Navios Maritime Holdings Inc.
Form 20-F
April 03, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2014

OR

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

OR

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

Date of event requiring shell company report ________

For the transition period from ________ to ________

Commission file number

001-33311

Navios Maritime Holdings Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant s Name into English)

Republic of Marshall Islands

(Jurisdiction of incorporation or organization)

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of principal executive offices)

Stuart Gelfond

Fried, Frank, Harris, Shriver & Jacobson LLP

One New York Plaza

New York, New York 10004

Tel: (212) 859-8000

Fax: (212) 859-4000

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Name of each exchange on which registered

Common Stock, par value $.0001 per share	**The New York Stock Exchange**
8.75% Series G Cumulative Redeemable Perpetual Preferred Stock, par value $0.0001 per share (Series G Preferred Stock)	**The New York Stock Exchange***
American Depositary Shares, each representing 1/100th of a Share of Series G Preferred Stock	**The New York Stock Exchange**
8.625% Series H Cumulative Redeemable Perpetual Preferred Stock, par value $0.0001 per share (Series H Preferred Stock)	**The New York Stock Exchange***
American Depositary Shares, each representing 1/100th of a Share of Series H Preferred Stock	**The New York Stock Exchange**

* Not for trading, but in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission

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

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

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

105,831,718 shares of common stock, 20,000 shares of Series G Preferred Stock and 48,000 shares of Series H Preferred Stock as of December 31, 2014

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

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

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

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

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

Large accelerated filer ¨ Accelerated filer x

Non-accelerated filer ¨

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

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

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ¨ Item 18 ¨

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

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Please note in this Annual Report, we , us , our , the Company and Navios Holdings all refer to Navios Maritime Holdings Inc. and its consolidated subsidiaries, except as otherwise indicated or where the context otherwise requires.

FORWARD-LOOKING STATEMENTS

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

Navios Maritime Holdings Inc. desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words may, could, should, would, expect, plan, anticipate, intend, forecast, believe, estimat potential, continue and similar expressions identify forward-looking statements.

The forward-looking statements in this document and in other written or oral statements we make from time to time are based upon current assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management s examination of historical operating trends, data contained in our records, and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors and matters discussed elsewhere herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the dry cargo shipping industry, changes in the Company s operating expenses, including bunker prices, drydocking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports we file with the Securities and Exchange Commission, or the SEC. See also Risk Factors below.

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

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

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Item 3. Key Information

A. Selected Financial Data

Navios Holdings selected historical financial information and operating results for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 are derived from the consolidated financial statements of Navios Holdings. The consolidated statement of comprehensive (loss)/income data for the years ended December 31, 2014, 2013 and 2012 and the consolidated balance sheet data as of December 31, 2014 and 2013 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The consolidated balance sheet data as of December 31, 2012, 2011 and 2010 has been derived from our financial statements, which are not included in this document and are available at www.sec.gov. The selected consolidated financial data should be read in conjunction with Item 5. Operating and Financial Review and Prospects , the consolidated financial statements, related notes and other financial information included elsewhere in this Annual Report. For revisions in selected historical financial information refer to footnote 2 of the consolidated financial statements, Basis of Presentation .

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(Expressed in thousands of U.S. dollars except share and per share data)				
Statement of Comprehensive (Loss)/Income Data					
Revenue	$ 569,016	$ 512,279	$ 616,494	$ 689,355	$ 679,918
Administrative fee revenue from affiliates	14,300	7,868	5,994	4,973	3,130
Time charter, voyage and logistics business expenses	(263,304)	(244,412)	(269,279)	(273,312)	(285,742)
Direct vessel expenses	(130,064)	(114,074)	(117,790)	(117,269)	(97,925)
General and administrative expenses incurred on behalf of affiliates	(14,300)	(7,868)	(5,994)	(4,973)	(3,130)
General and administrative expenses	(45,590)	(44,634)	(51,331)	(52,852)	(58,604)
Depreciation and amortization	(104,690)	(98,124)	(108,206)	(107,395)	(101,793)
Provision for losses on accounts receivable	(792)	(630)	(17,136)	(239)	(4,660)
Interest income	5,515	2,299	2,717	4,120	3,642
Interest expense and finance cost	(113,660)	(110,805)	(106,196)	(107,181)	(106,022)
(Loss)/gain on derivatives		(260)	(196)	(165)	4,064
Gain on sale of assets/partial sale of subsidiary		18	323	38,822	55,432
(Loss)/gain on change in control				(35,325)	17,742
Loss on bond and debt extinguishment	(27,281)	(37,136)		(21,199)	
Other income	15,639	17,031	189,239	1,660	10,349

Other expense	(24,520)	(10,447)	(10,993)	(12,990)	(11,303)
(Loss)/income before equity in net earnings of affiliated companies	**$ (119,731)**	**$ (128,895)**	**$ 127,646**	**$ 6,030**	**$ 105,098**
Equity in net earnings of affiliated companies	57,751	19,344	48,228	35,246	40,585
(Loss)/income before taxes	**$ (61,980)**	**$ (109,551)**	**$ 175,874**	**$ 41,276**	**$ 145,683**
Income tax (expense)/benefit	(84)	4,260	(312)	56	(414)

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Net (loss)/income	**$**	**(62,064)**	**$**	**(105,291)**	**$**	**175,562**	**$**	**41,332**	**$**	**145,269**
Less: Net loss/(income) attributable to the noncontrolling interest		5,861		(3,772)		(77)		(506)		488
Preferred stock dividends of subsidiary								(27)		
Preferred stock dividends attributable to the noncontrolling interest								12		
Net (loss)/income attributable to Navios Holdings common stockholders	**$**	**(56,203)**	**$**	**(109,063)**	**$**	**175,485**	**$**	**40,811**	**$**	**145,757**
(Loss)/income attributable to Navios Holdings common stockholders, basic		**(66,976)**		**(110,990)**		**173,780**		**39,115**		**143,307**
(Loss)/income attributable to Navios Holdings common stockholders, diluted	**$**	**(66,976)**	**$**	**(110,990)**	**$**	**175,485**	**$**	**40,811**	**$**	**146,878**
Weighted average number of shares, basic		**103,476,614**		**101,854,415**		**101,232,720**		**100,926,448**		**100,518,880**
Basic net (loss)/earnings per share attributable to Navios Holdings common stockholders	**$**	**(0.65)**	**$**	**(1.09)**	**$**	**1.72**	**$**	**0.39**	**$**	**1.43**
Weighted average number of shares, diluted		**103,476,614**		**101,854,415**		**111,033,758**		**110,323,652**		**116,182,356**
Diluted net (loss)/earnings per share attributable to Navios Holdings common stockholders	**$**	**(0.65)**	**$**	**(1.09)**	**$**	**1.58**	**$**	**0.37**	**$**	**1.26**
Balance Sheet Data (at period end)										
Current assets, including cash and restricted cash	$	417,131	$	339,986	$	470,567	$	370,974	$	349,965
Total assets		3,159,389		2,919,613		2,941,462		2,913,824		3,676,767

Current liabilities, including current portion of long-term debt		199,237		149,767		189,376		252,003		201,603
Total long-term debt, including current portion		1,644,582		1,511,249		1,358,212		1,453,557		2,075,910
Navios Holdings stockholders equity	$	1,152,963	$	1,065,695	$	1,206,376	$	1,059,106	$	1,059,583

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	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(Expressed in thousands of U.S. dollars except per share data)				
Other Financial Data					
Net cash provided by operating activities	$ 56,323	$ 59,749	$ 228,644	$ 102,742	$ 188,641
Net cash (used in)/provided by investing activities	(244,888)	(258,571)	12,453	(171,363)	(135,920)
Net cash provided by/(used in) financing activities	248,290	128,785	(154,325)	32,307	(19,244)
Book value per common share	10.89	10.22	11.68	10.34	10.43
Cash dividends per common share	0.24	0.24	0.30	0.25	0.24
Cash dividends per preferred share	99.9	200.0	201.1	200.0	345.52
Cash paid for common stock dividend declared	25,228	24,710	30,730	25,542	24,107
Cash paid for preferred stock dividend declared	7,502	1,695	1,705	1,696	2,930
Adjusted EBITDA[(1)]	$ 176,698	$ 107,909	$ 399,483	$ 260,826	$ 356,126

(1) EBITDA represents net income/(loss) attributable to Navios Holdings common stockholders before interest and finance costs before depreciation and amortization and income taxes. Adjusted EBITDA in this document represents EBITDA before stock based compensation. Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and represents useful information to investors regarding Navios Holdings ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Holdings also believes that Adjusted EBITDA is used (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 therefore, should not be considered in isolation or as a substitute for the analysis of Navios Holdings results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted 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. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, among others, Adjusted EBITDA should not be considered as a principal indicator of Navios Holdings performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

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The following table reconciles net cash provided by operating activities, as reflected in the consolidated statements of cash flows, to Adjusted EBITDA:

Adjusted EBITDA Reconciliation from Cash from Operations

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
	(Expressed in thousands of U.S. dollars except per share data)				
Net cash provided by operating activities	$ 56,323	$ 59,749	$ 228,644	$ 102,742	$ 188,641
Net increase/(decrease) in operating assets	18,025	(57,792)	50,687	77,023	(7,051)
Net (increase)/decrease in operating liabilities	(23,613)	27,087	18,016	(23,633)	20,578
Payments for drydock and special survey costs	10,970	12,119	14,461	12,769	9,337
Net interest cost	104,084	103,122	97,170	97,481	90,628
Provision for losses on accounts receivable	(792)	(630)	(17,136)	(239)	(4,660)
Gain on sale of assets/partial sale of subsidiary		18	323	38,822	55,432
Unrealized (loss)/gain on FFA derivatives, warrants, interest rate swaps		(69)	(124)	288	(12,882)
Expenses related to loss on bond and debt extinguishment	(4,786)	(12,142)		(5,573)	
(Losses)/earnings in affiliates and joint ventures, net of dividends received	22,179	(19,781)	7,519	(3,008)	(307)
Reclassification to earnings of available-for-sale securities	(11,553)				
(Loss)/gain on change in control				(35,325)	17,742
Repurchase of convertible bond					3,799
Transaction expenses					(5,619)
Noncontrolling interest	5,861	(3,772)	(77)	(521)	488
Adjusted EBITDA	**$ 176,698**	**$ 107,909**	**$ 399,483**	**$ 260,826**	**$ 356,126**

B. ***Capitalization and Indebtedness***

Not applicable.

C. ***Reasons for the Offer and Use of Proceeds***

Not applicable.

D. *Risk Factors*

Some of the following risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market and ownership of our common stock. You should carefully consider each of the following risks together with the other information incorporated into this Annual Report when evaluating the Company s business and its prospects. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the Company s business operations. If any of the following risks relating to our business and operations actually occur, our business, financial condition and

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results of operations could be materially and adversely affected and in that case, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risks Associated with the Shipping Industry and Our Operations

The cyclical nature of the international dry cargo shipping industry may lead to decreases in charter rates and lower vessel values, which could adversely affect our results of operations and financial condition.

The shipping business, including the dry cargo market, is cyclical in varying degrees, experiencing severe fluctuations in charter rates, profitability and, consequently, vessel values. For example, during the period from January 1, 2013 to December 31, 2014, the Baltic Exchange s Panamax time charter average daily rates experienced a low of $3,362 and a high of $16,728. Additionally, during the period from January 1, 2013 to December 31, 2014, the Baltic Exchange s Capesize time charter average daily rates experienced a low of $3,670 and a high of $42,211 and the Baltic Dry Index experienced a low of 698 points and a high of 2,337 points. There can be no assurance that the drybulk charter market will increase further, and the market could decline. We anticipate that the future demand for our dry bulk carriers and dry bulk charter rates will be dependent upon demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand and changes to the capacity of the world fleet. Adverse economic, political, social or other developments can decrease demand and prospects for growth in the shipping industry and thereby could reduce revenue significantly. A decline in demand for commodities transported in drybulk carriers or an increase in supply of dry bulk vessels could cause a further decline in charter rates, which could materially adversely affect our results of operations and financial condition. If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel s carrying amount, resulting in a loss.

Demand for container shipments declined significantly from 2008 to 2009 in the aftermath of the global financial crisis but has increased each year from 2009 to 2014. In 2014, worldwide trade volumes increased led by increases in the Trans Pacific Eastbound and Far East to Europe trade lanes as the US and Europe experienced improved growth, but containership supply continued to exceed demand during the year as more large vessels were delivered. The oversupply continued to prevent any significant rise in time charter rates for both short- and long-term periods. Additional orders for large and very large containerships were placed during 2014, both increasing the expected future supply of larger vessels and having a spillover effect on the market segment for smaller vessels. The recent global economic slowdown and disruptions in the credit markets significantly reduced demand for products shipped in containers and, in turn, containership capacity.

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

- global and regional economic conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures or expansions;

supply and demand for energy resources, commodities, semi-finished and finished consumer and industrial products;

changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;

supply and demand for products shipped in containers;

changes in global production of raw materials or products transported by containerships;

the distance dry bulk cargo or containers are to be moved by sea;

the globalization of manufacturing;

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- carrier alliances, vessel sharing or container slot sharing that seek to allocate container ship capacity on routes;
- weather and crop yields;
- armed conflicts and terrorist activities, including piracy;
- political, environmental and other regulatory developments;
- embargoes and strikes; and
- technical advances in ship design and construction.

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

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

Disruptions in world financial markets and the resulting governmental action in Europe, the Unites States and other parts of the world could have a material adverse impact on our ability to obtain financing required to acquire vessels or new businesses. Furthermore, such a disruption would adversely affect our results of operations, financial condition and cash flows and could cause the market price of our shares to decline.

Global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances, the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. The renewed crisis in

Argentina, civil unrest in Ukraine and other parts of the world, and continuing concerns relating to the European sovereign debt crisis have led to increased volatility in global credit and equity markets. Several European countries including Greece have been affected by increasing public debt burdens and weakening economic growth prospects. In recent years, Standard and Poor s Rating Services (Standard and Poor s) and Moody s Investors Service (Moody s) downgraded the long-term ratings of most European countries sovereign debt and issued negative outlooks. Such downgrades could negatively affect those countries ability to access the public debt markets at reasonable rates or at all, materially affecting the financial conditions of banks in those countries, including those with which we maintain cash deposits and equivalents, or on which we rely on to finance our vessel and new business acquisitions. Cash deposits and cash equivalents in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. We maintain at banks cash deposits and equivalents in excess of government-provided insurance limits, which may expose us to a loss of cash deposits or cash equivalents.

In addition, as a result of the ongoing political and economic turmoil in Greece resulting from the sovereign debt crisis and the related austerity measures implemented by the Greek government, the operations of our managers located in Greece may be subjected to new regulations and potential shift in government policies that may require us to incur new or additional compliance or other administrative costs and may require the payment of new taxes or other fees. We also face the risk that strikes, work stoppages, civil unrest and violence within Greece may disrupt the shoreside operations of our managers located in Greece.

Recently, a number of financial institutions have experienced serious financial difficulties and, in some cases, have entered bankruptcy proceedings or are in regulatory enforcement actions. These difficulties resulted,

in part, from declining markets for assets held by such institutions, particularly the reduction in the value of their mortgage and asset-backed securities portfolios. These difficulties were compounded by financial turmoil affecting the world s debt, credit and capital markets, and the general decline in the willingness by banks and other financial institutions to extend credit, particularly to the shipping industry due to the historically low vessel earnings and values, and, in part, due to changes in overall banking regulations (for example, Basel III). As a result, the ability of banks and credit institutions to finance new projects, including the acquisition of new vessels in the future, were for a time uncertain. Following the stress tests run by the European Central Bank (the ECB), revised capital ratios have been communicated to European banks. This has reduced the uncertainty following the difficulties of the past several years, but it has also led to changes in each bank s lending policies and ability to provide financing or refinancing. A recurrence of global economic weakness may adversely affect the financial institutions that provide our credit facilities and may impair their ability to continue to perform under their financing obligations to us, which could have an impact on our ability to fund current and future obligations.

Furthermore, we may experience difficulties obtaining financing commitments in the future, including commitments to refinance our existing debt as balloon payments come due under our credit facilities, if lenders are unwilling to extend financing to us or are unable to meet their funding obligations due to their own liquidity, capital or solvency issues. Due to the fact that we would possibly cover all or a portion of the cost of any new acquisition with debt financing, such uncertainty, combined with restrictions imposed by our current debt, could hamper our ability to finance vessels or other assets or new business acquisitions.

In addition, the economic uncertainty worldwide has markedly reduced demand for shipping services and has decreased charter rates, which may adversely affect our results of operations and financial condition. Currently, the economies of China, Japan, other Asian Pacific countries and India are the main driving force behind the development in seaborne transportation. Reduced demand from such economies has driven decreased rates and vessel values.

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

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

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

When our contracts expire, we may not be able to successfully replace them.

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

environmental, health and safety record;

compliance with regulatory industry standards;

reputation for customer service, technical and operating expertise;

- shipping experience and quality of ship operations, including cost-effectiveness;
- quality, experience and technical capability of crews;
- the ability to finance vessels at competitive rates and overall financial stability;
- relationships with shipyards and the ability to obtain suitable berths;
- construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

As a result of these factors, when our contracts including our long-term charters expire, we cannot assure you that we will be able to replace them promptly or at all or at rates sufficient to allow us to operate our business profitably, to meet our obligations, including payment of debt service to our lenders, or to pay dividends. Our ability to renew the charter contracts on our vessels on the expiration or termination of our current charters, or, on vessels that we may acquire in the future, the charter rates payable under any replacement charter contracts, will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the transportation of commodities.

However, if we are successful in employing our vessels under longer-term time charters, our vessels will not be available for trading in the spot market during an upturn in the market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable charter contracts, our results of operations and operating cash flow could be materially adversely affected.

We may employ vessels on the spot market and thus expose ourselves to risk of losses based on short-term decreases in shipping rates.

We periodically employ some of our vessels on a spot basis. The spot charter market is highly competitive and freight rates within this market are highly volatile, while longer-term charter contracts provide income at pre-determined rates over more extended periods of time. We cannot assure you that we will be successful in keeping our vessels fully employed in these short-term markets, or that future spot rates will be sufficient to enable such vessels to be operated profitably. A significant decrease in spot market rates or our inability to fully employ our vessels by taking advantage of the spot market would result in a reduction of the incremental revenue received from spot chartering and adversely affect our results of operations, including our profitability and cash flows, with the result that our ability to pay debt service and dividends could be impaired.

Additionally, if spot market rates or short-term time charter rates become significantly lower than the time charter equivalent rates that some of our charterers are obligated to pay us under our existing charters, the charterers may have

incentive to default under that charter or attempt to renegotiate the charter. If our charterers fail to pay their obligations, we would have to attempt to re-charter our vessels at lower charter rates, which would affect our ability to comply with our loan covenants and operate our vessels profitably. If we are not able to comply with our loan covenants and our lenders choose to accelerate our indebtedness and foreclose their liens, we could be required to sell vessels in our fleet and our ability to continue to conduct our business would be impaired.

We depend upon significant customers for part of our revenues. The loss of one or more of these customers or a decline in the financial capability of our customers could materially adversely affect our financial performance.

We have derived a significant part of our revenue from a small number of charterers. During the years ended December 31, 2014, 2013 and 2012, we derived approximately 28.6%, 22.9% and 24.6%, respectively, of our gross revenues from four customers. For the year ended December 31, 2014, one customer accounted for 11.9% of the Company s revenue and for the years ended December 31, 2013 and 2012, none of the Company s customers accounted for more than 10% of the Company s revenue.

If one or more of our customers is unable to perform under one or more charters with us and we are not able to find a replacement charter, or if a charterer exercises certain rights to terminate the charter, or if a charterer is unable to make its charter payments in whole or in part, we could suffer a loss of revenues that could materially adversely affect our business, financial condition and results of operations.

We could lose a customer or the benefits of a time charter if, among other things:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise, which risk is increasing due to the current economic environment;

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

- the customer terminates the charter because the vessel has been subject to seizure for more than a specified number of days.

Furthermore, a number of our charters are at above-market rates, such that any loss of such charter may require us to recharter the vessel at significantly lower rates. Additionally, our charterers from time to time have sought to renegotiate their charter rates with us. We no longer maintain insurance against the risk of default by our customers.

We are subject to certain credit risks with respect to our counterparties on contracts, and the failure of such counterparties to meet their obligations could cause us to suffer losses on such contracts and thereby decrease revenues.

