving facility, and $6.7 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 $41.4 million, (b) the $27.6 million installments paid in connection with the Navios Holdings outstanding indebtedness, and (c) $28.8 million of dividends paid in the nine months ended September 30, 2008.

Cash provided by financing activities was $207.4 million for the nine month period ended September 30, 2007. This was the result of (a) the exercise of warrants in January 2007 which resulted in $66.6 million of net cash proceeds, (b) the proceeds from a new secured loan facility which is composed of a $280.0 million Term Loan Facilty and $120.0 million reducing Revolving Credit Facility. The proceeds from the new credit facility were utilized to partially finance the acquisition of vessel Navios Hyperion, to repay the remaining outstanding balance of the previous HSH Nordbank facility ($271.0 million), to partially finance the acquisition of Kleimar and to partially finance the acquisition of White Narcissus S.A., (c) the net proceeds of approximately $124.9 million relating to increase in share capital through a secondary public offering and (d) the proceeds of approximately $40.3 million relating to share capital increases due to exercise of warrants. This was offset by a $127.4 million installments paid in connection with Navios Holdings credit facilities and $19.0 million of dividends paid in the nine months ended September 30, 2007.

Adjusted EBITDA: EBITDA represents net income before interest, 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. Navios Holdings also uses Adjusted 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.

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.

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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 (in thousands of US Dollars)	**September 30, 2008**	**September 30, 2007**
Net cash (used in) provided by operating activities	$ (81,571)	$ 92,818
Net increase (decrease) in operating assets	(30,357)	40,022
Net (increase) decrease in operating liabilities	138,305	(92,234)
Net interest cost	11,626	10,141
Deferred finance charges	(560)	(464)
Unrealized gain (loss) on FFA derivatives, warrants and interest rate swaps	(5,963)	6,602
Provision for losses on accounts receivable	(118)	
Earnings in affiliates and joint ventures, net of dividends received	819	302
Payments for drydock and special survey	767	722
Minority interest	(933)	
Gain on sale of assets	24,940	
Adjusted EBITDA	$ 56,955	$ 57,909

Nine Months Ended (in thousands of US Dollars)	**September 30, 2008**	**September 30, 2007**
Net cash (used in) provided by operating activities	$ (18,023)	$ 173,010
Net increase (decrease) in operating assets	(67,516)	99,659
Net (increase) decrease in operating liabilities	174,973	(182,014)
Net interest cost	30,425	33,052
Deferred finance charges	(1,485)	(1,395)
Provision for losses on accounts receivable	(118)	550
Unrealized gain (loss) on FFA derivatives, warrants and interest rate swaps	(9,130)	9,295
Earnings in affiliates and joint ventures, net of dividends received	3,983	840
Payments for drydock and special survey	3,055	2,125
Minority interest	(2,724)	
Gain on sale of assets/partial sale of subsidiary	27,688	
Adjusted EBITDA	$ 141,128	$ 135,122

Adjusted EBITDA for the third quarter of 2008 and 2007 was $57.0 million and $57.9 million, respectively. The decrease in EBITDA of $0.9 million was primarily due to a decrease in gain of FFA trading by $5.0 million from $10.2 million for the third quarter of 2007 to $5.2 million for the same period in 2008, an increase in time charter, voyage and logistic business expenses by $174.8 million from $154.2 million in the third quarter of 2007 to $329.0 million for the same period in 2008, an increase in general and administrative expenses by $4.5 million from $5.0 million in the third quarter of 2007 to $9.5 million for the same period in 2008 (including $0.9 million relating to credit default insurance cover expense and excluding the $0.7 million share-based compensation for the second quarter of 2008), a decrease of $0.7 million relating to interest income from finance leases, an increase in minority interest of $0.9 million and an increase in net other expenses of $2.5 million (including $1.6 million unrealized losses on Navios Acquisition Warrants). This overall unfavorable variance of $188.6 million was mitigated mainly by an increase in revenue by $158.4 million from $212.9 million in the third quarter of 2007 to $371.3 million for the same period in 2008, a decrease in direct vessel expenses (excluding the amortization of deferred dry dock and special survey costs) by $0.6 million from $6.7 million in the third quarter of 2007 to $6.0 million for the same period in 2008, an increase in equity in net earnings from affiliated companies by $3.6 million and an increase in gain on sale of assets by $24.9 million, due to the sale of vessel Navios Aurora I to Navios Partners.