We charter-out our vessels to other parties who pay us a daily rate of hire. We also enter into contracts of affreightment (COAs) pursuant to which we agree to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Additionally, we may enter into Forward Freight Agreements (FFAs), parts of which are traded over-the-counter. We also enter into spot market voyage contracts, where we are paid a rate per ton to carry a specified cargo on a specified route. The FFAs and these contracts and arrangements subject us to counterparty credit risks at various levels. If the counterparties fail to meet their obligations, we could suffer losses on such contracts which could materially adversely affect our financial condition and results of operations. In addition, if a charterer defaults on a time charter, we may only be able to enter into new contracts at lower rates. It is also possible that we would be unable to secure a charter at all. If we re-charter the vessel at lower rates or not at all, our financial condition and results of operations could be materially adversely affected.

Trading and complementary hedging activities in freight, tonnage and FFAs subject us to trading risks, and we may suffer trading losses which could adversely affect our financial condition and results of operations.

Due to dry bulk shipping market volatility, success in this shipping industry requires constant adjustment of the balance between chartering-out vessels for long periods of time and trading them on a spot basis. A long-term contract to charter a vessel might lock us into a profitable or unprofitable situation depending on the direction of freight rates over the term of the contract. We may seek to manage and mitigate that risk through trading and

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complementary hedging activities in freight, tonnage and FFAs. We may be exposed to market risk in relation to our FFAs and could suffer substantial losses from these activities in the event that our expectations are incorrect. We may trade 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. There can be no assurance that we will be able at all times to successfully protect ourselves from volatility in the shipping market. We may not successfully mitigate our risks, leaving us exposed to unprofitable contracts, and may suffer trading losses resulting from these hedging activities.

In our hedging and trading activities, we focus on short-term trading opportunities in which there is adequate liquidity in order to limit the risk we are taking. There can be no assurance we will be successful in limiting our risk, that significant price spikes will not result in significant losses, even on short term trades, that liquidity will be available for our positions, or that all trades will be done within our risk management policies. Any such risk could be significant. In addition, the performance of our trading activities can significantly increase the variability of our operating performance in any given period and could materially adversely affect our financial condition. The FFA market has experienced significant volatility in the past few years and, accordingly, recognition of the changes in the fair value of FFAs could in the future cause significant volatility in earnings.

We are subject to certain operating risks, including vessel breakdowns or accidents, that could result in a loss of revenue from the chartered-in vessels and which in turn could have an adverse effect on our results of operations or financial condition.

Our exposure to operating risks of vessel breakdown and accidents mainly arises in the context of our owned vessels. The rest of our core fleet is chartered-in under time charters and, as a result, most operating risks relating to these time chartered vessels remain with their owners. If we pay hire on a chartered-in vessel at a lower rate than the rate of hire it receives from a sub-charterer to whom we have chartered out the vessel, a breakdown or loss of the vessel due to an operating risk suffered by the owner will, in all likelihood, result in our loss of the positive spread between the two rates of hire. Although we maintain insurance policies (subject to deductibles and exclusions) to cover us against the loss of such spread through the sinking or other loss of a chartered-in vessel, we cannot assure you that we will be covered under all circumstances or that such policies will be available in the future on commercially reasonable terms. Breakdowns or accidents involving our vessels and losses relating to chartered vessels which are not covered by insurance would result in a loss of revenue from the affected vessels adversely affecting our financial condition and results of operations.

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

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

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

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

environmental accidents as a result of the foregoing; and

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

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

The operation of vessels, such as dry bulk carriers, has certain unique risks. With a dry bulk carrier, the cargo itself and its interaction with the vessel can be an operational risk. By their nature, dry bulk cargoes are often heavy, dense, easily shift, and react badly to water exposure. In addition, dry bulk carriers are often subjected to battering treatment during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This treatment may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach at sea. Hull breaches in dry bulk carriers may lead to the flooding of the vessels holds. If a dry bulk carrier suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessel s bulkheads leading to the loss of a vessel.

The total loss or damage of any of our vessels or cargoes could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss that could negatively impact our business, financial condition, results of operations, cash flows and ability to pay dividends.

Some of these inherent risks could result in significant damage, such as marine disaster or environmental incidents, and any resulting legal proceedings may be complex, lengthy, costly and, if decided against us, any of these proceedings or other proceedings involving similar claims or claims for substantial damages may harm our reputation and have a material adverse effect on our business, results of operations, cash flow and financial position. In addition, the legal systems and law enforcement mechanisms in certain countries in which we operate may expose us to risk and uncertainty. Further, we may be required to devote substantial time and cost defending these proceedings, which could divert the attention of management from our business.

Any of these factors may have a material adverse effect on our business, financial conditions and results of operations.

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

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

Additional conventions, laws and regulations may be adopted that could limit our ability to do business, require capital expenditures or otherwise increase our cost of doing business, which may materially adversely

affect our operations, as well as the shipping industry generally. In various jurisdictions legislation has been enacted, or is under consideration, that would impose more stringent requirements on air pollution and water discharges from our vessels. For example, the International Maritime Organization (IMO) periodically proposes and adopts amendments to revise the International Convention for the Prevention of Pollution from Ships (MARPOL), such as the revision to Annex VI which came into force on July 1, 2010. The revised Annex VI implements a phased reduction of the sulfur content of fuel and allows for stricter sulfur limits in designated emission control areas (ECAs). Thus far, ECAs have been formally adopted for the Baltic Sea area (limiting SOx emissions only); the North Sea area including the English Channel (limiting SOx emissions only) and the North American ECA (which came into effect on August 1, 2012 limiting SOx, NOx and particulate matter emissions). The United States Caribbean Sea ECA, which became effective on January 1, 2014, limits SOx, NOx and particulate matter emissions. California has adopted more stringent low sulfur fuel requirements within California regulated waters. In addition, the IMO, the U.S. and states within the U.S. have proposed or implemented requirements relating to the management of ballast water to prevent the harmful effects of foreign invasive species.

The operation of vessels is also affected by the requirements set forth in the International Safety Management (ISM) Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive Safety Management System that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. In addition, the IMO has introduced the first ever mandatory measures for an international greenhouse gas reduction regime for a global industry sector. These energy efficiency measures took effect on January 1, 2013 and apply to all ships of 400 gross tonnage and above. They include the development of a ship energy efficiency management plan (SEEMP) which is akin to a safety management plan, with which the industry will have to comply. The failure of a ship owner or bareboat charterer to comply with the ISM Code and IMO measures may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports.

For all vessels, including those operated under our fleet, international liability for oil pollution is governed by the International Convention on Civil Liability for Bunker Oil Pollution Damage (the Bunker Convention). In 2001, the IMO adopted the Bunker Convention, which imposes strict liability on shipowners for pollution damage and response costs incurred in contracting states caused by discharges, or threatened discharges, of bunker oil from all classes of ships. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime, including liability limits calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended (the 1976 Convention), discussed in more detail in the following paragraph. The Bunker Convention became effective in contracting states on November 21, 2008 and as of March 10, 2014 was in effect in 78 states comprising approximately 91.46% of the gross tonnage of the world s merchant fleet. In non-contracting states, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

The right of vessel owners to limit liability incurred under the Bunker Convention depends on the applicable national or international regime. The 1976 Convention is the most widely applicable international regime limiting maritime pollution liability. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowner s intentional or reckless conduct. Certain jurisdictions have ratified the IMO s Protocol of 1996 to the 1976 Convention, referred to herein as the Protocol of 1996. The Protocol of 1996 provides for substantially higher liability limits in those jurisdictions than the limits set forth in the 1976 Convention. Finally, some jurisdictions, such as the United States, are not a party to either the 1976 Convention or the Protocol of 1996, and, therefore, a shipowner s rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which ship owners and

operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution. In the United States, the Oil Pollution Act (OPA) establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from cargo and bunker oil spills from vessels, including tankers. The OPA covers all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States territorial sea and its 200 nautical mile exclusive economic zone. Under the OPA, vessel owners, operators and bareboat charterers are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges, of oil from their vessels.

In addition to potential liability under the federal OPA, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred. For example, California regulations prohibit the discharge of oil, require an oil contingency plan be filed with the state, require that the ship owner contract with an oil response organization and require a valid certificate of financial responsibility, all prior to the vessel entering state waters.

In the last decade, the EU has become increasingly active in the field of regulation of maritime safety and protection of the environment. In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment to international law. Notably, the EU adopted in 2005 a directive, as amended in 2009, on ship-source pollution, imposing criminal sanctions for pollution not only where pollution is caused by intent or recklessness (which would be an offence under MARPOL), but also where it is caused by serious negligence. The concept of serious negligence may be interpreted in practice to be little more than ordinary negligence. The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law.

In response to the Deepwater Horizon incident, the European Union has issued Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations. The objective of this Directive is to reduce as much as possible the occurrence of major accidents relating to offshore oil and gas operations and to limit their consequences, thus increasing the protection of the marine environment and coastal economies against pollution, establishing minimum conditions for safe offshore exploration and exploitation of oil and gas and limiting possible disruptions to European Union indigenous energy production, and to improve the response mechanisms in case of an accident. The Directive has to be implemented by July 19, 2015. In the UK there will be the following new regulations: (i) the Offshore Petroleum Activities (Offshore Safety Directive) (Environmental Functions) Regulations 2015 (OSDEF), will amend the Merchant Shipping (Oil Pollution Preparedness, Response and Cooperation Convention) Regulations 1998 (OPRC 1998) and implement other environmental Directive requirements, specifically the Environmental Management System and (ii) the Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 will implement the licensing Directive requirements. There will also be changes to the Oil Pollution Emergency Plans Regulations 1998.

Criminal liability for a pollution incident could not only result in us incurring substantial penalties or fines, but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

We maintain insurance coverage for each owned vessel in our fleet against pollution liability risks in the amount of $1.0 billion in the aggregate for any one event. The insured risks include penalties and fines as well as civil liabilities and expenses resulting from accidental pollution. However, this insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if damages from a catastrophic incident exceed the aggregate liability of $1.0 billion for any one event, our cash flow,

profitability and financial position would be adversely impacted.

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

Regarding climate change in particular, we are and will be, directly and indirectly, subject to the effects of climate change and may, directly or indirectly, be affected by government laws and regulations related to climate change. A number of countries have adopted or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. In the U.S., the United States Environmental Protection Agency (U.S. EPA) has declared greenhouse gases to be dangerous pollutants and has issued greenhouse gas reporting requirements for emissions sources in certain industries (which does not include the shipping industry).

In addition, while the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which requires adopting countries to implement national programs to reduce greenhouse gas emissions, the IMO intends to develop limits on greenhouse gases from international shipping. In 2011, it responded to the global focus on climate change and greenhouse gas emissions by developing specific technical and operational efficiency measures and a work plan for market-based mechanisms. These include the mandatory measures of the SEEMP, outlined above, and an energy efficiency design index (EEDI) for new ships. Over the past few years, the IMO has considered its position on market-based measures. However, the international discussions have yet to bring agreement on global market-based measures or other instruments that would cut greenhouse gas emissions from the international maritime transport sector as a whole, including existing ships. A third IMO study (2014) on Greenhouse gases has been approved. Among the numerous proposals being considered by the working group are the following: a port state levy based on the amount of fuel consumed by the vessel on its voyage to the port in question; a global emissions trading scheme which would allocate emissions allowances and set an emissions cap; and an international fund establishing a global reduction target for international shipping, to be set either by the United Nations Framework Covention on Climate Change (UNFCCC) or the IMO. At its 64th session in October 2012, the MEPC indicated that 2015 was the target year for Member States to identify market-based measures for international shipping. At its 66th session, held from March 31 to April 4, 2014, the MEPC continued its work on developing technical and operational measures relating to energy-efficiency measures for ships, following the mandatory efficiency measures which became effective January 1, 2013. It adopted the 2014 Guidelines on the Method of Calculation of the Attained EEDI, applicable to new ships. It also established a working group with an instruction to consider development of a data collection system for fuel consumption of ships. Further, it adopted amendments to MARPOL Annex VI concerning the extension of the scope of application of the EEDI to LNG fuel carriers, ro-ro cargo ships (vehicle carriers), ro-ro passenger ships and cruise passengers ships with nonconventional propulsion. At its 67th session held from October 13 to 17, 2014, the MEPC adopted the 2014 Guidelines on survey and certification of the EEDI, updating the previous version to reference ships fitted with dual-fuel engines using LNG and liquid fuel oil. The MEPC also adopted amendments to the 2013 Interim Guidelines for determining minimum propulsion power to maintain the manoeuvrability of ships in adverse conditions, to make the guidelines applicable to phase 1 (starting January 1, 2015) of the EEDI requirements.

In December 2011, UN climate change conference (the Durban Conference) took place in Durban and concluded with an agreement referred to as the Durban Platform for Enhanced Action. The Durban Conference did not result in any proposals specifically addressing the shipping industry s role in climate change but the progress that has been made by the IMO in this area was widely acknowledged throughout the negotiating bodies of the UNFCCC process.

The European Union announced in April 2007 that it planned to expand the European Union emissions trading scheme by adding vessels, and a proposal from the European Commission was expected if no global regime for reduction of seaborne emissions had been agreed to by the end of 2011. As of January 31, 2013 the European Commission has stopped short of proposing that emissions from ships be included in the EU s emissions-trading scheme (ETS). However on October 1, 2012 it announced that it would propose measures to monitor, verify and

report on greenhouse-gas emissions from the shipping sector. On June 28, 2013, the

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European Commission adopted a communication setting out a strategy for progressively including greenhouse gas emissions from maritime transport in the EU s policy for reducing its overall greengouse emissions. The first step proposed by the Commission is an EU Regulation that would establish an EU-wide system for the monitoring, reporting and verification of carbon dioxide emissions from large ships starting in 2018. The draft Regulation is currently working its way through the various stages of the EU legislative process and obtained Council Agreement on December 17, 2014. European Parliament approval will be required before the draft Regulation comes into force. This Regulation may be seen as indicative of an intention to maintain pressure on the international negotiating process.

We cannot predict with any degree of certainty what effect, if any possible climate change and government laws and regulations related to climate change will have on our operations, whether directly or indirectly. While we believe that it is difficult to assess the timing and effect of climate change and pending legislation and regulation related to climate change on our business, we believe that climate change, including the possible increase in severe weather events resulting from climate change, and government laws and regulations related to climate change may affect, directly or indirectly, (i) the cost of the vessels we may acquire in the future, (ii) our ability to continue to operate as we have in the past, (iii) the cost of operating our vessels, and (iv) insurance premiums, deductibles and the availability of coverage. As a result, our financial condition could be negatively impacted by significant climate change and related governmental regulation, and that impact could be material.

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

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

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

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate, or ISSC, that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

The cost of vessel security measures has also been affected by the escalation in recent years in the frequency and seriousness of acts of piracy against ships, notably off the coast of Somalia, including the Gulf of Aden and Arabian Sea area. Attacks of this kind have commonly resulted in vessels and their crews being detained for several months, and being released only on payment of large ransoms. Substantial loss of revenue and other costs may be incurred as a result of such detention. Although we insure against these losses to the extent practicable, the risk remains of uninsured losses which could significantly affect our business. Costs are incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP3 industry standard. A number of flag states have signed the 2009 New York Declaration, which expresses commitment to Best Management Practices in relation to piracy and calls for compliance with them as an essential part of compliance with the ISPS Code.

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

The shipping industry has historically been affected by acts of piracy in regions such as the South China Sea, the Indian Ocean, the Gulf of Aden off the coast of Somalia and the Red Sea. Although the frequency of sea piracy worldwide decreased during 2013 to its lowest level since its increase in 2009, sea piracy incidents continue to occur, particularly in the Gulf of Aden and towards the Mozambique Channel in the North Indian Ocean and increasingly in the Gulf of Guinea. A significant example of the heightened level of piracy came in February 2011 when the M/V Irene SL, a crude oil tanker which was not affiliated with us, was captured by pirates in the Arabian Sea while carrying crude oil estimated to be worth approximately $200 million. In December 2009, the Navios Apollon, a vessel owned by our affiliate, Navios Maritime Partners L.P. (Navios Partners), was seized by pirates 800 miles off the coast of Somalia while transporting fertilizer from Tampa, Florida to Rozi, India and was released on February 27, 2010. In January 2014, a vessel owned by our affiliate, Navios Maritime Acquisition Corporation (Navios Acquisition), the Nave Atropos, was attacked by a pirate action group in international waters off the coast of Yemen. The crew and the on-board security team successfully implemented a counter piracy action plan and standard operating procedures and deterred the attack with no consequences to the vessel or the crew. If these piracy attacks result in regions (in which our vessels are deployed) being characterized by insurers as war risk zones or Joint War Committee (JWC) war and strikes listed areas, premiums payable for such insurance coverage could increase significantly and such insurance coverage may be more difficult to obtain. Crew costs, including those due to employing onboard security guards, could increase in such circumstances. While the use of security guards is intended to deter and prevent the hijacking of our vessels, it could also increase our risk of liability for death or injury to persons or damage to personal property. In addition, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not on-hire for a certain number of days and it is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and cash flows. Acts of piracy on ocean-going vessels could adversely affect our business and operations.

Political and government instability, terrorist attacks, increased hostilities or war could lead to further economic instability, increased costs and disruption of our business.

We are an international company and conduct our operations primarily outside the United States. Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered will affect us. Terrorist attacks, such as the attacks in the United States on September 11, 2001, in Spain on March 11, 2004, in London on July 7, 2005 and in Paris on January 7, 2015, and the United States continuing

response to these attacks and other current and future conflicts, as well as the recent conflicts in Iraq, Afganistan, Syria, Ukraine, continue to cause uncertainty in the world financial markets, including the energy markets. Continuing hostilities in the Middle East may lead to additional armed conflicts or

to further acts of terrorism and civil disturbance in the United States or elsewhere, which could result in increased volatility and turmoil in the financial markets and may contribute further to economic instability. Current and future conflicts and terrorist attacks may adversely affect our business, operating results, financial condition, ability to raise capital and future growth. Terrorist attacks on vessels, such as the October 2002 attack on the M/V Limburg, a VLCC not related to us, may in the future also negatively affect our operations and financial condition and directly impact our vessels or our customers.

Furthermore, our operations may be adversely affected by changing or adverse political and governmental conditions in the countries where our vessels are flagged or registered and in the regions where we otherwise engage in business. Any disruption caused by these factors may interfere with the operation of our vessels, which could harm our business, financial condition and results of operations. Our operations may also be adversely affected by expropriation of vessels, taxes, regulation, tariffs, trade embargoes, economic sanctions or a disruption of or limit to trading activities, or other adverse events or circumstances in or affecting the countries and regions where we operate or where we may operate in the future.

Governments could requisition our vessels during a period of war or emergency, resulting in a loss of earnings

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

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

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

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

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

The shipping industry has inherent operational risks that may not be adequately covered by our insurance.

The operation of ocean-going vessels in international trade is inherently risky. Although we carry insurance for our fleet covering risks commonly insured against by vessel owners and operators, such as hull and machinery insurance,

war risks insurance and protection and indemnity insurance (which include environmental

damage and pollution insurance), all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents except in cases of loss of hire up to a limited number of days due to war or a piracy event. Accordingly, any extended period in which a vessel is off-hire, due to an accident or otherwise, could have a material adverse effect on our business. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

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

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

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

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

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

Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted. We are not currently aware of the existence of any such maritime lien on our vessels.

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

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

The costs to operate and maintain a vessel in operation increase with the age of the vessel. The average age of the vessels in our fleet is 7.8 years, and most dry bulk vessels have an expected life of approximately 25 years. In some

instances, charterers prefer newer vessels that are more fuel efficient than older vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well.

Governmental regulations, safety or other equipment standards related to the age of the vessels may require expenditures for alterations or the addition of new equipment to our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we may have to sell them at a loss, and if charterers no longer charter-out vessels due to their age, our earnings could be materially adversely affected.

If we fail to manage our planned growth properly, we may not be able to expand our fleet successfully, which may adversely affect our overall financial position.

We have grown our fleet and business significantly. We intend to continue to expand our fleet in the future. Our growth will depend on:

- locating and acquiring suitable vessels;
- identifying reputable shipyards with available capacity and contracting with them for the construction of new vessels;
- integrating any acquired vessels successfully with our existing operations;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing, which could include debt, equity or combinations thereof.

Additionally, the marine transportation and logistics industries are capital intensive, traditionally using substantial amounts of indebtedness to finance vessel acquisitions, capital expenditures and working capital needs. If we finance the purchase of our vessels through the issuance of debt securities, it could result in:

- default and foreclosure on our assets if our operating cash flow after a business combination or asset acquisition were insufficient to pay our debt obligations;
- acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contained covenants that required the maintenance of certain financial ratios or reserves and any such covenant was breached without a waiver or renegotiation of that covenant;

our immediate payment of all principal and accrued interest, if any, if the debt security was payable on demand; and

our inability to obtain additional financing, if necessary, if the debt security contained covenants restricting our ability to obtain additional financing while such security was outstanding.

In addition, our business plan and strategy is predicated on buying vessels at what we believe is near the low end of the cycle in what has typically been a cyclical industry. However, there is no assurance that shipping rates and vessels asset values will not sink lower, or that there will be an upswing in shipping costs or vessel asset values in the near-term or at all, in which case our business plan and strategy may not succeed in the near-term or at all. Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty experienced in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We may not be successful in growing and may incur significant expenses and losses.

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

If we purchase any newbuilding vessels, the shipbuilder could fail to deliver the newbuilding vessel as agreed or their counterparty could cancel the purchase contract if the shipbuilder fails to meet its obligations. In

addition, under charters we may enter into that are related to a newbuilding, if our delivery of the newbuilding to our customer is delayed, we may be required to pay liquidated damages during such delay. For prolonged delays, the customer may terminate the charter and, in addition to the resulting loss of revenues, we may be responsible for additional, substantial liquidated damages. We do not derive any revenue from a vessel until after its delivery and are required to pay substantial sums as progress payments during construction of a newbuilding. While we expect to have refund guarantees from financial institutions with respect to such progress payments in the event the vessel is not delivered by the shipyard or is otherwise not accepted by us, there is the potential that we may not be able to collect all portions of such refund guarantees, in which case we would lose the amounts we have advanced to the shipyards for such progress payments.

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

- quality or engineering problems;
- changes in governmental regulations or maritime self-regulatory organization standards;
- work stoppages or other labor disturbances at the shipyard;
- bankruptcy or other financial crisis of the shipbuilder;
- a backlog of orders at the shipyard;
- political or economic disturbances;
- weather interference or catastrophic event, such as a major earthquake or fire;
- requests for changes to the original vessel specifications;
- shortages of or delays in the receipt of necessary construction materials, such as steel;
- inability to finance the construction or conversion of the vessels; or
- inability to obtain requisite permits or approvals.

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

Although we have long-standing relationships with certain Japanese shipowners that provide us access to competitive contracts, we cannot assure you that we will always be able to maintain such relationships or that such contracts will continue to be available in the future.

We have long-standing relationships with certain Japanese shipowners that give us access to time charters at favorable rates and that, in some cases, include options to purchase the vessels at favorable prices relative to the current market. We cannot assure you that we will have such relationships indefinitely. In addition, there is no assurance that Japanese shipowners will generally make contracts available on the same or substantially similar terms in the future.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call in ports in South America and other areas where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent our vessels are found with contraband, whether inside or attached to the hull of our vessel and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims which could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Our vessels may be subject to unbudgeted periods of off-hire, which could materially adversely affect our business, financial condition and results of operations.

Under the terms of the charter agreements under which our vessels operate, or are expected to operate in the case of a newbuilding, when a vessel is off-hire, or not available for service or otherwise deficient in its condition or performance, the charterer generally is not required to pay the hire rate, and we will be responsible for all costs (including the cost of bunker fuel) unless the charterer is responsible for the circumstances giving rise to the lack of availability. A vessel generally will be deemed to be off-hire if there is an occurrence preventing the full working of the vessel due to, among other things:

- operational deficiencies;
- the removal of a vessel from the water for repairs, maintenance or inspection, which is referred to as drydocking;
- equipment breakdowns;
- delays due to accidents or deviations from course;
- occurrence of hostilities in the vessel s flag state or in the event of piracy;
- crewing strikes, labor boycotts, certain vessel detentions or similar problems; or
- our failure to maintain the vessel in compliance with its specifications, contractual standards and applicable country of registry and international regulations or to provide the required crew.

Under some of our charters, the charterer is permitted to terminate the time charter if the vessel is off-hire for an extended period, which is generally defined as a period of 90 or more consecutive off-hire days. Under some circumstances, an event of force majeure may also permit the charterer to terminate the time charter or suspend payment of charter hire.

As we do not maintain off-hire insurance except in cases of loss of hire up to a limited number of days due to war or piracy events any extended off-hire period could have a material adverse effect.

Our international activities increase the compliance risks associated with economic and trade sanctions and anti-corruption laws imposed by the United States, the European Union and other jurisdictions.

Our international operations could expose us to trade and economic sanctions or other restrictions imposed by the United States or other governments or organizations, including the United Nations, the European Union and its member countries. Under economic and trading sanctions laws, governments may seek to impose modifications to business practices, and modifications to compliance programs, which may increase compliance costs, and may subject

us to fines, penalties and other sanctions.

Iran

During the last few years, the scope of sanctions imposed against the government of Iran and persons engaging in certain activities or doing certain business with and relating to Iran has been expanded by a number of jurisdictions, including the United States, the European Union and Canada. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA), which expanded the scope of the former Iran Sanctions Act. The scope U.S. sanctions against Iran were expanded subsequent to CISADA by, among other U.S. laws, the National Defense Authorization Act of 2012 (the 2012 NDAA), the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRA), Executive Order 13662, and the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA). The foregoing laws, among other things, expand the application of regulations to non-U.S. companies, such as the Company, and introduce limits on the ability of companies and persons to do business or trade with Iran when such activities relate to certain activities such as investment in Iran, the supply or export of refined petroleum or refined petroleum products to Iran, the supply and delivery of

goods to Iran which could enhance Iran s petroleum or energy sector, and the transportation of crude oil from Iran to countries which do not enjoy Iran crude oil sanctions waivers. Tankers owned by an affiliate of ours called in Iran but did not engage in the prohibited activities specifically identified by these sanctions. While certain of these restrictions have been suspended until June 2015 there are still limitations in place with which we need to comply. In addition to foregoing U.S. sanctions against Iran, we must also comply with any applicable prohibitions of the E.U. sanctions against Iran.

Russia/Ukraine

As a result of the crisis in Ukraine and the annexation of Crimea by Russia in 2014, both the U.S. and EU have implemented sanctions against certain persons and entities. In addition, various restrictions on trade have been implemented which, amongst others, include a prohibition on the import into the EU of goods originating in Crimea or Sevastopol as well as restrictions on trade in certain dual-use and military items and restrictions in relation to various items of technology associated with the oil industry for use in deep water exploration and production, Arctic oil exploration and production, or shale oil projects in Russia.

The U.S. has imposed sanctions against certain designated Russian entities and individuals (U.S. Russian Sanctions Targets). These sanctions block the property and all interests in property of the U.S. Russian Sanctions Targets. This effectively prohibits U.S. persons from engaging in any economic or commercial transactions with the U.S. Russian Sanctions Targets unless they are authorized by the U.S. Treasury Department. While the sanctions are not directly applicable to us, we have compliance measures in place to guard against transactions with U.S. Russian Sanctions Targets.

Other U.S. Economic Sanctions Targets

In addition to Iran and certain Russian entities and individuals, as indicated above, the United States maintains economic sanctions against Syria, Sudan, Cuba, North Korea, and against entities and individuals whose names appear on the List of Specially Designated Nations and Blocked Persons maintained by the U.S. Treasury Department (collectively, Sanctions Targets). We are subject to the prohibitions of these sanctions to the extent that any transaction or activity we engage in involves Sanctions Targets and a U.S. person or otherwise has a nexus to the United States.

Compliance

Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Moreover, despite relevant provisions in charter parties forbidding the use of our vessels in trade that would violate economic sanctions, our charterers may nevertheless violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, given our relationship with Navios Acquisition, Navios Partners and Navios Maritime Midstream Partners L.P. (Navios Midstream), we cannot give any assurance that an adverse finding against Navios Acquisition or Navios Partners or Navios Midstream by a governmental or legal authority or others with respect to the matters discussed herein or any future matter related to regulatory compliance by Navios Acquisition or Navios Partners or Navios Midstream will not have a material adverse impact on our business, reputation, financial condition or results of operations.

We are constantly monitoring developments in the United States, the European Union and other jurisdictions that maintain economic sanctions against Iran, other countries, and other sanctions targets, including developments in

implementation and enforcement of such economic sanctions. Expansion of such economic sanctions, embargoes and other restrictions in the future (including additional designations of countries subject to sanctions), or modifications in how existing sanctions are interpreted or enforced, could prevent our vessels from

calling in ports in sanctioned countries or could limit their cargoes. If any of the risks described above materialize, it could have a material adverse impact on our business and results of operations.

To reduce the risk of violating economic sanctions, we have a policy of compliance with applicable economic sanctions laws and have implemented and continue to diligently follow procedures to avoid economic sanctions violations.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and anti-corruption laws in other applicable jurisdictions.

As an international shipping company, we may operate in countries known to have a reputation for corruption. The U.S. Foreign Corrupt Practices Act of 1977 (the FCPA) and other anti-corruption laws and regulations in applicable jurisdictions generally prohibit companies registered with the SEC and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Under the FCPA, U.S. companies may be held liable for some actions taken by strategic or local partners or representatives. Legislation in other countries includes the U.K. Bribery Act which is broader in scope than the FCPA because it does not contain an exception for facilitation payments. We and our customers may be subject to these and similar anti-corruption laws in other applicable jurisdictions. Failure to comply with such legal requirements could expose us to civil and/or criminal penalties, including fines, prosecution and significant reputational damage, all of which could materially and adversely affect our business and results of operations, including our relationships with our customers, and our financial results. Compliance with the FCPA, the U.K. Bribery Act and other applicable anti-corruption laws and related regulations and policies imposes potentially significant costs and operational burdens. Moreover, the compliance and monitoring mechanisms that we have in place including our Code of Ethics and our anti-bribery and anti-corruption policy may not adequately prevent or detect possible violations under applicable anti-bribery and anti-corruption legislation.

Our Chairman and Chief Executive Officer holds approximately 26% of our common stock and will be able to exert considerable influence over our actions; her failure to own a significant amount of our common stock or to be our Chief Executive Officer would constitute a default under our secured credit facilities.

Ms. Angeliki Frangou owns approximately 26% of the outstanding shares of our common stock, and has filed a Schedule 13D indicating that she intends, subject to market conditions, to purchase in total $20.0 million of our common stock (as of April 28, 2014, she had purchased approximately $10.0 million of the total $20.0 million in value of our common stock). As the Chairman, Chief Executive Officer and a significant stockholder, she has the power to exert considerable influence over our actions and the outcome of matters on which our stockholders are entitled to vote including the election of directors and other significant corporate actions. The interests of Ms. Frangou may be different from your interests. Furthermore, if Ms. Frangou ceases to hold a minimum of 20% of our common stock, does not remain actively involved in the business, or ceases to be our Chief Executive Officer, then we will be in default under our secured credit facilities.

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

We believe that our success depends on the continued contributions of the members of our senior management team, including Ms. Angeliki Frangou, our Chairman, Chief Executive Officer and principal stockholder. The loss of the services of Ms. Frangou or one of our other executive officers or senior management members could impair our ability to identify and secure new charter contracts, to maintain good customer relations and to otherwise manage our business, which could have a material adverse effect on our financial performance and our ability to compete.

We may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business or may have to pay substantially increased costs for our employees and crew.

Our success will depend in part on our ability to attract, hire, train and retain highly skilled and qualified personnel. In crewing our vessels, we require technically skilled employees with specialized training who can

perform physically demanding work. Competition to attract, hire, train and retain qualified crew members is intense. In addition, recently, the limited supply of, and increased demand for, well-qualified crew members, due to the increase in the size of global shipping fleet, has created upward pressure on crewing costs, which we generally bear under our period, time and spot charters. If we are not able to increase our hire rates to compensate for any crew cost increases, our business, financial condition and results of operations may be adversely affected. Any inability we experience in the future to attract, hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

Certain of our directors, officers, and principal stockholders are affiliated with entities engaged in business activities similar to those conducted by us which may compete directly with us, causing such persons to have conflicts of interest.

Some of our directors, officers and principal stockholders have affiliations with entities that have similar business activities to those conducted by us. Certain of our directors are also directors of other shipping companies and they may enter similar businesses in the future. These other affiliations and business activities may give rise to certain conflicts of interest in the course of such individuals affiliation with us. Although we do not prevent our directors, officers and principal stockholders from having such affiliations, we use our best efforts to cause such individuals to comply with all applicable laws and regulations in addressing such conflicts of interest. Our officers and employee directors devote their full time and attention to our ongoing operations, and our non-employee directors devote such time as is necessary and required to satisfy their duties as directors of a public company.

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

We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar-denominated at the present. Additionally, our South American subsidiaries transact a nominal amount of their operations in Uruguayan pesos, Paraguayan Guaranies, Argentinean pesos and Brazilian Reales, whereas our wholly-owned vessel subsidiaries and the vessel management subsidiaries transact a nominal amount of their operations in Euros; however, all of the subsidiaries primary cash flows are U.S. dollar-denominated. In 2014, approximately 32.9% of our expenses were incurred in currencies other than U.S. dollars. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, thereby decreasing our income. A change in exchange rates between the U.S. dollar and each of the foreign currencies listed above of 1.00% would change our net loss for the year ended December 31, 2014 by $1.4 million.

For example, as of December 31, 2014, the value of the U.S. dollar as compared to the Euro increased by approximately 13.3% compared with the respective value as of December 31, 2013. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than U.S. dollar. As part of our overall risk management policy, we attempt to hedge these risks in exchange rate fluctuations from time to time. We may not always be successful in such hedging activities and, as a result, our operating results could suffer as a result of non-hedged losses incurred as a result of exchange rate fluctuations.

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.

Our corporate affairs are governed by our amended and restated articles of incorporation and by-laws and by the Marshall Islands Business Corporations Act (BCA). The provisions of the BCA are intended to resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of the Marshall Islands interpreting the BCA. The rights and fiduciary

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responsibilities of directors under the law of the Republic of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions. Stockholder rights may differ as well. The BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions. Accordingly, you may have more difficulty protecting your interests in the face of actions by management, directors or controlling stockholders than you would in the case of a corporation incorporated in the State of Delaware or other U.S. jurisdictions.

We, and certain of our officers and directors, may be difficult to serve with process as we are incorporated in the Republic of the Marshall Islands and such persons may reside outside of the United States.

We are a corporation organized under the laws of the Republic of the Marshall Islands, and all of our assets are located outside of the United States. In addition, several of our directors and officers are residents of Greece or other non-U.S. jurisdictions. Substantial portions of the assets of these persons are located in Greece or other non-U.S. jurisdictions. Thus, it may not be possible for investors to affect service of process upon us, or our non-U.S. directors or officers, or to enforce any judgment obtained against these persons in U.S. courts. Also, it may not be possible to enforce U.S. securities laws or judgments obtained in U.S. courts against these persons in a non-U.S. jurisdiction.

Because the Public Company Accounting Oversight Board is not currently permitted to inspect registered public accounting firms in Greece, including our independent registered public accounting firm, you may not benefit from such inspections.

Auditors of U.S. public companies, including our independent registered public accounting firm, are required by the laws of the United States to undergo periodic Public Company Accounting Oversight Board (PCAOB) inspections to assess their compliance with U.S. law and professional standards in connection with performance of audits of financial statements filed with the SEC. The laws of certain European Union countries, including Greece, do not currently permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries. Accordingly, the PCAOB is currently prevented from fully evaluating the effectiveness of our independent registered public accounting firm s audit procedures or quality control procedures. Unlike shareholders or potential shareholders of most U.S. public companies, our shareholders are deprived of the possible benefits of such PCAOB inspections.

Being a foreign private issuer exempts us from certain SEC and NYSE requirements.

We are a foreign private issuer within the meaning of rules promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). As such, we are exempt from certain provisions applicable to United States public companies including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;

the provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information; and

the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short-swing trading transaction (i.e., a purchase and sale, or sale and purchase, of the issuer s equity securities within less than six months).

the obligation to obtain shareholder approval in connection with the approval of, and material revisions to, equity compensation plans.

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Because of these exemptions, investors are not afforded the same protections or information generally available to investors holding shares in public companies organized in the United States.

Risks Relating to Our Common Stock

Our stock price may be volatile, and investors in our common stock could lose all or part of their investment.

The following factors could cause the price of our common stock in the public market to fluctuate significantly:

- variations in our quarterly operating results;
- changes in market valuations of companies in our industry;
- fluctuations in stock market prices and volumes;
- issuance of common stock or other securities in the future;
- the addition or departure of key personnel;
- announcements by us or our competitors of new business or trade routes, acquisitions or joint ventures; and
- the other factors discussed elsewhere in this Annual Report.

Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the price an investor pays for our common stock in an offering. In the past, class action litigation has often been brought against companies following periods of volatility in the market price of those companies common stock. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management s attention and company resources and could have a material effect on our business, financial condition and operating results.

Risks Relating to Our Series G and Series H Preferred Stock and the Depositary Shares

Our Series G Preferred Stock and Series H Preferred Stock are subordinated to our debt obligations, and a holder s interests could be diluted by the issuance of additional shares, including additional Series G Preferred Stock, Series H Preferred Stock and by other transactions.

Our 8.75% Series G Cumulative Redeemable Perpetual Preferred Stock, with a liquidation preference of $2,500.00 per share (the Series G Preferred Stock) and our 8.625% Series H Cumulative Redeemable Perpetual Preferred Stock, with a liquidation preference of $2,500.00 per share (the Series H Preferred Stock) (the Series G Preferred Stock and the Series H Preferred Stock together referred to as the Series G and H Preferred Stock), both represented by American Depositary Shares (the Depositary Shares), are subordinated to all of our existing and future indebtedness.

As of December 31, 2014, our total debt was $1,644.6 million. We may incur substantial additional debt from time to time in the future, and the terms of the Series G and H Preferred Stock do not limit the amount of indebtedness we may incur. The payment of principal and interest on our debt reduces cash available for distribution to us and on our shares, including the Series G and H Preferred Stock and the Depositary Shares.

The issuance of additional preferred stock on a parity with or senior to our Series G and H Preferred Stock would dilute the interests of the holders of our Series G and H Preferred Stock, and any issuance of any preferred stock senior to or on parity with our Series G and H Preferred Stock or additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series G and H Preferred Stock. No provisions relating to our Series G and H Preferred Stock protect the holders of our Series G and H Preferred Stock in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, which might adversely affect the holders of our Series G and H Preferred Stock.

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Our Series G and H Preferred Stock will rank *pari passu* with any other class or series of our capital stock established after the original issue date of the Series G and H Preferred Stock that is not expressly subordinated or senior to the Series G and H Preferred Stock (Parity Securities) as to the payment of dividends and amounts payable upon liquidation or reorganization. If less than all dividends payable with respect to the Series G and H Preferred Stock and any Parity Securities are paid, any partial payment shall be made pro rata with respect to shares of Series G and H Preferred Stock and any Parity Securities entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time.

We may not have sufficient cash from our operations to enable us to pay dividends on or to redeem our Series G and H Preferred Stock, and accordingly the Depositary Shares, as the case may be, following the payment of expenses and the establishment of any reserves.

We will pay quarterly dividends on the Series G and H Preferred Stock, and accordingly the Depositary Shares, only from funds legally available for such purpose when, as and if declared by our board of directors. We may not have sufficient cash available each quarter to pay dividends. In addition, we may have insufficient cash available to redeem the Series G and H Preferred Stock, and accordingly the Depositary Shares. The amount of cash we can use to pay dividends or redeem our Series G and H Preferred Stock and the Depositary Shares depends upon the amount of cash we generate from our operations, which may fluctuate significantly, and other factors, including the following:

- changes in our operating cash flow, capital expenditure requirements, working capital requirements and other cash needs;
- the amount of any cash reserves established by our board of directors;
- restrictions under our credit facilities and other instruments and agreements governing our existing and future debt, including restrictions under our existing credit facilities and indentures governing our debt securities on our ability to pay dividends if an event of default has occurred and is continuing, or if the payment of the dividend would result in an event of default, and on our ability to redeem equity securities;
- restrictions under Marshall Islands law as described below; and
- our overall financial and operating performance, which, in turn, is subject to prevailing economic and competitive conditions and to the risks associated with the shipping industry, our dry bulk operations and the other factors described herein, many of which are beyond our control.

The amount of cash we generate from our operations may differ materially from our net income or loss for the period, which will be affected by noncash items, and our board of directors in its discretion may elect not to declare any dividends. We may incur other expenses or liabilities that could reduce or eliminate the cash available for distribution as dividends. As a result of these and the other factors mentioned above, we may pay dividends during periods when we record losses and may not pay dividends during periods when we record net income.

Our ability to pay dividends on and to redeem our Series G and H Preferred Stock, and therefore holders ability to receive payments on the Depositary Shares, is limited by the requirements of Marshall Islands law.

Marshall Islands law provides that we may pay dividends on and redeem the Series G and H Preferred Stock only to the extent that assets are legally available for such purposes. Legally available assets generally are limited to our surplus, which essentially represents our retained earnings and the excess of consideration received by us for the sale of shares above the par value of the shares. In addition, under Marshall Islands law we may not pay dividends on or redeem Series G and H Preferred Stock if we are insolvent or would be rendered insolvent by the payment of such a dividend or the making of such redemption.

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The Series G and H Preferred Stock represent perpetual equity interests.