Adjusted EBITDA for the first nine months of 2008 and 2007 was $141.1 million and $135.1 million, respectively. The increase in EBITDA of $6.0 million was primarily due to an increase in revenue by $614.1 million from $449.9 million in nine months ended September 30, 2007 to $1,064.0 million for the same period in 2008, a decrease in direct vessel expenses (excluding the amortization of deferred dry dock and special survey costs) by $2.1 million from $19.8 million in the first nine months of 2007 to $17.7 million for the same period in 2008, an increase in equity in net earnings from affiliated companies by $10.8 million, a gain of $27.7 million from the sale of assets in the first nine months of 2008. This overall favorable variance of $654.7 million was mitigated mainly by the decrease in gain of FFA trading by $3.8 million from $20.3 million for the first nine months of 2007 to $16.5 million for the same period in 2008, the increase in time charter, voyage and logistic business expenses by $625.1 million from $304.6 million in the first nine months of 2007 to $929.7 million for the same period in 2008, an increase in general and administrative expenses by $12.6 million from $14.1 million in the first nine months of 2007 to $26.7 million for the same period in 2008 (including $2.1 million relating to credit default insurance cover expense and excluding the $2.2 million share-based compensation for the first nine months of 2008), an increase in minority interest by $2.7 million and a decrease of $4.5 million in net other expenses (including interest income from finance leases and $1,6 million unrealized losses on Navios Acquisition Warrants).

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. Part of the net proceeds of approximately $290.0 million from the issuance of these senior notes was used to repay in full the remaining principal amounts under three tranches of approximately $241.1 million and the remaining proceeds were applied pro-rata among the remaining tranches under the credit facility. The senior notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of Navios Holdings subsidiaries, other than Navios Logistics and its subsidiries. 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 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 basis points, and, (2) on or after December 15, 2010, at redemption prices as defined in the agreement. Furthermore, upon occurrence of certain change of control events, the holders of the 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 in transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Holdings 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 reused in the business within a specified period or used to pay secured debt.

On December 21, 2005, Navios Holdings entered into an ISDA (International Swap Dealer Association, Inc.) Agreement (amended in February 2007 in connection with the secured loan facility) with HSH Nordbank AG, providing for (a) interest rate swaps whereas the company exchanges LIBOR with a fixed rate of 4.74% (this contract applies for the period from March 2006 to March 2007 on notional amounts starting at $171.0 million and de-escalating down to $100.5 million following the loan repayment schedule) and 5.52% (this contract applies for the period from December 2007 to September 2009 on notional amounts starting at $79.4 million and de-escalating down to $14.8 million following the loan repayment schedule), and (b) interest rate collar with a cap of 5.00% and a floor of 4.45% (this contract applies for the period from March 2007 to June 2008 on notional amounts starting at $82.0 million and de-escalating down to $13.3 million following the loan repayment schedule). The ISDA Agreement is bound by the same securities as the senior secured loan facility discussed in the preceding paragraph.

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. The revolver credit facility is available for future acquisitions and general corporate and working capital purposes. The amount available under the revolver facility as of September 30, 2008 was $58.7 million. The interest rate of the facility is LIBOR plus a spread ranging from 65 to 125 basis points as defined in the agreement.

The secured loan facility contains covenants similar to those of the senior notes discussed above. It also requires compliance with financial covenants including, specified security value maintenance to total debt percentage and minimum liquidity. It is an event of default under the credit facility if such covenants are not complied with or if Angeliki Frangou, Navios Holdings Chairman and Chief Executive Officer, beneficially owns less than 20% of the issued stock.

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 has 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 September 30, 2008, $17.6 million was outstanding under this facility.

In December 2007, Navios Holdings entered into a new 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. The principal amount is available for partial drawdown according to terms of the payment of the shipbuilding contracts. The interest rate of the facility is LIBOR plus a margin of 80 basis points as defined in the agreement. 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.

In June 2008, Navios Holdings entered into a new 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. The principal amount is available for partial drawdown according to terms of the payment of the shipbuilding contracts. The interest rate of the facility is LIBOR plus a margin of 100 basis points as defined in the agreement. 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.

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 is LIBOR plus 1.5%. The Loan will be repaid by installments that shall not be less than 90 per cent of the amount of the last hire payment due to be paid to HS Shipping Ltd Inc. The repayment date should not exceed December 31, 2011. The loan can be pre-paid before such date, with a 2 days written notice. Borrowings under the loan are subject to certain financial covenants and restrictions on dividend payments and other related items. As of September 30, 2008, 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 bears interest at LIBOR plus 1.5%. The Loan will be repaid by five equal installments of $0.5 million on November 2008, June 2009, 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 September 30, 2008, Thalassa Energy S.A. is 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).

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 in 2011 and bears interest at LIBOR plus 1.75%.

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The maturity table below reflects the principal payments of all credit facilities outstanding balance as of September 30, 2008 for the next five years and thereafter are based on the repayment schedule of the respective loan facilities discussed in the previous paragraphs and the outstanding amount under the senior notes.

Year	September 30, 2008 Amounts in millions of U.S. Dollars
2008	$ 4.0
2009	14.5
2010	33.8
2011	101.8
2012	31.4
2013	31.0
2014 and thereafter	536.9
Total	$ 753.4

Contractual Obligations:

	September 30, 2008 Payment due by period (Amounts in millions of U.S. Dollars)				
	Total	0-1 years	1-3 years	3-5 years	More than 5 years
Long-term debt (includes current portion) (i)	$ 753.4	$ 15.0	$ 128.8	$ 65.0	$ 544.6
Operating Lease Obligations (Time Charters) (ii)	1,066.4	106.8	212.8	229.7	517.1
Operating lease obligations push boats and barges	2.1	0.6	1.3	0.2	
Rent Obligations	14.0	1.6	3.0	2.6	6.8

(i) The amount identified represents principal due as of September 30, 2008 and does not include interest costs associated with it, 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 0.65% to 1.20% per annum.

(ii) The effect of the exercise of the options is reflected in the reduction of operating lease obligations as of September 30, 2008.

Working Capital Position

On September 30, 2008 and December 31, 2007, Navios Holdings current assets totaled $546.2 million and $848.2 million, respectively, while current liabilities totaled $334.3 million and $450.5 million, respectively, resulting in a positive working capital position of $211.9 million and $397.7 million, respectively. Navios Holdings internal cash forecast indicates that it will generate sufficient cash within twelve months to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and will remain in a positive cash position during the respective period.

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

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 our current secured credit facilities and the indenture governing its senior notes limit our 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 November 14, 2008 has declared a quarterly cash dividend of $0.09 per common share, payable on January 6, 2009 to record holders at the close of business on December 22, 2008. The Board of Directors may review and amend Navios Holdings dividend policy from time to time in light of Navios Holdings plans for future growth, capital needs and other factors.

Concentration of Credit Risk

Concentrations of credit risk with respect to accounts receivables are limited due to Navios Holdings large number of customers, who are internationally dispersed and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in Navios Holdings trade receivables. For the nine months ended September 30, 2008, one customer from the vessels operation segment accounted for approximately 13.4% of Navios Holdings revenue, while for the year ended December 31, 2007 no customer 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. Future minimum rental payments under Navios Holdings non-cancelable operating leases are analyzed above. As of September 30, 2008 and December 31, 2007, Navios Holdings was contingently liable for letters of guarantee and letters of credit amounting to $1.0 million and $1.7 million, respectively, issued by various banks in favor of various organizations of which $0.5 million and $0.7 million respectively, are collateralized by cash deposits which are included as a component of restricted cash. Navios Holdings issued guarantees to third parties totaling $0 million and $3.5 million at September 30, 2008 and December 31, 2007, respectively, pursuant to which Navios Holdings irrevocably and unconditionally guarantees its subsidiaries obligations under the dry bulk shipping FFAs. The guarantees remain in effect for a period of six months following the last trade date.

Related Party Transactions

Office rent: On January 2, 2006, Navios Corporation and Navios Shipmanagement Inc., 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 $0.7 million) and the lease agreements expire in 2017. Navios Holdings 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, Navios Shipmanagement Inc., a wholly owned subsidiary of Navios Holdings, 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 Navios Holdings. The total annual lease payments are EUR $0.4 million (approximately $0.7 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: Navios Holdings utilizes Acropolis Chartering and Shipping Inc. (Acropolis) as a broker. Commissions paid to Acropolis for the three month period ended September 30, 2008 and 2007 were $0.4 million and $0 million, respectively and for the nine month periods ended September 30, 2008 and 2007 were $1.1 million and $0.3 million, respectively. Navios Holdings owns fifty percent of the common stock of Acropolis. During the three month period ended September 30, 2008 and 2007 Navios Holdings received dividends of $1.0 million and $0, respectively and for the nine month periods ended September 30, 2008 and 2007, Navios Holdings received dividends of $1.9 million and $0.7 million, respectively.

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 per owned Panamax vessel and $5 per owned Capesize vessel. This daily fee covers all of the vessels operating expenses, including the cost of drydock and special surveys. The daily rates are 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 and nine months ended September 30, 2008 amounted to $2.7 million and $6.6 million respectively ($0 for the three and nine months ended September 30, 2007).