The Series G and H Preferred Stock represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series G and H Preferred Stock (and accordingly the Depositary Shares) may be required to bear the financial risks of an investment in the Series G and H Preferred Stock (and accordingly the Depositary Shares) for an indefinite period of time. In addition, the Series G and H Preferred Stock will rank junior to all our indebtedness and other liabilities, and any other senior securities we may issue in the future with respect to assets available to satisfy claims against us.

Holders of Depositary Shares have extremely limited voting rights, will have even more limited rights than holders of the Series G and H Preferred Stock and may encounter difficulties in exercising some of such rights.

Voting rights of holders of Depositary Shares will be extremely limited. Our common stock is the only class of stock carrying full voting rights. Holders of the Series G and H Preferred Stock, and accordingly holders of the Depositary Shares, generally have no voting rights. However, (i) in the event that one quarterly dividend payable on the Series G Preferred Stock or the Series H Preferred Stock is in arrears (whether or not such dividend shall have been declared and whether or not there are profits, surplus, or other funds legally available for the payment of dividends), we will use commercially reasonable efforts to obtain an amendment to our articles of incorporation to effectuate any and all such changes thereto as may be necessary to permit either the Series G Preferred Shareholders or the Series H Preferred Shareholders, as the case may be, to exercise the voting rights described in the following clause (ii)(x), and (ii) if and when dividends payable on either the Series G Preferred Stock or the Series H Preferred Stock, as the case may be, are in arrears for six or more quarterly periods, whether or not consecutive (and whether or not such dividends shall have been declared and whether or not there are profits, surplus, or other funds legally available for the payment of dividends), then (x) if our articles of incorporation have been amended as described in the preceding clause (i), the holders of Series G Preferred Stock or the holders of Series G Preferred Stock, as the case may be, will have the right (voting together as a class with all other classes or series of parity securities upon which like voting rights have been conferred and are exercisable), to elect one additional director to serve on our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors already has been increased by reason of the election of a director by holders of securities on parity with either the Series G Preferred Stock or Series H Preferred Stock, as the case may be, upon which like voting rights have been conferred and with which the Series G and H Preferred Stock voted as a class for the election of such director), and (y) if our articles of incorporation have not been amended as described in the preceding clause (i), then, until such amendment is fully approved and effective, the dividend rate on the Series G Preferred Stock or the Series H Preferred Stock, as the case may be, shall increase by 25 basis points. There can be no assurance that any such amendment to our articles of incorporation will be approved by our common stockholders. Any such amendment to our articles of incorporation, if obtained, shall also provide that the right of such holders of Series G Preferred Stock or Series H Preferred Stock, as the case may be, to elect members of our board of directors will continue until such time as all accumulated and unpaid dividends on the Series G Preferred Stock or Series H Preferred Stock, as the case may be, have been paid in full or sufficient funds for such payment have been declared and set apart for such purpose.

Furthermore, holders of the Depositary Shares may encounter difficulties in exercising any voting rights acquired by the Series G Preferred Stock or the Series H Preferred Stock for as long as they hold the Depositary Shares rather than the Series G Preferred Stock or the Series H Preferred Stock. For example, holders of the Depositary Shares will not be entitled to vote at meetings of holders of Series G Preferred Stock or of the Series H Preferred Stock, and they will only be able to exercise their limited voting rights by giving timely instructions to The Bank of New York Mellon (the Depositary) in advance of any meeting of holders of Series G Preferred Stock or the Series H Preferred Stock, as the case may be. The Depositary will be the holder of the Series G Preferred Stock or the Series H Preferred Stock underlying the Depositary Shares and holders may exercise

voting rights with respect to the Series G Preferred Stock or the Series H Preferred Stock represented by the Depositary Shares only in accordance with the deposit agreement (the Deposit Agreement) relating to the Depositary Shares. To the limited extent permitted by the Deposit Agreement, the holders of the Depositary Shares should be able to direct the Depositary to vote the underlying Series G Preferred Stock or the Series H Preferred Stock, as the case may be, in accordance with their individual instructions. Nevertheless, holders of Depositary Shares may not receive voting materials in time to instruct the Depositary to vote the Series G Preferred Stock or the Series H Preferred Stock, as the case may be, underlying their Depositary Shares. Also, the Depositary and its agents are not responsible for failing to carry out voting instructions of the holders of Depositary Shares or for the manner of carrying out such instructions. Accordingly, holders of Depositary Shares may not be able to exercise voting rights, and they will have little, if any, recourse if the underlying Series G Preferred Stock or the Series H Preferred Stock, as the case may be, is not voted as requested.

The Depositary Shares and the Series G and Series H Preferred Stock are relatively new issues of securities with no established trading markets. Various factors may adversely affect the price of the Depositary Shares.

The Depositary Shares and the Series G and Series H Preferred Stock are relatively new issues of securities with no established trading markets. Even though the Depositary Shares are listed on the New York Stock Exchange (the NYSE), there may be little or no secondary market for the Depositary Shares, in which case the trading price of the Depositary Shares could be adversely affected and a holder s ability to transfer its securities will be limited. If an active trading market does develop on the NYSE, the Depositary Shares may trade at prices lower than the offering price and the secondary market may not provide sufficient liquidity. In addition, since the Series G and Series H Preferred Stock do not have a stated maturity date, investors seeking liquidity in the Depositary Shares will be limited to selling their Depositary Shares in the secondary market absent redemption by us. We do not expect that there will be any other trading market for the Series G and Series H Preferred Stock except as represented by the Depositary Shares.

One of the factors that will influence the price of the Depositary Shares will be the dividend yield on the Depositary Shares (as a percentage of the price of the Depositary Shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of the Depositary Shares to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Accordingly, higher market interest rates could cause the market price of the Depositary Shares to decrease.

Other factors, some of which are beyond our control, will also influence the market prices of the Depositary Shares. Factors that might influence the market prices of the Depositary Shares include:

- whether we declare or fail to declare dividends on the Series G Preferred Stock from time to time;
- the market for similar securities;
- our issuance of debt or preferred equity securities;
- our creditworthiness;

- our financial condition, results of operations and prospects; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

Accordingly, the Depositary Shares that an investor purchases may trade at a discount to their purchase price.

The Series G and H Preferred Stock represented by the Depositary Shares have not been rated, and ratings of any other of our securities may affect the trading price of the Depositary Shares.

We have not sought to obtain a rating for the Series G and H Preferred Stock, and both stocks may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating

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to either the Series G Preferred Stock or the Series H Preferred Stock or that we may elect to obtain a rating of either our Series G Preferred Stock or the Series H Preferred Stock in the future. In addition, we have issued securities that are rated and may elect to issue other securities for which we may seek to obtain a rating. Any ratings that are assigned to the Series G Preferred Stock or the Series H Preferred Stock in the future, that have been issued on our outstanding securities or that may be issued on our other securities, if they are lower than market expectations or are subsequently lowered or withdrawn, could imply a lower relative value for the Series G Preferred Stock or the Series H Preferred Stock and could adversely affect the market for or the market value of the Depositary Shares of the Series G and H Preferred Shares repectively. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including the Series G and H Preferred Stock and the Depositary Shares. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the Series G and H Preferred Stock and the Depositary Shares may not reflect all risks related to us and our business, or the structure or market value of the Series G and H Preferred Stock and the Depositary Shares.

The amount of the liquidation preference of our Series G and H Preferred Stock is fixed and holders will have no right to receive any greater payment regardless of the circumstances.

The payment due upon liquidation for both our Series G and H Preferred Stock is fixed at the liquidation preference of $2,500.00 per share (equivalent to $25.00 per Depositary Share) plus accumulated and unpaid dividends to the date of liquidation (whether or not declared). If in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, holders will have no right to receive or to participate in these amounts. Furthermore, if the market price for the Series G Preferred Stock or the Series H Preferred Stock, as the case may be, is greater than the liquidation preference, holders will have no right to receive the market price from us upon our liquidation.

The Series G and H Preferred Stock are only redeemable at our option and investors should not expect us to redeem either the Series G Preferred Stock or the Series H Preferred Stock on the dates they respectively become redeemable or on any particular date afterwards.

We may redeem, at our option, all or from time to time part of the Series G Preferred Stock or the Series H Preferred Stock on or after January 28, 2019 and July 8, 2019 respectively. If we redeem the Series G Preferred Stock, holders of the Series G Preferred Stock will be entitled to receive a redemption price equal to $2,500.00 per share (equivalent to $25.00 per Depositary Share) plus accumulated and unpaid dividends to the date of redemption (whether or not declared). If we redeem the Series H Preferred Stock, holders of the Series H Preferred Stock will be entitled to receive a redemption price equal to $2,500.00 per share (equivalent to $25.00 per Depositary Share) plus accumulated and unpaid dividends to the date of redemption (whether or not declared). Any decision we may make at any time to propose redemption of either the Series G Preferred Stock or the Series H Preferred Stock will depend upon, among other things, our evaluation of our capital position, the composition of our shareholders equity and general market conditions at that time. In addition, investors might not be able to reinvest the money they receive upon redemption of the Series G Preferred Stock or the Series H Preferred Stock, as the case may be, in a similar security or at similar rates. We may elect to exercise our partial redemption right on multiple occasions.

Holders of Depositary Shares may be subject to additional risks related to holding Depositary Shares rather than shares.

Because holders of Depositary Shares do not hold their shares directly, they are subject to the following additional risks, among others:

a holder of Depositary Shares will not be treated as one of our direct shareholders and may not be able to exercise shareholder rights;

distributions on the Series G and H Preferred Stock represented by the Depositary Shares will be paid to the Depositary, and before the Depositary makes a distribution to holder on behalf of the Depositary Shares, withholding taxes or other governmental charges, if any, that must be paid will be deducted;

we and the Depositary may amend or terminate the Deposit Agreement without the consent of holders of the Depositary Shares in a manner that could prejudice holders of Depositary Shares or that could affect their ability to transfer Depositary Shares, among others; and

the Depositary may take other actions inconsistent with the best interests of holders of Depositary Shares.

Risks Relating to Our Debt

We have substantial debt and may incur substantial additional debt, including secured debt, which could adversely affect our financial health and our ability to obtain financing in the future, react to changes in our business and make payments under the notes.

As of December 31, 2014, we had $1,644.6 million in aggregate principal amount of debt outstanding of which $725.0 million was unsecured.

Our substantial debt could have important consequences to holders of our common stock. Because of our substantial debt:

our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, vessel or other acquisitions or general corporate purposes and our ability to satisfy our obligations with respect to our debt may be impaired in the future;

a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes;

we will be exposed to the risk of increased interest rates because our borrowings under our senior secured credit facilities will be at variable rates of interest;

it may be more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness;

we may be more vulnerable to general adverse economic and industry conditions;

we may be at a competitive disadvantage compared to our competitors with less debt or comparable debt at more favorable interest rates and, as a result, we may not be better positioned to withstand economic downturns;

- our ability to refinance indebtedness may be limited or the associated costs may increase; and

- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, or we may be prevented from carrying out capital expenditures that are necessary or important to our growth strategy and efforts to improve operating margins or our business.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future as the terms of the indenture governing our 8.125% Senior Notes due 2019 (the 2019 Notes) and the indenture governing our 7.375% First Priority Ship Mortgage Notes issued on November 29, 2013 (the 2022 Notes) do not fully prohibit us or our subsidiaries from doing so. The terms of the indenture governing the 7.25% Senior Notes due 2022 (the 2022 Logistics Senior Notes) of Navios South American Logistics (Navios Logistics) and the agreements governing the terms of the other indebtedness of Navios Logistics also permit Navios Logistics to incur substantial additional indebtedness in accordance with the terms of such agreements. If new debt is added to our current debt levels, the related risks that we now face would increase and we may not be able to meet all of our debt obligations.

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The agreements and instruments governing our debt contain restrictions and limitations that could significantly impact our ability to operate our business.

Our secured credit facilities and our indentures impose certain operating and financial restrictions on us. These restrictions limit our ability to:

- incur or guarantee additional indebtedness;
- create liens on our assets;
- make new investments;
- engage in mergers and acquisitions;
- pay dividends or redeem capital stock;
- make capital expenditures;
- engage in certain FFA trading activities;
- change the flag, class or commercial and technical management of our vessels;
- enter into long-term charter arrangements without the consent of the lender; and
- sell any of our vessels.

The agreements governing the terms of Navios Logistics indebtedness impose similar restrictions upon Navios Logistics.

Therefore, we and Navios Logistics will need to seek permission from our respective lenders in order to engage in some corporate and commercial actions that believe would be in the best interest of our respective business, and a denial of permission may make it difficult for us or Navios Logistics to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. The interests of our and Navios Logistics lenders may be different from our respective interests or those of our holders of common stock, and we cannot guarantee that we or Navios Logistics will be able to obtain the permission of lenders when needed. This may prevent us or Navios Logistics from taking actions that are in best interests of us, Navios Logistics or our stockholders. Any future debt agreements may include similar or more restrictive restrictions.

Our ability to generate the significant amount of cash needed to pay interest and principal and otherwise service our debt and our ability to refinance all or a portion of our indebtedness or obtain additional financing depend on multiple factors, many of which may be beyond our control.

The ability of us and Navios Logistics to make scheduled payments on or to refinance our respective debt obligations will depend on our respective financial and operating performance, which, in turn, will be subject to prevailing economic and competitive conditions and to the financial and business factors, many of which may be beyond the control of us and Navios Logistics.

The principal and interest on such debt will be paid in cash. The payments under our and Navios Logistics debt will limit funds otherwise available for our respective working capital, capital expenditures, vessel acquisitions and other purposes. As a result of these obligations, the current liabilities us or Navios Logistics may exceed our respective current assets. We or Navios Logistics may need to take on additional debt as we expand our respective fleets or other operations, which could increase our respective ratio of debt to equity. The need to service our respective debt may limit funds available for other purposes, and our or Navios Logistics inability to service debt in the future could lead to acceleration of such debt, the foreclosure on assets such as owned vessels or otherwise negatively affect us.

We may be unable to raise funds necessary to finance the change of control repurchase offer required by the indentures governing our outstanding notes and our secured credit facilities.

The indenture governing the 2019 Notes, the indenture governing the 2022 Notes, the indentures governing the Logistics Senior Notes and our and Navios Logistics secured credit facilities contain certain change of control provisions. If we or Navios Logistics experience specified changes of control under our respective notes, we or Navios Logistics, as the case may be, will be required to make an offer to repurchase all of our respective outstanding notes (unless otherwise redeemed) at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the repurchase date. The occurrence of specified events that would constitute a change of control may constitute a default under our and Navios Logistics secured credit facilities. In the event of a change of control under these debt agreements, we cannot assure you that we would have sufficient assets to satisfy all of our obligations under these debt agreements, including but not limited to, repaying all indebtedness outstanding under the applicable secured credit facilities or repurchasing the applicable notes.

If the recent volatility in the London InterBank Offered Rate, or LIBOR, continues, it could affect our profitability, earnings and cash flow.

LIBOR has recently been volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. These conditions are the result of the recent disruptions in the international credit markets. Because the interest rates borne by our outstanding indebtedness fluctuate with changes in LIBOR, if this volatility were to continue, it would affect the amount of interest payable on our debt, which in turn, could have an adverse effect on our profitability, earnings and cash flow. See also Item 11 Qualitative and Quantitative Disclosures about Market Risk.

Furthermore, interest in most loan agreements in our industry has been based on published LIBOR rates. Recently, however, lenders have insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. Such provisions could significantly increase our lending costs, which would have an adverse effect on our profitability, earnings and cash flow.

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

Factors that influence vessel values include:

- number of newbuilding deliveries;
- number of vessels scrapped or otherwise removed from the total fleet;
- changes in environmental and other regulations that may limit the useful life of vessels;
- changes in global dry cargo commodity supply;

types and sizes of vessels;

development of and increase in use of other modes of transportation;

cost of vessel acquisitions;

cost of newbuilding vessels;

governmental or other regulations;

prevailing level of charter rates;

general economic and market conditions affecting the shipping industry; and

the cost of retrofitting or modifying existing ships to respond to technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

If the market values of our owned vessels decrease, we may breach covenants contained in our secured credit facilities. If we breach such covenants and are unable to remedy any relevant breach, our lenders could accelerate our debt and foreclose on the collateral, including our vessels. Any loss of vessels would significantly decrease our ability to generate positive cash flow from operations and, therefore, service our debt. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or a vessel is sold at a price below its book value, we would incur a loss. Navios Logistics may be subject to similar ramifications under its credit facilities if the market values of its owned vessels decrease.

In addition, as vessels grow older, they generally decline in value. We will review our vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We review certain indicators of potential impairment, such as undiscounted projected operating cash flows expected from the future operation of the vessels, which can be volatile for vessels employed on short-term charters or in the spot market. Any impairment charges incurred as a result of declines in charter rates would negatively affect our financial condition and results of operations. In addition, if we sell any vessel at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our financial statements, the sale may be at less than the vessel s carrying amount on our financial statements, resulting in a loss and a reduction in earnings.

We may require additional financing to acquire vessels or business or to exercise vessel purchase options, and such financing may not be available.

In the future, we may be required to make substantial cash outlays to exercise options or to acquire vessels or business and will need additional financing to cover all or a portion of the purchase prices. We intend to cover the cost of such items with new debt collateralized by the vessels to be acquired, if applicable, but there can be no assurance that we will generate sufficient cash or that debt financing will be available. Moreover, the covenants in our senior secured credit facility, the indentures or other debt, may make it more difficult to obtain such financing by imposing restrictions on what we can offer as collateral.

We have substantial equity investments in five companies, four of which are not consolidated in our financial results, and our investment in such companies is subject to the risks related to their respective businesses.

As of December 31, 2014, we had a 63.8% ownership interest in Navios Logistics, and, as a result, Navios Logistics is a consolidated subsidiary. As such, the income and losses relating to Navios Logistics and the indebtedness and other liabilities of Navios Logistics are shown in our consolidated financial statements.

We also have substantial equity investments in two public companies that are accounted for under the equity method Navios Acquisition and Navios Partners. As of December 31, 2014, we held 43.1% of the voting stock and 46.2% of the economic interest of Navios Acquisition and 20.0% of the equity interest in Navios Partners (including a 2.0% general partner interest). As of such date, our investments in these two affiliated companies amounted to $339.0 million.

In addition to the value of our investment, we receive dividend payments relating to our investments. As a result of our investments, in fiscal year 2014, we received $14.6 million and $30.0 million in dividends from Navios Acquisition and Navios Partners, respectively. Furthermore, we receive management and general and administrative fees from Navios Acquisition and Navios Partners, which amounted to $103.1 million and $56.4 million, respectively, in fiscal year 2014.

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe Inc. (Navios Europe) and had ownership interests of 47.5%, 47.5% and 5.0%, respectively. As of December 31, 2014,

Navios Holdings portion of the investment in Navios Europe was $4.9 million. Effective November 2014, Navios Holdings, Navios Acquisition and Navios Partners have voting interest of 50%, 50% and 0%, respectively.

During the year ended December 31, 2013, the Company received shares in relation to defaulted charter contracts of Korea Line Corporation (KLC), which were valued at fair value upon the day of issuance. As of December 31, 2014, the Company retained a total of 314,077 KLC shares, and their carrying amount was $6.7 million.

Our ownership interest in Navios Logistics, Navios Acquisition, Navios Partners, Navios Europe and KLC, the reflection of such companies (or the investment relating thereto) on our balance sheets and any income generated from or related to such companies are subject to a variety of risks, including risks relating to the respective business of Navios Logistics, Navios Acquisition, Navios Partners and Navios Europe as disclosed in their respective public filings with the SEC or management reports. The occurrence of any such risks may negatively affect our financial condition.

We evaluate our investments in Navios Acquisition, Navios Partners, Navios Europe and KLC for other-than-temporary impairment (OTTI) on a quarterly basis. Consideration is given to (i) the length of time and the extent to which the fair value has been less than the carrying value, (ii) their financial condition and near term prospects, and (iii) the intent and ability of the Company to retain our investment in these companies, for a period of time sufficient to allow for any anticipated recovery in fair value.

If the fair value of these investments declines below their carrying value and our OTTI analysis indicates such write down to be necessary, the potential future impairment charges may have a material adverse impact on our results of operations in the period recognized.

As of June 30, 2014, the Company considered the decline in fair value of the KLC shares as other-than-temporary and therefore recognized a loss of $11.5 million out of accumulated other comprehensive loss. The respective loss was included in other expense in the accompanying consolidated statement of comprehensive (loss)/income.

There were no OTTI losses during the years ended December 31, 2013 and 2012.

Risks Relating to Navios Logistics

Navios Logistics dry port business has seasonal components linked to the grain harvests in the region. At times throughout the year, the capacity of its dry port, including the loading and unloading operations, as well as the space in silos is exceeded, which could materially adversely affect its operations and revenues.