General & 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 and nine months ended September 30, 2008 amounted to $0.3 million and $0.8 million, respectively ($0 for the three and nine months ended September 30, 2007).

Balances due to related parties: Included in the trade accounts payable at September 30, 2008 and December 31, 2007 is an amount of $0.5 million and $0.4 million, respectively, which is due to Acropolis Chartering and Shipping Inc.

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Balance due from affiliate: Due from affiliate as at September 30, 2008 and December 31, 2007 amounts to $2.8 million and $4.5 million, respectively, which represent the current amounts due from Navios Partners. The balance mainly consists of management fees, administrative service fees and other expenses and is expected to be settled during 2008.

Loan to shareholders: At September 30, 2008 a subsidiary of Navios Logistics has an outstanding loan to its shareholders amounting of $0.1million, part of which was advanced in 2007. This loan is free of interest and will be fully repaid during 2008.

Sale of Navios Aurora I: On July 1, 2008, Navios Aurora I was sold to Navios Partners. 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 Navios Aurora I was $51.5 million of which $24.9 million has been recognized at the time of sale in the statements of income under Gain on sale of assets . The remaining $26.6 million which represents profit to the extent of Navios Holdings ownership interest in Navios Partners has been deferred under Long term liabilities and amortized over the remaining life of the vessel or until it is sold. See Note 2 and Note 6 of the Consolidated Financial Statements.

Investment in 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 its IPO. Each Sponsor Warrant will entitle the holder to purchase from the 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, 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 Consolidated Financial Statements.

On March 31, 2008, Navios Holdings provided a non-interest bearing $0.5 million loan to Navios Acquisition which is due within twelve months

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 to 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 nine months ended September 30, 2008 amounted to less than $0.1 million and $0.1 million, respectively. As of September 30, 2008, the balance due from Navios Acquisition was $0.1 million.

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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 FFA s (for charter rate risk).

Interest Rate Risk:

Debt Instruments On September 30, 2008 and December 31, 2007, Navios Holdings had a total of $753.4 million and $615.9 million, respectively, in long term indebtedness. The debt is dollar denominated and bears interest at a floating rate, except for the senior notes discussed Liquidity and Capital Resources that bears interest at fixed rate.

In December 2006, the Company issued $300.0 million senior notes due 2014. Part of the net proceeds of approximately $290.0 million were used to repay in full the remaining principal amounts under three tranches of approximately $241.1 million under the facility in place at the time and the remaining proceeds were applied pro-rata among the remaining tranches under the credit facility discussed under Overview above.

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. The term loan facility has partially been utilized to repay the remaining balance of the previous HSH Nordbank facility with the remaining balance left to finance the acquisition of Navios Hyperion. The revolver credit facility is available for future acquisitions and general corporate and working capital purposes. The amount available under the revolver facility as of September 30, 2008 was $58.7 million. The interest rate of the facility is LIBOR plus a spread ranging from 65 to 125 basis points as defined in the agreement.

In December 2007, Navios Holdings entered into a new 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. The principal amount is available for partial drawdown according to terms of the payment of the shipbuilding contracts. As of September 30, 2008, the amount drawn was $34.0 million. The facility is repayable upon delivery of the Capesize vessels. The interest rate of the facility is LIBOR plus a margin of 80 basis points as defined in the agreement.

In June 2008, Navios Holdings entered into a new 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. The principal amount is available for partial drawdown according to terms of the payment of the shipbuilding contracts. As of September 30, 2008, the amount drawn was $18.0 million. The facility is repayable upon delivery of the Capesize vessels. The interest rate of the facility is LIBOR plus a margin of 100 basis points as defined in the agreement.

The interest on the loan facilities is at a floating rate and, therefore, changes in interest rates would have no effect on their value. The interest rate on the senior notes is fixed and, therefore, changes in interest rates affect their value which as of September 30, 2008 was $298.3 million. 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 basis points would change the annual interest expense by $3.2 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 September 30, 2008, 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 $17.6 million. The swaps were entered into at various points in 2001 and mature in 2010. Navios Holdings estimates that it would have to pay $0.8 million to terminate these agreements as of September 30, 2008. 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 basis points change in interest rates would increase or decrease interest expense by $0.5 million as of September 30, 2008, 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 US ten 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) On December 21, 2005 and in connection with the senior secured credit facility, Navios Holdings entered into an International Swap Dealer Association, Inc., or ISDA Agreement with HSH Nordbank AG, providing for interest rate collar with a cap of 5.0% and a floor of 4.45% (this contract applies for the period from March 2007 to June 2008 on notional amounts starting at $82.0 million and de-escalated down to $13.25 million following the loan repayment schedule).

c) In July 2006, and in connection with our 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 our 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.

d) One swap with Fortis Bank and two swaps with Dexia Bank Belgium with a total notional amount of $34.0 million. The swaps were entered into at May 2004 and August 2005 and mature in 2009 and 2010. Navios Holdings estimates that it would have to pay $0.5 million to terminate these agreements as of September 30, 2008. The swaps exchange LIBOR with fixed rates varying from 3.95% to 4.525%.