A significant portion of Navios Logistics dry port business is derived from handling and storage of soybeans and other agricultural products produced in the Hidrovia, mainly during the season between April and September. This seasonal effect could, in turn, increase the inflow and outflow of barges and vessels in its dry port and cause the space in its silos to be exceeded, which in turn would affect its timely operations or its ability to satisfy the increased demand. Inability to provide services in a timely manner may have a negative impact on its clients satisfaction and result in loss of existing contracts or inability to obtain new contracts.

Navios Logistics depends on a few significant customers for a large part of its revenues and the loss of one or more of these customers could materially and adversely affect its revenues.

In each of Navios Logistics businesses, a significant part of its revenues is derived from a small number of customers. For the year ended December 31, 2014, its three largest customers, Vale, Cammessa and Axion Energy, accounted for 22.8%, 13.8% and 10.7% of its revenues, respectively, and its five largest customers accounted for approximately 60.3%. For the year ended December 31, 2013, Navios Logistics two largest customers, Vale and Petropar, accounted for 18.5% and 10.7% of its revenues, respectively, and its five largest customers accounted for approximately 56.4%.

For the year ended December 31, 2012, Navios Logistics three largest customers, Vale, YPF and Axion Energy, accounted for 18.5%, 11.5% and 11.5% of its revenues, respectively and its five largest customers accounted for approximately 56.4%. In addition, some of

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Navios Logistics customers, including many of its most significant customers, operate their own vessels and/or barges. These customers may decide to cease or reduce the use of its services for various reasons, including employment of their own vessels. The loss of any of its significant customers could materially adversely affect its results of operations.

If one or more of Navios Logistics customers does not perform under one or more contracts with it and Navios Logistics is not able to find a replacement contract, or if a customer exercises certain rights to terminate the contract, Navios Logistics could suffer a loss of revenues that could materially adversely affect its business, financial condition and results of operations.

Navios Logistics could lose a customer or the benefits of a contract if, among other things:

- the customer fails to make payments because of its financial inability, the curtailment or cessation of its operations, disagreements with Navios Logistics or otherwise;
- the customer terminates the contract because Navios Logistics fails to meet their contracted storage needs;
- the customer terminates the contract because Navios Logistics fails to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged off-hire, or a default occurs under the contract; or
- the customer terminates the contract because the vessel has been subject to seizure for more than a specified number of days.

Navios Logistics business can be affected by adverse weather conditions, effects of climate change and other factors beyond its control, that can affect production of the goods it transports and stores as well as the navigability of the river system on which it operates.

A significant portion of Navios Logistics business is derived from the transportation, handling and storage of soybeans and other agricultural products produced in the Hidrovia region. Any drought or other adverse weather conditions, such as floods, could result in a decline in production of these products, which would likely result in a reduction in demand for its services. This would, in turn, negatively impact its results of operations and financial condition. Furthermore, Navios Logistics fleet operates in the Parana and Paraguay Rivers, and any changes adversely affecting navigability of either of these rivers, such as changes in the depth of the water or the width of the navigable channel, could, in the short-term, reduce or limit its ability to effectively transport cargo on the rivers. For example, Navios Logistics was adversely affected by the decline in soybean production associated with the drought experienced mainly in the first quarter of 2011 throughout the main soybean growing areas of the Hidrovia. Low water levels, which began during the fourth quarter of 2011 and extended into 2012, also affected the volume carried. The possible effects of climate change, such as floods, droughts or increased storm activity, could similarly affect the demand for its services or its operations.

A prolonged drought, the possible effects of climate change, or other turn of events that is perceived by the market to have an impact on the region, the navigability of the Parana or Paraguay Rivers or Navios Logistics business in general may, in the short-term, result in a reduction in the market value of its ports, barges and pushboats that operate

in the region. These barges and pushboats are designed to operate in wide and relatively calm rivers, of which there are only a few in the world. If it becomes difficult or impossible to operate profitably Navios Logistics barges and pushboats in the Hidrovia and Navios Logistics is forced to sell them to a third party located outside of the region, there is a limited market in which it would be able to sell these vessels, and accordingly it may be forced to sell them at a substantial loss.

Navios Logistics may be unable to obtain financing for its growth or to fund its future capital expenditures, which could materially adversely affect its results of operations and financial condition.

Navios Logistics capital expenditures during 2012, 2013 and 2014 were $17.6 million, $61.5 million and $101.9 million, respectively, used to acquire and/or pay installments for among others one product tanker, a

bunker vessel, six pushboats, 142 barges and to expand Navios Logistics port terminal operations through the construction of one drying and conditioning facility, a new conveyor belt, new tanks and a silo. In order to follow its current strategy for growth, Navios Logistics will need to fund future asset or business acquisitions, increase working capital levels and increase capital expenditures.

In the future, Navios Logistics will also need to make capital expenditures required to maintain its current ports, fleet and infrastructure. Cash generated from its earnings may not be sufficient to fund all of these measures. Accordingly, Navios Logistics may need to raise capital through borrowings or the sale of debt or equity securities. Navios Logistics ability to obtain bank financing or to access the capital markets for future offerings may be limited by its financial condition at the time of any such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond its control. If Navios Logistics fails to obtain the funds necessary for capital expenditures required to maintain its ports, fleet and/or infrastructure, Navios Logistics may be forced to take vessels out of service or curtail operations, which could materially harm its revenues and profitability. If Navios Logistics fails to obtain the funds that might be necessary to acquire new vessels, expand its existing infrastructure, or increase its working capital or capital expenditures, it might not be able to grow its business and its earnings could suffer. For example, Navios Logistics has signed an agreement with Vale International S.A. (Vale International) for the storing and transshipping of iron ore and other commodities. To serve this contract, Navios Logistics will need to expand its existing terminal structure at an investment cost estimated at approximately $150.0 million which its plans to finance with a combination of cash on its balance sheet, operating cash flows and debt financing. As of December 31, 2014, Navios Logistics has already invested in dredging, acquisition of rights to land adjacent to its existing dry port and other works and expects to continue investing over the next two or more years. If Navios Logistics fails to obtain the funds necessary for such capital expenditure, it may not be able to service its agreement with Vale International, materially affecting its future earnings. Furthermore, despite covenants under the indenture governing the Logistics Senior Notes and the agreements governing its other indebtedness, Navios Logistics will be permitted to incur additional indebtedness which would limit cash available for working capital and to service its indebtedness.

The failure of Petrobras to successfully implement its business plan for 2014-2018 could adversely affect Navios Logistics business.

In February 2014, Petrobras announced its business plan for 2014-2018, which includes a projected capital expenditure budget of $220.6 billion between 2014 and 2018 and provides for an increase in drilling rigs, refining capacity and resultant fleet expenditures. However, in January 2015, Petrobras announced that it may decrease its five-year capital expenditure budget for 2015-2019. In May 2011, Navios Logistics signed 15-year charter contracts with Petrobras for six Panamax vessels, which are subject to Navios Logistics option to cancel the contracts if Navios Logistics is unable to secure acceptable financing for the construction of the vessels (to be completed by 2018). Navios Logistics has yet to make any capital expenditures related to the vessels, therefore the potential decrease in Petrobras capital expenditures will not expose it to any losses. Any failure to capitalize on Navios Logistics relationship with Petrobras could affect Navios Logistics future growth opportunities.

Spare parts or other key equipment needed for the operation of Navios Logistics ports and fleet may not be available off-the-shelf and, as a result, it may face substantial delays, which could result in loss of revenues while waiting for those spare parts to be produced and delivered to Navios Logistics.

Navios Logistics ports and its fleet may need spare parts to be provided in order to replace old or damaged parts in the normal course of its operations. Given the increased activity in the maritime industry and the industry that supplies it, the manufacturers of key equipment for Navios Logistics vessels and its ports (such as engine makers, propulsion systems makers, control system makers and others) may not have the spare parts needed available immediately (or off

the shelf) and may have to produce them when required. If this was the case, Navios Logistics vessels and ports may be unable to operate while waiting for such spare parts to be produced, delivered, installed and tested, resulting in a substantial loss of revenues for Navios Logistics.

Navios Logistics owns and operates an up-river port terminal in San Antonio, Paraguay that it believes is well-positioned to become a hub for industrial development based upon the depth of the river in the area and the convergence between land and river transportation. If the port does not become a hub for industrial development, its future prospects could be materially and adversely affected.

Navios Logistics owns and operates an up-river port terminal with tank storage for refined petroleum products, oil and gas in San Antonio, Paraguay. Navios Logistics believes that the port s location south of the city of Asuncion, the depth of the river in the area and the convergence between land and river transportation make this port well-positioned to become a hub for industrial development. However, if the location is not deemed to be advantageous, or the use of the river or its convergence with the land is not fully utilized for transportation, then the port would not become a hub for industrial development, and its future prospects could be materially and adversely affected.

The risks and costs associated with ports as well as vessels increase as the operational port equipment and vessels age.

The costs to operate and maintain a port or a vessel increase with the age of the port equipment or the vessel. Governmental regulations, safety or other equipment standards related to the age of the operational port equipment or vessels may require expenditures for alterations or the addition of new equipment to Navios Logistics port equipment or vessels and may restrict the type of activities in which these ports or vessels may engage. Given the increased activity in the maritime industry and the industry that supplies it, the manufacturers of key equipment for its vessels and ports (such as engine makers, propulsion systems makers, control systems makers and others) may not have the spare parts needed available immediately (or off-the-shelf) and may have to produce them when required. If this was the case, Navios Logistics vessels and ports may be unable to operate while waiting for such spare parts to be produced, delivered, installed and tested, resulting in substantial loss of revenues for Navios Logistics. The average age of Navios Logistics seven double-hulled product tankers is six years. In some cases, charterers prefer newer vessels that are more fuel efficient than older vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well. Navios Logistics cannot assure you that, as its operational port equipment and vessels age, market conditions will justify those expenditures or enable Navios Logistics to operate its ports and vessels profitably during the remainder of their useful lives. If Navios Logistics sells such assets, it may have to sell them at a loss, and if clients no longer use its ports or charter-out its vessels due to their age, its results of operations could be materially adversely affected.

As Navios Logistics expands its business, it may have difficulty managing its growth, including the need to improve its operations and financial systems, staff and crew or to receive required approvals to implement its expansion projects. If Navios Logistics cannot improve these systems, recruit suitable employees or obtain required approvals, it may not be able to effectively control its operations.

Navios Logistics intends to grow its port terminal, barge and cabotage businesses, either through land acquisition and expansion of its port facilities, through purchases of additional vessels, through chartered-in vessels or acquisitions of other logistics and related or complementary businesses. The expansion and acquisition of new land or addition of vessels to its fleet will impose significant additional responsibilities on its management and staff, and may require Navios Logistics to increase the number of its personnel. Navios Logistics will also have to increase its customer base to provide continued activity for the new businesses.

In addition, approval of governmental, regulatory and other authorities may be needed to implement any acquisitions or expansions. For example, Navios Logistics has available within the Nueva Palmira Free Zone in Uruguay as well as near the Free Zone where Navios Logistics plans to expand its port facility and construct a port terminal for minerals and liquid cargo. In order to complete these projects, however, Navios Logistics needs to receive required

authorization from several authorities. If these authorities deny Navios Logistics request for authorization, it will not be able to proceed with these projects.

Growing any business by acquisition presents numerous risks. Acquisitions expose Navios Logistics to the risk of successor liability relating to actions involving an acquired company, its management or contingent liabilities incurred before the acquisition. The due diligence Navios Logistics conducts in connection with an acquisition, and any contractual guarantees or indemnities that it receives from the sellers of acquired companies or assets may not be sufficient to protect it from, or compensate it for, actual liabilities. Any material liability associated with an acquisition could adversely affect its reputation and results of operations and reduce the benefits of the acquisition. Other risks presented include difficulty in obtaining additional qualified personnel, managing relationships with customers and suppliers and integrating newly acquired assets or operations into existing infrastructures.

Management is unable to predict whether or when any prospective acquisition will occur, or the likelihood of a certain transaction being completed on favorable terms and conditions. Navios Logistics ability to expand its business through acquisitions depends on many factors, including its ability to identify acquisitions or access capital markets at an acceptable cost and negotiate favorable transaction terms. Navios Logistics cannot give any assurance that it will be successful in executing its growth plans or that it will not incur significant expenses and losses in connection therewith or that its acquisitions will perform as expected, which could materially adversely affect its results of operations and financial condition. Furthermore, because the volume of cargo Navios Logistics ships is at or near the capacity of its existing barges during the typical peak harvest season, its ability to increase volumes shipped is limited by its ability to acquire or charter-in additional barges.

With respect to Navios Logistics existing infrastructure, its initial operating and financial systems may not be adequate as Navios Logistics implements its plan to expand, and its attempts to improve these systems may be ineffective. If Navios Logistics is unable to operate its financial and operations systems effectively or to recruit suitable employees as it expands its operations, it may be unable to effectively control and manage the substantially larger operation. Although it is impossible to predict what errors might occur as the result of inadequate controls, it is generally harder to manage a larger operation than a smaller one and, accordingly, more likely that errors will occur as operations grow. Additional management infrastructure and systems will be required in connection with such growth to attempt to avoid such errors.

Rising crew costs, fuel prices and other cost increases may adversely affect Navios Logistics profits.

At December 31, 2014, Navios Logistics employed 370 land-based employees and approximately 679 seafarers as crew on its vessels. Crew costs are a significant expense for Navios Logistics. Recently, the limited supply of and increased demand for well-qualified crew, due to the increase in the size of the global shipping fleet, has created upward pressure on crewing costs, which Navios Logistics generally bears under its time and spot contracts. Additionally, labor union activity in the Hidrovia may create pressure for Navios Logistics to pay higher crew salaries and wages. In addition, fuel is one of the largest operating expenses in its barge and cabotage businesses, where the revenue is contracted mainly by ton per cargo shipped. The prices for and availability of fuel may be subject to rapid change or curtailment, respectively, due to, among other things, new laws or regulations, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. Currently, most of Navios Logistics contracts provide for the adjustment of freight rates based on changes in the fuel prices and crew costs. Navios Logistics may be unable to include similar provisions in these contracts when they are renewed or in future contracts with new customers. To the extent its contracts do not pass-through changes in fuel prices to its clients, Navios Logistics will be forced to bear the cost of fuel price increases. Navios Logistics may hedge in the futures market all or part of its exposure to fuel price variations. Navios Logistics cannot assure you that it will be successful in hedging its exposure. In the event of a default by its contractual counterparties or other circumstance affecting their performance under a contract, Navios Logistics may be subject to exposure under, and may incur losses in connection with, its hedging instruments, if any. In certain jurisdictions, the price of fuel is affected by high local taxes and may become more expensive than prevailing international prices. Navios Logistics

may not be able to pass onto its customers the additional cost of such taxes and may suffer losses as a consequence of such inability. Such increases in crew and fuel costs may materially adversely affect Navios Logistics results of operations.

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Navios Logistics industry is highly competitive, and it may not be able to compete successfully for services with new companies with greater resources.

Navios Logistics provides services through its ports and employs its fleet in highly competitive markets. The river and sea coastal logistics market is international in scope and Navios Logistics competes with many different companies, including other port or vessel owners and major oil companies.

With respect to loading, storage and ancillary services, the market is divided between transits and exports, depending on the cargo origin. In the case of transits, there are other companies operating in the river system that are able to offer services similar to Navios Logistics. With respect to exports, its competitors are Montevideo Port in Montevideo and Ontur and TGU in Nueva Palmira. The main competitor of its liquid port terminal in Paraguay is Petropar, a Paraguayan state-owned entity. Other competitors include Copetrol and Petrobras, which are also customers of Navios Logistics port.

Navios Logistics faces competition in its barge and cabotage businesses with transportation of oil and refined petroleum products from other independent ship owners and from vessel operators. The charter markets in which its vessels compete are highly competitive. Key competitors include Ultrapetrol Bahamas Ltd. and Fluviomar. In addition, some of its customers, including ADM, Cargill, Louis Dreyfus and Vale, have some of their own dedicated barge capacity, which they can use to transport cargo in lieu of hiring a third party. Navios Logistics also competes indirectly with other forms of land-based transportation such as truck and rail. These companies and other smaller entities are regular competitors of Navios Logistics in its primary tanker trading areas. Competition is primarily based on prevailing market contract rates, vessel location and vessel manager know-how, reputation and credibility.

Navios Logistics competitors may be able to offer their customers lower prices, higher quality service and greater name recognition than it does. Accordingly, it may be unable to retain its current customers or to attract new customers.

If Navios Logistics fails to fulfill the oil majors vetting processes, it could materially adversely affect the employment of its tanker vessels in the spot and period markets, and consequently its results of operations.

While numerous factors are considered and evaluated prior to a commercial decision, the oil majors, through their association, OCIMF, have developed and are implementing two basic tools: (a) the Ship Inspection Report Program (SIRE) and (b) the Tanker Management and Self-Assessment (TMSA) program. The former is a ship inspection based upon a thorough Vessel Inspection Questionnaire and performed by OCIMF-accredited inspectors, resulting in a report being logged on SIRE. The report is an important element of the ship evaluation undertaken by any oil major when a commercial need exists.

Based upon commercial needs, there are three levels of assessment used by the oil majors: (a) terminal use, which will clear a vessel to call at one of the oil major s terminals, (b) voyage charter, which will clear the vessel for a single voyage and (c) term charter, which will clear the vessel for use for an extended period of time. While for terminal use and voyage charter relationships, a ship inspection and the operator s TMSA will be sufficient for the evaluation to be undertaken, a term charter relationship also requires a thorough office audit. An operator s request for such an audit is by no means a guarantee one will be performed; it will take a long record of proven excellent safety and environmental protection on the operator s part as well as high commercial interest on the part of the oil major to have an office audit performed. If Navios Logistics fails to clear the vetting processes of the oil majors, it could have a material adverse effect on the employment of its vessels, and, consequently, on its results of operations.

Navios Logistics may employ its fleet on the spot market and thus expose itself to risk of losses based on short-term decreases in shipping rates.

Navios Logistics periodically employs some of its fleet on a spot basis. As of December 31, 2014, 69% of its cabotage fleet and 62% of its barge fleet on a dwt tons basis was employed under time charter or COA

contracts. The remaining percentage of its barge and cabotage fleet was employed in the spot market. The spot charter market can be competitive and freight rates within this market may be volatile with the timing and amount of fluctuations in spot rates being difficult to determine. Longer-term contracts provide income at pre-determined rates over more extended periods of time. The cycles in its target markets have not yet been clearly determined but Navios Logistics expects them to exhibit significant volatility as the South American markets mature. Navios Logistics cannot assure you that it will be successful in keeping its fleet fully employed in these short-term markets, or that future spot rates will be sufficient to enable such fleet to be operated profitably. A significant decrease in spot market rates or its inability to fully employ its fleet by taking advantage of the spot market would result in a reduction of the incremental revenue received from spot chartering and could materially adversely affect its results of operations, and operating cash flow.

Navios Logistics does not carry any strike insurance of its vessels. As a result, if Navios Logistics were to become subject to a labor strike, it may incur uninsured losses, which could have a material adverse effect on its results of operations.

Navios Logistics does not currently maintain any strike insurance for its vessels. As a result, if the crew of its vessels were to initiate a labor strike, Navios Logistics could incur uninsured liabilities and losses as a result. There can be no guarantee that Navios Logistics will be able to obtain additional insurance coverage in the future, and even if Navios Logistics is able to obtain additional coverage, it may not carry sufficient insurance coverage to satisfy potential claims. Should uninsured losses occur, it could have a material adverse effect on its results of operations.

Certain of Navios Logistics directors, officers, and principal stockholders are affiliated with entities engaged in business activities similar to those conducted by Navios Logistics which may compete directly with it, causing such persons to have conflicts of interest.

Some of Navios Logistics directors, officers and principal stockholders have affiliations with entities that have similar business activities to those conducted by Navios Logistics. In addition, certain of Navios Logistics directors are also directors of shipping companies and they may enter similar businesses in the future. These other affiliations and business activities may give rise to certain conflicts of interest in the course of such individuals affiliation with Navios Logistics. Although Navios Logistics does not prevent its directors, officers and principal stockholders from having such affiliations, Navios Logistics uses its best efforts to cause such individuals to comply with all applicable laws and regulations in addressing such conflicts of interest. Navios Logistics officers and employee directors devote their full time and attention to its ongoing operations, and its non-employee directors devote such time as is necessary and required to satisfy their duties as directors of a company.

Navios Logistics success depends upon its management team and other employees, and if it is unable to attract and retain key management personnel and other employees, its results of operations may be negatively impacted.

Navios Logistics success depends to a significant extent upon the abilities and efforts of its management team and its ability to retain them. In particular, many members of its senior management team, including its Chairman, its Chief Executive Officer, its Chief Financial Officer, its Chief Operating Officers and its Chief Commercial Officer, have extensive experience in the logistics and shipping industries. If Navios Logistics was to lose their services for any reason, it is not clear whether any available replacements would be able to manage its operations as effectively. The loss of any of the members of its management team could impair Navios Logistics ability to identify and secure vessel contracts, to maintain good customer relations and to otherwise manage its business, which could have a material adverse effect on its financial performance and its ability to compete. Navios Logistics does not maintain key man insurance on any of its officers. Further, the efficient and safe operation of its fleet and ports requires skilled and experienced crew members and employees. Difficulty in hiring and retaining such crew members and employees

could adversely affect its results of operations.

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Risks Relating to Argentina

Argentine government actions concerning the economy, including decisions with respect to inflation, interest rates, price controls, foreign exchange controls, wages and taxes, restrictions on production, imports and exports, have had and could continue to have a material adverse effect on Navios Logistics. Navios Logistics cannot provide any assurance that future economic, social and political developments in Argentina, over which it has no control, will not impair its business, financial condition or results of operations, the guarantors or the market price of the senior notes.

The continuing rise in inflation and the Argentine government s limited access to foreign financing may have material adverse effects on the Argentine economy.

In the past, Argentina has experienced periods of high inflation. Inflation has increased since 2005 and remained relatively high ever since. According to data published by the *Instituto Nacional de Estadísticas y Censos*, or INDEC, the year-on-year inflation rate (as measured by changes in the consumer price index, or CPI), was 10.9%, 9.5%, 10.8%, 10.5% and 19.5% for 2010, 2011, 2012, 2013, and 2014, respectively. The reliability of INDEC s statistics has been widely questioned due to the substantial disparity between its inflation rate and the higher rates calculated by independent economists. In February 2013, the IMF censured Argentina for its inaccurate financial statistics. In response, INDEC adopted an improved methodology for calculating the CPI in 2014.

A high inflation economy could undermine Argentina s cost competitiveness abroad if not offset by a devaluation of the Argentine peso, which could also negatively affect economic activity and employment levels. While most of the client contracts of Navios Logistics Argentine subsidiaries are denominated in U.S. dollars, freight under those contracts is collected in Argentine pesos at the prevailing exchange rate. These contracts also include crew cost adjustment terms. Uncertainty about future inflation may contribute to slowdown or contraction in economic growth. Argentine inflation rate volatility makes it impossible to estimate with reasonable certainty the extent to which activity levels and results of operations of Navios Logistics Argentine subsidiaries could be affected by inflation and exchange rate volatility in the future.

Additionally, Argentina has very limited access to foreign financing resulting from a default, several restructurings, and a series of payment suspensions over the past decade. Due to the lack of access to the international capital markets, the Argentine government continues to use the Argentine Central Bank s foreign currency reserves for the payment of Argentina s current debt, the reduction of which may weaken Argentina s ability to overcome economic deterioration in the future. Argentina s foreign currency reserves have declined significantly since the end of 2012. Without access to international private financing, Argentina may not be able to finance its obligations, and financing from multilateral financial institutions may be limited or not available. This could also inhibit the ability of the Argentine Central Bank to adopt measures to curb inflation and could materially adversely affect Argentina s economic growth and public finances.

The Argentine Central Bank has imposed restrictions on the transfer of funds outside of Argentina and other exchange controls in the past and may do so in the future, which could prevent Navios Logistics Argentine subsidiaries from transferring funds for the payment of the senior notes or the related guarantees.

In 2001 and during the first half of 2002, Argentina experienced a massive withdrawal of deposits from the Argentine financial system in a short period of time, as depositors lost confidence in the Argentine government s ability to repay its foreign debt, its domestic debt and to maintain the convertibility regime. This precipitated a liquidity crisis within the Argentine financial system, which prompted the Argentine government to impose exchange controls and restrictions on the ability of depositors to withdraw their deposits.

Furthermore, in 2001 and 2002 and until February 7, 2003, the Argentine Central Bank restricted Argentine individuals and corporations from transferring U.S. dollars abroad without its prior approval. In 2003 and 2004,

the government reduced some of these restrictions, including those requiring the Argentine Central Bank s prior authorization for the transfer of funds abroad in order to pay principal and interest on debt obligations. Nevertheless, significant government controls and restrictions remain in place. Increasingly since 2008 and 2009, the Argentine government has imposed new restrictions on foreign exchange outflows, including through certain transactions on securities traded locally. Additionally, the Argentine federal tax authority has recently imposed new restrictions and limitations on the purchase of foreign currency. The existing controls and restrictions, and any additional restrictions of this kind that may be imposed in the future, could impair Navios Logistics ability to transfer funds generated by its Argentine operations in U.S. dollars outside Argentina to Navios Logistics for the payment of Navios Logistics indebtedness. In addition, the above restrictions and requirements, and any other restrictions or requirements that may be imposed in the future, expose Navios Logistics to the risk of losses arising from fluctuations in the exchange rate of the Argentine peso.

The Argentine government has made certain changes to its tax rules that affect Navios Logistics operations in Argentina and could further increase the fiscal burden on its operations in Argentina in the future.

Since 1992, the Argentine government has not permitted the application of an inflation adjustment on the value of fixed assets for tax purposes. Since the substantial devaluation of the Argentine peso in 2002, the amounts that the Argentine tax authorities permit Navios Logistics to deduct as depreciation for its past investments in plant, property and equipment have been substantially reduced, resulting in a higher effective income tax charge. If the Argentine government continues to increase the tax burden on Navios Logistics operations in Argentina, its results of operations and financial condition could be materially and adversely affected.

Future policies of the Argentine government may affect the economy as well as Navios Logistics operations.

In recent years the Argentine government has taken several actions to re-nationalize concessions and public services companies that were privatized in the 1990 s, such as Aguas Argentinas S.A. and Aerolíneas Argentinas S.A. On May 3, 2012, expropriation law 26,741 was passed by the Argentine Congress, providing for the expropriation of 51% of the share capital of YPF S.A., represented by an identical stake of Class D shares owned, directly or indirectly, by Repsol YPF and its controlled or controlling entities, which have been declared of public interest. The Argentine Government made an offer to compensate Repsol YPF for around US$5.0 billion, which was accepted by the Board of Directors and shareholders of Repsol YPF and confirmed by the Argentine Congress. It is unclear whether such expropriation policies will continue and to what extent they will affect the Argentine economy, and thereby Navios Logistics business, results of operations and financial condition.

Risks Relating to Uruguayan Free Zone Regulation

Certain of Navios Logistics subsidiaries in Uruguay are operating as direct free trade zone users under an agreement with the Free Zone Division of the Uruguayan General Directorate of Commerce allowing them to operate in isolated public and private areas within national borders and to enjoy tax exemptions and other benefits, such as a generic exemption on present and future national taxes including the Corporate Income Tax, Value- Added Tax and Wealth Tax. Other benefits that Navios Logistics subsidiaries enjoy are simplified corporate law provisions, the ability to negotiate preferential public utility rates with government agencies and government guarantees of maintenance of such benefits and tax exemptions. Free trade zone users do not need to pay import and export tariffs to introduce goods from abroad to the free trade zone, to transfer or send such goods to other free trade zones in Uruguay or send them abroad. However, Navios Logistics subsidiaries may lose all the tax benefits granted to them if they breach or fail to comply with the free trade zone contracts or framework, including exceeding the 25% limit on non-Uruguayan employees or engaging in industrial, commercial or service activities outside of a free trade zone in Uruguay. In this case, Navios Logistics subsidiaries may continue with their operations from the free zone, but under a different tax

regime.

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Other Risks Relating to the Countries in which Navios Logistics Operates

Navios Logistics is an international company that is exposed to the risks of doing business in many different, and often less developed and emerging market countries.

Navios Logistics is an international company and conducts all of its operations outside of the United States, and expects to continue doing so for the foreseeable future. These operations are performed in countries that are historically less developed and stable than the United States, such as Argentina, Brazil, Bolivia, Paraguay and Uruguay.

Some of the other risks Navios Logistics is generally exposed to through its operations in emerging markets include among others:

- political and economic instability, changing economic policies and conditions, and war and civil disturbances;
- recessions in economies of countries in which Navios Logistics has business operations;
- frequent government interventions into the country s economy, including changes to monetary, fiscal and credit policy;
- the imposition of additional withholding, income or other taxes, or tariffs or other restrictions on foreign trade or investment, including currency exchange controls and currency repatriation limitations;
- the modification of its status or the rules and regulations relating to the international tax-free trade zone in which Navios Logistics operates its dry port;
- the imposition of executive and judicial decisions upon Navios Logistics vessels by the different governmental authorities associated with some of these countries;
- the imposition of or unexpected adverse changes in foreign laws or regulatory requirements;
- longer payment cycles in foreign countries and difficulties in collecting accounts receivable;
- difficulties and costs of staffing and managing its foreign operations;
- compliance with anti-bribery laws; and

acts of terrorism.

These risks may result in unforeseen harm to Navios Logistics business and financial condition. Also, some of its customers are headquartered in South America, and a general decline in the economies of South America, or the instability of certain South American countries and economies, could materially adversely affect Navios Logistics.

For example the Brazilian economy has experienced significant volatility in recent decades, characterized by periods of low or negative growth, high and variable levels of inflation and currency devaluation. Historically, Brazil s political situation has influenced the performance of the Brazilian economy, and political crises have affected the confidence of investors and the general public. Future developments in policies of the Brazilian government and/or the uncertainty of whether and when such policies and regulations may be implemented, all of which are beyond our control, could have a material adverse effect on Navios Logistics. Additionally, the Brazilian government frequently implements changes to the Brazilian tax regime, including changes in prevailing tax rates and the imposition of temporary taxes, which may affect Navios Logistics.

Navios Logistics business in emerging markets requires it to respond to rapid changes in market conditions in these countries. Navios Logistics overall success in international markets depends, in part, upon its ability to succeed in different legal, regulatory, economic, social and political conditions. Navios Logistics may not continue to succeed in developing and implementing policies and strategies that will be effective in each location

where it does business. Furthermore, the occurrence of any of the foregoing factors may have a material adverse effect on its business and results of operations.

The governments of Argentina, Bolivia, Brazil, Paraguay and Uruguay have entered into a treaty that commits each of them to participate in a regional initiative to integrate the region s economies. There is no guarantee that such an initiative will be successful or that each of the governments involved in the initiative will follow through on its intentions to participate and if such regional initiative is unsuccessful, it could have a material adverse impact on Navios Logistics results of operations.

The governments of Argentina, Bolivia, Brazil, Paraguay and Uruguay have entered into a treaty that commits each of them to participate in a regional initiative to integrate the region s economies, a central component of which is water transportation in the Hidrovia. Although Navios Logistics believes that this regional initiative of expanding navigation on the Hidrovia river system will result in significant economic benefits, there is no guarantee that such an initiative will ultimately be successful, that each country will follow through on its intention to participate, or that the benefits of this initiative will match its expectations of continuing growth in the Hidrovia or reducing transportation costs. If the regional initiative is unsuccessful, its results of operations could be materially and adversely affected.

Changes in rules and regulations with respect to cabotage or their interpretation in the markets in which Navios Logistics operates could have a material adverse effect on its results of operations.

In the markets in which Navios Logistics currently operates, in cabotage or regional trades, it is subject to restrictive rules and regulations on a region by region basis. Navios Logistics operations currently benefit from these rules and regulations or their interpretation. For instance, preferential treatment is extended in Argentine cabotage for Argentine flagged vessels or foreign flagged vessels operated by local established operators with sufficient Argentine tonnage under one to three years licenses, including Navios Logistics Argentine cabotage vessels. Changes in cabotage rules and regulations or in their interpretation may have an adverse effect on Navios Logistics current or future cabotage operations, either by becoming more restrictive (which could result in limitations to the utilization of some of its vessels in those trades) or less restrictive (which could result in increased competition in these markets).

Because Navios Logistics generates the majority of its revenues in U.S. dollars but incurs a significant portion of its expenses in other currencies, exchange rate fluctuations could cause Navios Logistics to suffer exchange rate losses, thereby increasing expenses and reducing income.

Navios Logistics engages in regional commerce with a variety of entities. Although Navios Logistics operations expose it to certain levels of foreign currency risk, its revenues are predominantly U.S. dollar-denominated at the present. Additionally, Navios Logistics South American subsidiaries transact certain operations in Uruguayan pesos, Paraguayan guaranies, Argentinean pesos and Brazilian reals; however, all of the subsidiaries primary cash flows are U.S. dollar-denominated. Currencies in Argentina and Brazil have fluctuated significantly against the U.S. dollar in the past. As of December 31, 2014, 2013 and 2012, approximately 47.3%, 55.9% and 50.4%, respectively, of Navios Logistics expenses were incurred in currencies other than U.S. dollars. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, thereby decreasing Navios Logistics income. A greater percentage of its transactions and expenses in the future may be denominated in currencies other than U.S. dollars. As part of its overall risk management policy, Navios Logistics may attempt to hedge these risks in exchange rate fluctuations from time to time but cannot guarantee it will be successful in these hedging activities. Future fluctuations in the value of local currencies relative to the U.S. dollar in the countries in which Navios Logistics operates may occur, and if such fluctuations were to occur in one or a combination of the countries in which Navios Logistics operates, its results of operations or financial condition could be materially adversely affected.

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Tax Risks

We may earn United States source income that is subject to tax, thereby adversely affecting our results of operations and cash flows.

Under the Internal Revenue Code, or the Code, 50.0% of the gross shipping income of a vessel owning or chartering corporation that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S.-source shipping income. U.S.-source shipping income generally is subject to a 4.0% U.S. federal income tax without allowance for deduction or, if such U.S.-source shipping income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (the highest statutory rate presently is 35.0%) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings), unless that corporation qualifies for exemption from tax under Section 883 of the Code. We believe that we and each of our subsidiaries qualifies and will continue to qualify for the foreseeable future for this statutory tax exemption under Section 883 with respect to our U.S.-source shipping income, provided that our common stock represents more than 50% of the total combined voting power of all classes of our stock entitled to vote and of the total value of our stock, and less than 50% of our common stock is owned, actually or constructively under specified stock attribution rules, on more than half the number of days in the relevant year by persons who each own more 5% or more of the vote and value of our common stock. Our ability to qualify for the exemption at any given time will depend upon circumstances related to the ownership of our common stock at such time and thus are beyond our control. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in this tax exemption not applying to us in the future. Accordingly, we can give no assurance that we would qualify for the exemption under Section 883 with respect to any such income we earn. If we were not entitled to the Section 883 exemption for any taxable year, we generally would be subject to a 4.0% U.S. federal gross income tax with respect to our U.S.-source shipping income or, if such U.S. source shipping income were effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax as well as a branch profits tax for those years. As a result, depending on the trading patterns of our vessels, we could become liable for tax, and our net income and cash flow could be adversely affected. Please see the discussion under Taxation Material U.S. Federal Income Tax Considerations U.S. Federal Income Taxation of the Company Taxation of Our Shipping Income.

Navios Holdings may be taxed as a United States corporation.

The purchase by International Shipping Enterprises Inc. (ISE), our predecessor, of all of the outstanding shares of common stock of Navios Holdings, and the subsequent downstream merger of ISE with and into Navios Holdings took place on August 25, 2005. Navios Holdings is incorporated under the laws of the Republic of the Marshall Islands. ISE received an opinion from its counsel for the merger transaction that, while there is no direct authority that governs the tax treatment of the transaction, it was more likely than not that Navios Holdings would be taxed by the United States as a foreign corporation. Accordingly, we take the position that Navios Holdings will be taxed as a foreign corporation by the United States. If Navios Holdings were to be taxed as a U.S. corporation, its taxes would be significantly higher than they are currently.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate our business could result in a high tax rate on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

We are an international company that conducts business throughout the world. Tax laws and regulations are highly complex and subject to interpretation. Consequently, we are subject to changing tax laws, treaties and regulations in and between countries in which we operate. Our income tax expense is based upon our interpretation of tax laws in

effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, or in the valuation of our deferred tax assets, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results. If any tax authority successfully challenges our

operational structure, intercompany pricing policies or the taxable presence of our key subsidiaries in certain countries, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings from our operations could increase substantially and our earnings and cash flows from these operations could be materially adversely affected. For example, in accordance with the currently applicable Greek law, foreign flagged vessels that are managed by Greek or foreign ship management companies having established an office in Greece are subject to duties towards the Greek state which are calculated on the basis of the relevant vessel s tonnage. The payment of said duties exhausts the tax liability of the foreign ship owning company and the relevant manager against any tax, duty, charge or contribution payable on income from the exploitation of the foreign flagged vessel.

We and our subsidiaries may be subject to taxation in the jurisdictions in which we and our subsidiaries conduct business. Such taxation would result in decreased earnings available to our stockholders.

Investors are encouraged to consult their own tax advisors concerning the overall tax consequences of the ownership of our common stock arising in an investor s particular situation under U.S. federal, state, local and foreign law.

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

A foreign corporation will be treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of passive income or (2) at least 50% of the quarterly average value of the corporation s assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest, capital gains and rents (other than rents derived other than in the active conduct of a rental or business). For purposes of these tests, income derived from the performance of services does not constitute passive income. U.S. stockholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC and additional tax filing obligations.

Based upon our actual and projected income, assets and activities, we believe that we should not be a PFIC for our taxable year ended December 31, 2014 or for subsequent taxable years. Based upon our operations as described herein, our income from time charters should not be treated as passive income for purposes of determining whether we are a PFIC. Accordingly, our income from our time chartering activities should not constitute passive income, and the assets that we own and operate in connection with the production of that income should not constitute passive assets.

There is substantial legal authority supporting this position consisting of case law and U.S. Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position and there is a risk that the IRS or a court of law could determine that we are a PFIC. In addition, no assurance can be given as to our current and future PFIC status, because such status requires an annual factual determination based upon the composition of our income and assets for the entire taxable year. The PFIC determination also depends on the application of complex U.S. federal income tax rules concerning the classification of our income and assets for this purpose, and there are legal uncertainties involved in determining whether the income derived from our chartering activities and from our logistics activities constitutes rental income or income derived from the performance of services. We have not sought, and we do not expect to seek, an IRS ruling on this issue. As a result, the IRS or a court could disagree with our position. In addition, although we intend to conduct our affairs

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in a manner to avoid, to the extent possible, being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations, or the nature or composition of our income or assets, will not change in the future, or that we can avoid PFIC status in the future.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. stockholders would face adverse U.S. federal income tax consequences and certain information reporting requirements. Under the PFIC rules, unless those stockholders make an election available under the Code (which election could itself have adverse consequences for such stockholders), such stockholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of their shares of common stock, as if the excess distribution or gain had been recognized ratably over the stockholder s holding period of the common stock. In addition, for each year during which we are treated as a PFIC and you actually or constructively own our common stock you generally will be required to file IRS Form 8621 with your U.S. federal income tax return to report certain information concerning your ownership of our common stock. Please see the discussion under Taxation Material U.S. Federal Income Tax Considerations Taxation of U.S. Holders of our Common Stock Passive Foreign Investment Company Status.

Item 4. Information on the Company

A. History and Development of the Company

The legal and commercial name of the Company is Navios Maritime Holdings Inc. The Company s office and principal place of business is located at 7 Avenue de Grande Bretagne, Office 11B2, Monte Carlo, MC 98000 Monaco, and its telephone number is (011) + (377) 9798-2140. The Company is a corporation incorporated under the BCA and the laws of the Republic of the Marshall Islands. Trust Company of the Marshall Islands, Inc. serves as the Company s agent for service of process, and the Company s registered address, as well as address of its agent for service of process, is Trust Company Complex, Ajeltake Island P.O. Box 1405, Majuro, Marshall Islands MH96960.

On August 25, 2005, pursuant to a Stock Purchase Agreement dated February 28, 2005, as amended, by and among International Shipping Enterprises Inc. (ISE), Navios Holdings, and all the shareholders of Navios Holdings, ISE acquired Navios Holdings through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly-owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly-owned subsidiary, whose name was and continued to be Navios Maritime Holdings Inc.

The Company operates a fleet of owned Capesize, Panamax, Ultra Handymax and Handysize vessels and a fleet of time chartered Capesize, Panamax, Ultra Handymax and Handysize vessels that are employed to provide worldwide transportation of bulk commodities. Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities including iron ore, coal and grain. For over 60 years, Navios Holdings has had in-house technical ship management expertise that has worked with producers of raw materials, agricultural traders and exporters, industrial end-users, ship owners and charterers.

Navios Logistics

Navios Logistics is one of the largest logistics companies in the Hidrovia region of South America, focusing on the Hidrovia river system, the main navigable river system in the region, and on cabotage trades along the eastern coast of South America. Navios Logistics is focused on providing its customers integrated transportation, storage and related services through its port facilities, its large, versatile fleet of dry and liquid cargo barges and

its product tankers. Navios Logistics serves the needs of a number of growing South American industries, including mineral and grain commodity providers as well as users of refined petroleum products.