Foreign Currency Risk

Foreign Currency: In general, the shipping industry is a dollar dominated industry. Revenue is set in US dollars, and approximately 97.3% of Navios Holdings expenses (excluding Logistics Business) are also incurred in US dollars. Certain of our expenses are paid in foreign currencies and a one percent change in the exchange rates of the various currencies at September 30, 2008 would increase or decrease net income by approximately $0.2 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 will extend 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. The amount of losses included in Accumulated Other Comprehensive Income/(Loss) as of September 30, 2008, is expected to be reclassified to earnings until December 31, 2008. For the nine months ended September 30, 2008 and the year ended December 31, 2007, $11.1 million and $9.8 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 only eight position deemed to be open as of September 30, 2008, a ten percent change in underlying freight market indices would only have an effect of less than $0.1 million on net income per year.

Statement of Income 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, Navios Holdings has determined that it has two reportable segments, Vessel Operations and Logistics Business. 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 upriver transport facilities in the Hidrovia region.

Navios South American Logistics Inc.

The following is a discussion of the financial condition and results of operations for the three month and nine month periods ended September 30, 2008 of Navios South American Logistics (Navios Logistics). The comparatives used in this discussion for Navios Logistics three month and nine month periods ended September 30, 2008, are for both balance sheet and profit and loss purposes, Corporacion Navios Sociedad Anonima (CNSA) figures as of December 31, 2007 and as of September 30, 2007, respectively. All of these financial statements have been prepared in accordance with U.S. GAAP.

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Recent Developments

Formation: On January 1, 2008, Navios Holdings a large, global, vertically integrated seaborne shipping company, formed a South American logistics business through the combination of its existing port operations with the barge and upriver port businesses operated by the Horamar Group (Horamar). The combined entity has been named Navios South American Logistics Inc. Navios Holdings contributed $112.2 million in cash and 100% ownership of its subsidiary, Corporacion Navios Sociedad Anonima, for 63.8% (67.2% excluding contingent consideration) of the outstanding stock of Navios South American Logistics Inc. (Navios Logistics). Navios Logistics had previously acquired 100% ownership in the Horamar Group in exchange for $112.2 million of cash and 36.2% of the outstanding stock of Navios Logistics.

Horamar is 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.

Horamar s assets and liabilities were revalued to 100% of their respective fair values. CNSA s assets and liabilities were recorded at carryover basis, reflecting the common control nature of the transaction.

The cash contribution for the acquisition of Horamar was financed entirely by existing cash.

The acquisition was accounted for under the purchase method in accordance with SFAS 141.

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

Navios Logistics is expecting to take delivery of two handysize tankers Makenita and Malva II, in the fourth quarter of 2008 and the fourth quarter of 2009, respectively.

Until September 2008, Navios Logistics acquired a fleet of liquid and dry barges and push boats for transporting dry and liquid cargo on the river in the Hidrovia Region, representing six convoys. The total cost of the acquisition including transportation costs amounted to approximately $72.0 million. The fleet is anticipated to be fully operational sometime during the fourth quarter of 2008. The acquisition was financed by a Term Loan of $70.0 million at a rate of LIBOR plus a margin of 175 basis points repayable in one installment by 2011.

Following the acquisition of this fleet, Navios Logistics entered into agreements with two major commodity producers that provide for the annual transport of over one million tons. These agreements are for periods between three and five years, respectively.

Before the transaction, Navios Logistics controlled approximately 110 barges, push boats and vessels and two docking platforms. As a result of this transaction, Navios Logistics will control a fleet with 240 barges, push boats and other vessels and 2 docking platforms.

In September 2008, Navios Logistics began construction of a new silo at its port facility in Uruguay. The silo is expected to be fully operational by April 2009 in time for the new crop season and it will add an additional 80,000 metric tons of storage capacity. As of September 30, 2008, Navios Logistics paid an amount of $1,806 for the construction of the new silo.

FINANCIAL HIGHLIGHTS

The following table presents consolidated revenue and expense information for the three and nine month periods ended September 30, 2008 and the respective period in 2007.

	Three Month Period ended	CNSA Three Month Period ended	Nine Month Period en	CNSA Nine Month