On January 1, 2008, pursuant to a share purchase agreement, Navios Holdings contributed: (a) $112.2 million in cash; and (b) the authorized capital stock of its wholly-owned subsidiary Corporacion Navios Sociedad Anonima (CNSA) in exchange for the issuance and delivery of 12,765 shares of Navios Logistics, representing 63.8% of its outstanding stock. Navios Logistics acquired all ownership interests in the Horamar Group (Horamar) in exchange for: (a) $112.2 million in cash, and (b) the issuance of 7,235 shares of Navios Logistics representing 36.2% of Navios Logistics outstanding stock. As of December 31, 2014, Navios Holdings owns 63.8% of Navios Logistics.

Affiliates (not consolidated under Navios Holdings)

Navios Partners

Navios Partners (NYSE:NMM) is an international owner and operator of dry cargo vessels and is engaged in the seaborne transportation services of a wide range of dry cargo commodities including iron ore, coal, grain, fertilizer and also containers, chartering its vessels under medium to long-term charters.

On August 7, 2007, Navios Holdings formed Navios Partners under the laws of Marshall Islands. Navios GP L.L.C., or 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 2.0% general partner interest in Navios Partners.

On or prior to the closing of Navios Partners, initial public offerings, or IPO, in November 2007, Navios Holdings entered into certain agreements with Navios Partners: (a) a management agreement with Navios Partners pursuant to which Navios Shipmanagement Inc. (the Manager) , a wholly-owned subsidiary of Navios Holdings, provides Navios Partners with commercial and technical management services; (b) an administrative services agreement with the Manager pursuant to which the Manager provides Navios Partners administrative services; and (c) an omnibus agreement with Navios Partners, governing, among other things, when Navios Partners and Navios Holdings may compete against each other as well as rights of first offer on certain dry bulk carriers.

Since the formation of Navios Partners, Navios Holdings sold in total ten vessels to Navios Partners (the Navios Hope, the Navios Apollon, the Navios Hyperion, the Navios Aurora II, the Navios Fulvia, the Navios Melodia, the Navios Pollux, the Navios Luz, the Navios Orbiter and the Navios Buena Ventura) and also sold the rights of Navios Sagittarius to Navios Partners. All vessels were sold in exchange of cash and 5,601,920 common units of Navios Partners in total. As of December 31, 2014, Navios Holdings interest in Navios Partners was 20.0% (including 2.0% general partner interest). Following Navios Partners offering in February 2015, Navios Holdings interest in Navios Partners increased to 20.1% (which includes a 2.0% general partner interest).

Navios Acquisition

Navios Acquisition (NYSE:NNA) is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals.

On July 1, 2008, Navios Acquisition completed its IPO. On May 28, 2010, Navios Acquisition consummated the vessel acquisition which constituted its initial business combination. Following such transaction, Navios Acquisition commenced its operations as an operating company. On that date, Navios Holdings acquired control over Navios Acquisition, and consequently concluded a business combination had occurred and consolidated the results of Navios Acquisition from that date until March 30, 2011.

On May 28, 2010, we entered into (a) a management agreement with Navios Acquisition pursuant to which Navios Tankers Management Inc. (the Tankers Manager) provides Navios Acquisition commercial and

technical management services; (b) an administrative services agreement with the Tankers Manager pursuant to which the Tankers Manager provides Navios Acquisition administrative services and is in turn reimbursed for reasonable costs and expenses; and (c) an omnibus agreement with Navios Acquisition and Navios Partners (the Acquisition Omnibus Agreement) in connection with the closing of Navios Acquisition s vessel acquisition, governing, among other things, competition and rights of first offer on certain types of vessels and businesses.

On March 30, 2011, Navios Holdings exchanged 7,676,000 shares of Navios Acquisition common stock it held for 1,000 shares of non-voting Series C Convertible Preferred Stock of Navios Acquisition and had 45.0% of the voting power and 53.7% of the economic interest in Navios Acquisition, since the preferred stock is considered, in substance, common stock for accounting purposes. From March 30, 2011, Navios Acquisition has been considered as an affiliate entity of Navios Holdings and not as a controlled subsidiary of the Company.

In February, May and September 2013, Navios Acquisition completed multiple offerings, including registered direct offerings and private placements to Navios Holdings and certain members of the management of Navios Acquisition, Navios Partners and Navios Holdings. A total of 94,097,529 shares were issued. As part of these offerings, Navios Holdings purchased in private placements an aggregate of 46,969,669 shares of Navios Acquisition common stock for $160.0 million.

In February 2014, Navios Acquisition completed a public offering of 14,950,000 shares of its common stock. In October 2014, 699,994 Navios Acquisition s restricted stock awards vested. Following those events and as of December 31, 2014, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition was 43.1% and its economic interest in Navios Acquisition was 46.2%.

Navios Europe

Navios Europe is engaged in the marine transportation industry through the ownership of five tanker and five container vessels.

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe under the laws of Marshall Islands and had economic interests of 47.5%, 47.5% and 5.0%, respectively. On December 18, 2013, Navios Europe acquired ten vessels for aggregate consideration consisting of (i) cash consideration of $127.8 million (which was funded with the proceeds of two senior loan facilities (the Senior Loans) totaling $117.8 million and loans aggregating $10.0 million from Navios Holdings, Navios Acquisition and Navios Partners (in each case, in proportion to their ownership interests in Navios Europe) (collectively, the Navios Term Loans) and (ii) the assumption of a junior participating loan facility (the Junior Loan) with a face amount of $173.4 million and fair value of $71.9 million as of December 31, 2013. In addition to the Navios Term Loans, Navios Holdings, Navios Acquisition and Navios Partners also made available to Navios Europe (in each case, in proportion to their ownership interests in Navios Europe) revolving loans of up to $24.1 million to fund working capital requirements (collectively, the Navios Revolving Loans). Effective November 2014, Navios Holdings, Navios Acquisition and Navios Partners have voting interest of 50%, 50% and 0%, respectively.

Navios Midstream

Navios Midstream (NYSE: NAP) is a publicly traded master limited partnership which owns and operates very large crude oil tankers under long-term employment contracts.

On October 13, 2014, Navios Acquisition formed Navios Midstream under the laws of the Marshall Islands. Navios Maritime Midstream Partners GP LLC, or the general partner, a wholly-owned subsidiary of Navios Acquisition, was

also formed on that date to act as the general partner of Navios Midstream and received a 2.0% general partner interest in Navios Midstream.

Following the completion of the Navios Midstream s IPO in November 2014 and as of December 31, 2014, Navios Acquisition had 57.5% interest and Navios Holdings had indirect economic interest of 26.6% (through its ownership in Navios Acquisition).

On or prior to the closing of Navios Midstream s IPO, Navios Holdings entered into certain agreements with Navios Midstream: (a) a management agreement with Navios Midstream pursuant to which the Tankers Manager, a wholly-owned subsidiary of Navios Holdings, provides Navios Midstream with commercial and technical management services; (b) an administrative services agreement with the Tankers Manager pursuant to which the Tankers Manager provides Navios Midstream administrative services; and (c) an omnibus agreement with Navios Midstream, Navios Acquisition and Navios Partners, governing, among other things, when Navios Holdings, Navios Acquisition and Navios Partners may compete with Navios Midstream.

At the same time, Navios Holdings entered into an option agreement with Navios Acquisition, which expires on November 18, 2024, under which Navios Acquisition, which owns and controls Navios Maritime Midstream Partners GP LLC (Midstream General Partner), granted Navios Holdings the option to acquire a minimum of 25% of the outstanding membership interests in Midstream General Partner, and the incentive distribution rights in Navios Midstream at fair value. As of December 31, 2014, Navios Holdings had not exercised any part of that option and owns no direct equity interest in Navios Midstream.

B. Business overview

Introduction

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities including iron ore, coal and grain. For over 60 years, Navios Holdings has had an in-house ship management expertise that has worked with producers of raw materials, agricultural traders and exporters, industrial end-users, ship owners, and charterers. Navios Holdings current core fleet (excluding the Navios Logistics fleet), the average age of which is approximately 7.8 years, consists of a total of 66 vessels, aggregating approximately 6.6 million dwt. Navios Holdings owns 13 Capesize vessels (169,000-182,000 dwt), 14 modern Ultra Handymax vessels (50,000-59,000 dwt), 12 Panamax vessels (74,000-84,000 dwt) and one Handysize vessel. It also time charters-in and operates a fleet of six Ultra Handymax, one Handysize, 13 Panamax, and six Capesize vessels under long-term time charters, 20 of which are currently in operation, with the remaining six newbuilding charter-in vessels scheduled for delivery on various dates through 2016. Navios Holdings has options to acquire 18 of the 26 time chartered-in vessels (on one of which Navios Holdings holds an initial 50% purchase option).

Navios Holdings also offers commercial and technical management services to the fleets of Navios Partners, Navios Acquisition, Navios Midstream and Navios Europe. Navios Partners fleet is comprised of 12 Panamax vessels, eight Capesize vessels, three Ultra-Handymax vessels and eight container vessels. In each of October 2013, August 2014 and February 2015, the Company amended its existing management agreement with Navios Partners to fix the fees for ship management services of its owned fleet at: (i) $4,000 daily rate per Ultra-Handymax vessel; (ii) $4,100 daily rate per Panamax vessel; (iii) $5,100 daily rate per Capesize vessel; (iv) $6,500 daily rate per container vessel of TEU 6,800; (v) $7,200 daily rate per container vessel of more than TEU 8,000; and (vi) $8,500 daily rate per very large container vessel of more than TEU 13,000 through December 31, 2015. Drydocking expenses under this agreement will be reimbursed by Navios Partners at cost at occurrence. Navios Acquisition s fleet is comprised of 31 tankers and 8 VLCC vessels. In May 2014, the Company extended the duration of its existing management agreement with Navios Acquisition until May 2020 and fixed the fees for ship management services of Navios Acquisition s owned fleet for two additional years through May 2016 at: (i) $6,000 daily rate per owned MR2 product tanker and chemical tanker vessel; (ii) $7,000 daily rate per owned LR1 product tanker vessel; and (iii) $9,500 daily rate per VLCC

vessel. Drydocking expenses under this agreement will be reimbursed by Navios Acquisition at cost at occurrence. Navios Midstream s fleet is comprised of four VLCC vessels and Navios Holdings receives a daily

management fee of $9,500 per VLCC vessel. Drydocking expenses under this agreement will be reimbursed by Navios Midstream at cost at occurrence. Navios Europe s fleet is comprised of five tankers and five container vessels and management fees and drydocking expenses under the management agreement will be reimbursed at cost at occurrence.

Navios Holdings strategy and business model focuses on:

Operation of a high quality, modern fleet. Navios Holdings owns and charters-in a modern, high quality fleet, having an average age of approximately 7.8 years that provides numerous operational advantages including more efficient cargo operations, lower insurance and vessel maintenance costs, higher levels of fleet productivity, and an efficient operating cost structure.

Pursuing an appropriate balance between vessel ownership and a long-term chartered-in fleet. Navios Holdings controls, through a combination of vessel ownership and long-term time chartered vessels, approximately 6.6 million dwt in tonnage, making Navios Holdings one of the largest independent dry bulk operators in the world. Navios Holdings ability, through its long-standing relationships with various shipyards and trading houses, to charter-in vessels at favorable rates allows it to control additional shipping capacity without the capital expenditures required by new vessel acquisition. In addition, having purchase options on 18 of the 26 time chartered vessels (including those to be delivered) permits Navios Holdings to determine when is the most commercially opportune time to own or charter-in vessels. Navios Holdings intends to monitor developments in the sales and purchase market to maintain the appropriate balance between owned and long-term time chartered vessels.

Capitalize on Navios Holdings established reputation. Navios Holdings believes its reputation and commercial relationships enable it to obtain favorable long-term time charters, enter into the freight market and increase its short-term tonnage capacity to complement the capacity of its core fleet, as well as to obtain access to cargo freight opportunities through COA arrangements not readily available to other industry participants. This reputation has also enabled Navios Holdings to obtain favorable vessel acquisition terms as reflected in the purchase options contained in some of its long-term charters.

Utilize industry expertise to take advantage of market volatility. The dry bulk shipping market is cyclical and volatile. Navios Holdings uses its experience in the industry, sensitivity to trends, and knowledge and expertise as to risk management and FFAs to hedge against, and in some cases, to generate profit from, such volatility.

Maintain customer focus and reputation for service and safety. Navios Holdings is recognized by its customers for the high quality of its service and safety record. Navios Holdings high standards for performance, reliability, and safety provide Navios Holdings with an advantageous competitive profile.

Enhance vessel utilization and profitability through a mix of spot charters, time charters, and COAs and strategic backhaul and triangulation methods. Specifically, this strategy is implemented as follows:

The operation of voyage charters or spot fixtures for the carriage of a single cargo from load port to discharge port;

The operation of time charters, whereby the vessel is hired out for a predetermined period but without any specification as to voyages to be performed, with the ship owner being responsible for operating costs and the charterer for voyage costs;

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, but does not specify in advance which vessels will be used to perform the voyages; and

The shipping industry uses fleet utilization to measure a company s efficiency in finding suitable employment for its vessels and minimizing the days its vessels are off-hire. At 99.8% as of December 31, 2014, Navios Holdings believes that it has one of the highest fleet utilization rates in the industry.

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

Navios Holdings is one of relatively few major owners and operators of this type in the dry bulk market, and has vast experience in this area. In recent years, it has further raised the commercial sophistication of its business model by using market intelligence derived from its risk management operations and, specifically, its freight derivatives hedging desk, to make more informed decisions regarding the management of its fleet.

Competitive Advantages

Controlling approximately 6.6 million dwt (excluding Navios Logistics) in dry bulk tonnage, Navios Holdings is one of the largest independent dry bulk operators in the world. Management believes that Navios Holdings occupies a competitive position within the industry in that its reputation in the global dry bulk markets permits it to enter into at any time, and take on spot, medium or long-term freight commitments, depending on its view of future market trends. In addition, many of the long-term charter deals that form the core of Navios Holdings fleet were brought to the attention of Navios Holdings prior to even being quoted in the open market. Even in the open market, Navios Holdings solid reputation allows it to take in large amounts of tonnage on a short, medium, or long-term basis on very short notice. This ability is possessed by relatively few ship owners and operators, and is a direct consequence of Navios Holdings market reputation for reliability in the performance of its obligations in each of its roles as a ship owner, COA operator, and charterer. Navios Holdings, therefore, has much greater flexibility than a traditional ship owner or charterer to quickly go long or short relative to the dry bulk markets.

Navios Holdings long involvement and reputation for reliability in the Asian Pacific region have also allowed it to develop privileged relationships with many of the largest trading houses in Japan, such as Marubeni Corporation and Mitsui & Co. Through these institutional relationships, Navios Holdings has obtained relatively low-cost, long-term charter-in deals, with options to extend time charters and options to purchase the majority of the vessels. Through its established reputation and relationships, Navios Holdings has had access to opportunities not readily available to most other industry participants who lack Navios Holdings brand recognition, credibility, and track record.

In addition to its long-standing reputation and flexible business model, management believes that Navios Holdings is well-positioned in the dry bulk market on the basis of the following factors:

- A high-quality, modern fleet of vessels that provides a variety of operational advantages, such as lower insurance premiums, higher levels of productivity, and efficient operating cost structures, as well as a competitive advantage over owners of older fleets, especially in the time charter market, where age, fuel economy and quality of a vessel are of significant importance in competing for business;

- A core fleet which has been chartered-in (some through 2026, assuming minimum available charter extension periods are exercised) on attractive terms that allow Navios Holdings to charter-out the vessels at an attractive spread during strong markets and to weather down cycles in the market while maintaining low costs;

Strong commercial relationships with both freight customers and Japanese trading houses and ship owners, providing Navios Holdings with access to future attractive long-term time charters on newbuildings with valuable purchase options;

Strong in-house technical management team who oversee every step of technical management, from the construction of the vessels to subsequent shipping operations throughout the life of a vessel, including the superintendence of maintenance, repairs and drydocking, providing efficiency and transparency in Navios Holdings owned fleet operations;

Visibility into worldwide commodity flows through its physical shipping operations and port terminal operations in South America; and

An experienced management team with a strong track record of operational experience and a strong brand having a well established reputation for reliability and performance.

Management intends to maintain and build on these qualitative advantages, while at the same time continuing to benefit from Navios Holdings reputation.

Shipping Operations

Navios Holdings Fleet. Navios Holdings controls a core fleet of 40 owned vessels and 26 chartered-in vessels (18 of which have purchase options). The average age of the operating fleet is 7.8 years.

Owned Fleet. Navios Holdings owns and operates a fleet comprised of 14 modern Ultra Handymax vessels, 13 Capesize vessels, 12 Panamax vessels and one Handysize vessel, including two newbuilding vessels, whose technical specifications and youth distinguish them in the market, where, as of the beginning of March 2015, over 10% of the industry s dry bulk vessels were 20 or more years old.

Owned Vessels

Vessel Name	Vessel Type	Year Built	Deadweight (in metric tons)
Navios Serenity	Handysize	2011	34,690
Navios Ionian	Ultra Handymax	2000	52,067
Navios Horizon	Ultra Handymax	2001	50,346
Navios Herakles	Ultra Handymax	2001	52,061
Navios Achilles	Ultra Handymax	2001	52,063
Navios Vector	Ultra Handymax	2002	50,296
Navios Meridian	Ultra Handymax	2002	50,316
Navios Mercator	Ultra Handymax	2002	53,553
Navios Arc	Ultra Handymax	2003	53,514
Navios Hios	Ultra Handymax	2003	55,180
Navios Kypros	Ultra Handymax	2003	55,222
Navios Astra	Ultra Handymax	2006	53,468
Navios Ulysses	Ultra Handymax	2007	55,728
Navios Celestial	Ultra Handymax	2009	58,063
Navios Vega	Ultra Handymax	2009	58,792
Navios Magellan	Panamax	2000	74,333
Navios Star	Panamax	2002	76,662
Navios Northern Star	Panamax	2005	75,395
Navios Amitie	Panamax	2005	75,395
Navios Taurus	Panamax	2005	76,596
Navios Asteriks	Panamax	2005	76,801
Navios Galileo	Panamax	2006	76,596
N Amalthia	Panamax	2006	75,318

N Bonanza	Panamax	2006	76,596
Navios Avior	Panamax	2012	81,355
Navios Centaurus	Panamax	2012	81,472
Navios Stellar	Capesize	2009	169,001
Navios Bonavis	Capesize	2009	180,022
Navios Happiness	Capesize	2009	180,022

Navios Phoenix	Capesize	2009	180,242
Navios Lumen	Capesize	2009	180,661
Navios Antares	Capesize	2010	169,059
Navios Etoile	Capesize	2010	179,234
Navios Bonheur	Capesize	2010	179,259
Navios Altamira	Capesize	2011	179,165
Navios Azimuth	Capesize	2011	179,169
Navios Ray	Capesize	2012	179,515
Navios Gem	Capesize	2014	181,336

Owned Fleet to be Delivered

Vessels	Vessel Type	Delivery Date	Deadweight (in metric tons)
Navios Sphera	Panamax	Q3 2015	84,000
Navios TBN	Capesize	Q4 2015	180,600

Long-Term Fleet. In addition to the 40 owned vessels, Navios Holdings controls a fleet of six Capesize, 13 Panamax, six Ultra Handymax, and one Handysize vessels under long-term time charters, having an average age of approximately 6.6 years. Of the 26 chartered-in vessels, 20 are currently in operation and six are scheduled for delivery at various times through 2016, as set forth in the following table:

Long-term Chartered-in Fleet in Operation

Vessel Name	Vessel Type	Year Built	Deadweight (in metric tons)	Purchase Option (1)
Navios Lyra	Handysize	2012	34,718	Yes(2)
Navios Apollon	Ultra Handymax	2000	52,073	No
Navios Primavera	Ultra Handymax	2007	53,464	Yes
Navios Armonia	Ultra Handymax	2008	55,100	No
Navios Oriana	Ultra Handymax	2012	61,442	Yes
Navios Mercury	Ultra Handymax	2013	61,393	Yes
Navios Venus	Ultra Handymax	2015	61,000	Yes
Navios Libra II	Panamax	1995	70,136	No
Navios Altair	Panamax	2006	83,001	No
Navios Esperanza	Panamax	2007	75,356	No
Navios Marco Polo	Panamax	2011	80,647	Yes
Navios Southern Star	Panamax	2013	82,224	Yes
Navios Prosperity(3)	Panamax	2007	82,535	Yes
Navios Aldebaran(3)	Panamax	2008	76,500	Yes
Golden Heiwa	Panamax	2007	76,662	No
Beaufiks	Capesize	2004	180,310	Yes
Rubena N	Capesize	2006	203,233	No
King Ore	Capesize	2010	176,800	No
Navios Koyo	Capesize	2011	181,415	Yes

Navios Obeliks	Capesize	2012	181,415	Yes

Long-term Chartered-in Fleet to be Delivered

Vessels	Vessel Type	Delivery Date	Deadweight (in metric tons)	Purchase Option
Navios Sky	Panamax	Q2 2015	82,000	Yes
Navios Amber	Panamax	Q2 2015	80,000	Yes
Navios TBN	Panamax	Q4 2016	81,000	Yes
Navios TBN	Panamax	Q4 2016	81,000	Yes
Navios TBN	Panamax	Q4 2016	84,000	Yes
Navios Felix	Capesize	Q2 2016	180,000	Yes

(1) Generally, Navios Holdings may exercise its purchase option after three to five years of service.
(2) Navios Holdings holds the initial 50% purchase option on the vessel.
(3) Navios Holdings and Navios Partners entered into novation agreements with the respective owners of Navios Aldebaran and Navios Prosperity whereby the rights to the time charter contracts of the Navios Aldebaran and Navios Prosperity were transferred to Navios Holdings as of February 28, 2015 and March 5, 2015, respectively.

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

Short-Term Fleet: Navios Holdings short-term fleet is comprised of Capesize, Panamax and Ultra Handymax vessels chartered-in for duration of less than 12 months. The number of short-term vessels varies from time to time.

Exercise of Vessel Purchase Options

Navios Holdings has executed several purchase options comprising of six Ultra Handymax, six Panamax and one Capesize vessels. The Navios Meridian, Navios Mercator, Navios Arc, Navios Galaxy I, Navios Magellan, Navios Horizon, Navios Star, Navios Hyperion, Navios Orbiter, Navios Hope, Navios Fantastiks, Navios Vector and Navios Astra were delivered on various dates from November 30, 2005 until February 21, 2011. Navios Holdings currently has options to acquire 12 of the 20 chartered-in vessels currently in operation and all of the six long-term chartered-in vessels on order (on one of the 18 purchase options Navios Holdings holds a 50% initial purchase option).

Commercial Ship Management: Commercial management of Navios Holdings , Navios Partners, Navios Acquisition s, Navios Midstream s and Navios Europe s fleet involves identifying and negotiating charter party employment for the vessels. In addition to its internal commercial ship management capabilities, Navios Holdings uses the services of a related party, Acropolis Chartering & Shipping Inc. (Acropolis), based in Piraeus, as well as numerous third-party charter brokers, to solicit, research, and propose charters for its vessels. Charter brokers research and negotiate with different charterers, and propose charters to Navios Holdings for cargoes suitable for carriage by Navios Holdings , Navios Partners, Navios Acquisition s, Navios Midstream s and Navios Europe vessels. Navios Holdings then evaluates the employment opportunities available for each type of vessel and arranges cargo and country exclusions, bunkers, loading and discharging conditions, and demurrage.

Technical Ship Management: Navios Holdings provides, through its subsidiaries, Navios Shipmanagement Inc. and Navios Tankers Management Inc., technical ship management and maintenance services to its owned vessels and has also provided such services to Navios Partners , Navios Acquisition s, Navios Midstream s and Navios Europe s vessels under the terms of the management agreements between the parties. Based in Piraeus,

Greece, Monaco and Singapore, this operation is run by experienced professionals who oversee every step of technical management, from the construction of the vessels to subsequent shipping operations throughout the life of a vessel, including the superintendence of maintenance, repairs and drydocking.

Operation of the Fleet: The operations departments supervise the post-fixture business of the vessels in Navios Holdings , Navios Partners, Navios Acquisition s, Navios Midstream s and Navios Europe fleet (i.e., once the vessel is chartered and being employed) by monitoring their daily positions to ensure that the terms and conditions of the charters are being fulfilled.

Financial Risk Management: Navios Holdings actively engages in assessing financial risks associated with fluctuating future freight rates, daily time charter hire rates, fuel prices, credit risks, interest rates and foreign exchange rates. Financial risk management is carried out under policies approved and guidelines established by the Company s executive management.

Freight Rate Risk. Navios Holdings may use FFAs to manage and mitigate its risk to its freight market exposures in shipping capacity and freight commitments and respond to fluctuations in the dry bulk shipping market by augmenting its overall long or short position. These FFAs settle monthly in cash on the basis of publicly quoted indices, not physical delivery. These instruments typically cover periods from one month to one year, and are based on time charter rates or freight rates on specific quoted routes. Navios Holdings may enter into these FFAs through over-the-counter transactions and over LCH, the London Clearing House. Navios Holdings FFA trading personnel work closely with the chartering group to ensure that the most up-to-date information is incorporated into the Company s commercial ship management strategy and policies. See Risk Factors Risks Associated with the Shipping Industry and Our Dry bulk Operations Trading and complementary hedging activities in freight, tonnage and FFAs subject us to trading risks, and we may suffer trading losses which could adversely affect our financial condition and results of operations for additional detail on the financial implications, and risks of our use of FFAs.

Credit Risk. Navios Holdings closely monitors its credit exposure to charterers and FFAs counterparties. Navios Holdings has established policies to ensure that contracts are entered into with counterparties that have appropriate credit history. Counterparties and cash transactions are limited to high quality credit collateralized corporations and financial institutions. Most importantly, Navios Holdings has strict guidelines and policies that are designed to limit the amount of credit exposure.

Interest Rate Risk. Navios Holdings may use from time to time interest rate swap agreements to reduce exposure to fluctuations in interest rates. These instruments allow Navios Holdings to raise long-term borrowings at floating rates and swap them into fixed rates. Although these instruments are intended to minimize the anticipated financing costs and maximize gains for Navios Holdings that may be set off against interest expense, they may also result in losses, which would increase financing costs. Currently, Navios Holdings holds no interest rate swap contracts. See also item 11 Quantitative and Qualitative Disclosures about Market Risks Interest Rate Risk.

Foreign Exchange Risk. Although Navios Holdings revenues are U.S. dollar-based, 20.8% of its expenses, related to its Navios Logistics segment, are in Uruguayan pesos, Argentinean pesos, Paraguayan Guaranies

and Brazilian Reales and 10.3% of its expenses related to operation of its Greek, Belgian and Monaco offices, are in Euros. Navios Holdings monitors its Euro, Argentinean Peso, Uruguayan Peso, Paraguayan Guarani and Brazilian Real exposure against long-term currency forecasts and enters into foreign currency contracts when considered appropriate.

Customers

Dry bulk Vessel Operations

The international dry bulk shipping industry is highly fragmented and, as a result, there are numerous charterers. Navios Holdings assessment of a charterer s financial condition and reliability is an important factor

in negotiating employment of its vessels. Navios Holdings generally charters its vessels to major trading houses (including commodities traders), major producers and government-owned entities. Navios Holdings customers under charter parties, COAs, and its counterparties under FFAs, include national, regional and international companies, such as Mitsui O.S.K. Lines Ltd., Cargill International S.A., GIIC, Louis Dreyfus Commodities, Oldendorff Carriers, Glencore Grain, Swiss Marine and Mansel Ltd. For the year ended December 31, 2014, one customer accounted for 11.9% of the Company s revenue and for the years ended December 31, 2013, and 2012, none of the Company s customers accounted for more than 10% of the Company s revenue.

Logistics Business Operations

Customers of Navios Logistics include affiliates of Archer Daniels Midland Company (ADM), Axion Energy, Bunge, Cargill, Glencore, Louis Dreyfus, Petrobras, Petropar (the national oil company of Paraguay), Shell, Vale, Vitol and YPF. In its dry port facility in Uruguay, Navios Logistics has been serving three of its key global customers, ADM, Cargill and Louis Dreyfus, for more than 16 years on average. In its liquid port facility, liquid barge transportation and cabotage business, Navios Logistics has had long-term relationships with its global petroleum customers for more than 12 years on average (such as Axion Energy, Petrobras Group, YPF and Shell). In its dry barge business, Navios Logistics started its relationship with Vale in 2008 for iron ore transportation and has signed new contracts since then. Navios Logistics is committed to providing quality logistics services for its customers and further developing and maintaining its long-term relationships.

Concentrations of credit risk with respect to accounts receivables are limited due to Navios Logistics large number of customers, who are established international operators and have an appropriate credit history. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in our trade receivables. For the year ended December 31, 2014, Navios Logistics three largest customers, Vale, Cammessa and Axion Energy, accounted for 22.8%, 13.8% and 10.7% of its revenues, respectively, and Navios Logistics five largest customers accounted for approximately 60.3% of its revenues. For the year ended December 31, 2013, Navios Logistics two largest customers, Vale and Petropar, accounted for 18.5% and 10.7% of its revenues, respectively, and Navios Logistics five largest customers accounted for approximately 56.4% of its revenues. For the year ended December 31, 2012, Navios Logistics three largest customers, Vale, YPF and Axion Energy, accounted for 18.5%, 11.5% and 11.5% of its revenues, respectively and its five largest customers accounted for approximately 56.4% of its revenues.

Competition

The dry bulk shipping markets are extensive, diversified, competitive and highly fragmented, divided among approximately 1,716 independent dry bulk carrier owners. The world s active dry bulk fleet consists of approximately 10,300 vessels, aggregating approximately 756 million dwt as of December 31, 2014. As a general principle, the smaller the cargo carrying capacity of a dry bulk carrier, the more fragmented is its market, both with regard to charterers and vessel owner/operators. Even among the larger dry bulk owners and operators, whose vessels are mainly in the larger sizes, only five companies are known to have fleets of 100 vessels or more: the two largest Chinese shipping companies, China Ocean Shipping and China Shipping Group and the three largest Japanese shipping companies, Mitsui O.S.K. Lines, Kawasaki Kisen and Nippon Yusen Kaisha. There are about 45 owners known to have fleets of between 30 and 100 vessels. However, vessel ownership is not the only determinant of fleet control. Many owners of bulk carriers charter their vessels out for extended periods, not just to end users (owners of cargo), but also to other owner/operators and to tonnage pools. Such operators may, at any given time, control a fleet many times the size of their owned tonnage. Navios Holdings is one such operator; others include Cargill, Pacific Basin Shipping, Bocimar, Zodiac Maritime, Louis Dreyfus/Cetragpa, Cobelfret, Torvald Klaveness and Swiss Marine.

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

including in the dry bulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

Navios Logistics

Navios Logistics is one of the largest logistics providers in the Hidrovia region of South America. Navios Logistics believes its ownership of river ports, including its port terminal in Uruguay that provides access to the ocean, allows it to offer a logistics solution superior to its competitors that also operate barges and pushboats. Navios Logistics also competes based on reliability, efficiency and price.

With respect to loading, storage and ancillary services, the market is divided between transits and exports, depending on the cargo origin. In the case of transits there are other companies operating in the river system that are able to offer services similar to Navios Logistics. However, most of these companies are proprietary service providers that are focused on servicing their own cargo. Unlike these companies, Navios Logistics is an independent service provider in the market for transits. With respect to exports, its competitors are Montevideo Port in Montevideo and Ontur in Nueva Palmira, neither of which has storage, and TGU in Nueva Palmira. The main competitor of its liquid port terminal in Paraguay is Petropar, a Paraguayan state-owned entity. Other competitors include Copetrol and Petrobras, which are also customers of Navios Logistics port.

Navios Logistics faces competition in its barge and cabotage businesses with transportation of oil and refined petroleum products from other independent ship owners and from vessel operators who primarily charter vessels to meet their cargo carrying needs. The charter markets in which Navios Logistics vessels compete are highly competitive. Key competitors include Ultrapetrol Bahamas Ltd. and Fluviomar. In addition, some of Navios Logistics customers, including ADM, Cargill, Louis Dreyfus and Vale, have some of their own dedicated barge capacity, which they can use to transport cargo in lieu of hiring a third party. Navios Logistics also competes indirectly with other forms of land-based transportation such as truck and rail. Competition is primarily based on prevailing market contract rates, vessel location and vessel manager know-how, reputation and credibility. These companies and other smaller entities are regular competitors of Navios Logistics in its primary tanker trading areas.

Navios Logistics believes that its ability to combine its ports in Uruguay and Paraguay with its versatile fleet of barges, pushboats and tankers to offer integrated, end-to-end logistics solutions for both its dry and liquid customers seeking to transport mineral and grain commodities and liquid cargoes through the Hidrovia region has allowed Navios Logistics to differentiate its business and offer superior services compared to its competitors.

Intellectual Property

We consider NAVIOS to be our proprietary trademark, service mark and trade name. We hold several U.S. trademark registrations for our proprietary logos and the domain name registration for our website.

Governmental and Other Regulations

Sources of Applicable Rules and Standards: Shipping is one of the world s most heavily regulated industries, and, in addition, it is subject to many industry standards. Government regulation significantly affects the ownership and operation of vessels. These regulations consist mainly of rules and standards established by international conventions, but they also include national, state, and local laws and regulations in force in jurisdictions where vessels may operate or are registered, and which are commonly more stringent than international rules and standards. This is the case particularly in the United States and, increasingly, in Europe.

A variety of governmental and private entities subject vessels to both scheduled and unscheduled inspections. These entities include local port authorities (the U.S. Coast Guard, harbor masters or equivalent entities), classification societies, flag state administration (country vessel of registry), and charterers, particularly

terminal operators. Certain of these entities require vessel owners to obtain permits, licenses, and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

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

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

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

An amendment of SOLAS introduced the International Safety Management (ISM) Code, which has been effective since July 1998. Under the ISM Code the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel s management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by the flag state for the vessel, under the ISM Code. Noncompliance with the ISM Code and other IMO regulations, such as the mandatory ship energy efficiency management plan (SEEMP) which is akin to a safety management plan and came into effect on January 1, 2013, may subject a ship owner to increased liability, may lead to decreases in available insurance coverage for affected vessels, and may result in the denial of access to, or detention in, some ports. For example, the United States Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in ports in the United States and European Union.

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

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

International Regulations to Prevent Pollution from Ships: In the second main category of international regulation, the primary instrument is the International Convention for the Prevention of Pollution from Ships, or MARPOL, which imposes environmental standards on the shipping industry set out in Annexes I-VI of MARPOL. These contain regulations for the prevention of pollution by oil (Annex I), by noxious liquid substances in bulk (Annex II), by harmful substances in packaged forms within the scope of the International

Maritime Dangerous Goods Code (Annex III), by sewage (Annex IV), by garbage (Annex V), and by air emissions (Annex VI).

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

For example, MARPOL Annex VI, together with the NOx Technical Code established thereunder, sets limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. It also includes a global cap on the sulphur content of fuel oil and allows for special areas to be established with more stringent controls on emissions. Originally adopted in September 1997, Annex VI came into force in May 2005 and was amended in October 2008 (as was the NOx Technical Code) to provide for progressively more stringent limits on such emissions from 2010 onwards. The revised Annex VI provides, in particular, for a reduction of the global sulfur cap, initially to 3.5% (from the previous cap of 4.5%), which came into effect on January 1, 2012, then progressively reducing to 0.50% effective from January 1, 2020, subject to a feasibility review to be completed no later than 2018; and the establishment of new tiers of stringent nitrogen oxide emissions standards for marine engines, depending on their date of installation. We anticipate incurring costs in complying with these more stringent standards.

The revised Annex VI further allows for designation, in response to proposals from member parties, of Emission Control Areas (ECAs) that impose accelerated and/or more stringent requirements for control of sulfur oxide, particulate matter, and nitrogen oxide emissions. Thus far, ECAs have been formally adopted for the Baltic Sea area (limits SOx emissions only); the North Sea area including the English Channel (limiting SOx emissions only) and the North American ECA (which came into effect on August 1, 2012 limiting SOx, NOx and particulate matter emissions). The United States Caribbean Sea ECA entered into force on January 1, 2013 and has been effective since January 1, 2014, limiting SOx, NOx and particulate matter emissions. For the currently-designated ECAs, much lower sulfur limits on fuel oil content are being phased in (0.1% from January 1, 2015). At its 66th Session, the MEPC adopted amendments (expected to enter into force in September 2015) to MARPOL Annex VI, regulation 13, regarding NOx and the date for the implementation of the Tier III standards within ECAs. These amendments provide, inter alia, that such standards, applicable on January 1, 2016, will be applied to marine diesel engines installed on ships which operate in the North American ECA or the U.S. Caribbean Sea ECA and to installed marine diesel engines which operate in other ECAs which might be designated in the future for Tier III NOx control. These more stringent fuel standards, when fully in effect, are expected to require measures such as fuel switching, vessel modification adding distillate fuel storage capacity, or addition of exhaust gas cleaning scrubbers, to achieve compliance, and may require installation and operation of further control equipment at significant increased cost.

Greenhouse Gas (GHG) Emissions: In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the greenhouse gas emissions from international shipping do not come under the Kyoto Protocol.

In December 2011, UN climate change talks took place in Durban and concluded with an agreement referred to as the Durban Platform for Enhanced Action. In preparation for the Durban Conference, the International Chamber of Shipping (ICS) produced a briefing document, confirming the shipping industry s commitment to cut shipping emissions by 20% by 2020, with significant further reductions thereafter. The ICS called on the participants in the Durban Conference to give the IMO a clear mandate to deliver emissions reductions through market-based measures, for example a shipping industry environmental compensation fund. Notwithstanding the ICS request for global regulation of the shipping industry, the Durban Conference did not result in any proposals specifically addressing the

shipping industry s role in climate change. The European Union announced in April 2007 that it planned to expand the European Union emissions trading scheme by adding vessels, and a proposal from the European Commission was expected if no global regime for reduction of

seaborne emissions had been agreed by the end of 2011. The Commission has, so far, stopped short of any such proposals to include emissions from ships in the EU s emissions trading scheme (ETS). However, on October 1, 2012, it announced that it would propose measures to monitor verify and report on greenhouse-gas emissions from the shipping sector in early 2013. On June 28, 2013, the European Commission adopted a Communication setting out a strategy for progressively including greenhouse gas emissions from maritime transport in the EU s policy for reducing its overall GHG emissions. The first step proposed by the Commission is an EU Regulation that would establish an EU-wide system for the monitoring, reporting and verification of carbon dioxide emissions from large ships starting in 2018 . The draft Regulation is currently working its way through the various stages of the EU legislative process and will require approval from both the European Council and European Parliament before entering into force. This Regulation may be seen as indicative of an intention to maintain pressure on the international negotiating process. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, or individual countries where we operate, including the U.S. that restrict emissions of greenhouse gases from vessels could require us to make significant financial expenditures we cannot predict with certainty at this time.

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

The BWM Convention will not enter into force until 12 months after it has been adopted by 30 member-states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world s merchant shipping. To date, there has not been sufficient adoption of this standard by member-states representing enough of the gross tonnage of the world s fleet for it to take force. However, as of February 10, 2014, the Convention has been ratified by 38 member-states, representing 30.38% of the global merchant shipping fleet s gross tonnage, and its entry-into-force with attendant compliance costs may therefore be anticipated in the foreseeable future.

European Regulations

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

In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment of international law. Notably, it adopted in 2005 a directive on ship-source pollution, imposing criminal sanctions for pollution not only where this is caused by intent or recklessness (which would be an offence under MARPOL), but also where it is caused by serious negligence . The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law. Experience has shown that in the emotive atmosphere often associated with pollution incidents, retributive attitudes towards ship interests have found expression in negligence being alleged by prosecutors and found by courts on grounds which the international

maritime community has found hard to understand. Moreover, there is skepticism that the notion of serious negligence is likely to prove any narrower in practice than ordinary

negligence. Criminal liability for a pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

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

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

Title VII of the Coast Guard and Maritime Transportation Act of 2004, or the CGMTA, amended OPA to require the owner or operator of any non tank vessel of 400 gross tons or more, that carries oil of any kind as a fuel for main propulsion, including bunkers, to prepare and submit a response plan for each vessel on or before August 8, 2005. The vessel response plans must include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of ore from the vessel due to operational activities or casualties. OPA currently limits liability of responsible parties to the greater of $1,000 per gross ton or $0.85 million per containership that is over 300 gross tons. These amounts are periodically adjusted for inflation.

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

In response to the Deepwater Horizon incident in the Gulf of Mexico, in 2010 the U.S. Congress has proposed, but has not formally adopted legislation that would amend OPA to mandate stronger safety standards and increased liability and financial responsibility for offshore drilling operations, but the bill did not seek to change the OPA liability limits applicable to vessels. While Congressional activity on this topic is expected to continue to focus on offshore facilities rather than on vessels generally, it cannot be known with certainty what form any such new legislative initiatives may take.

Similarly, in response to the Deepwater Horizon incident, the European Union has issued Directive 2013/30/EU of the European Parliament and of the Council of June 12, 2013 on safety of offshore oil and gas operations. The objective of this Directive is to reduce, as much as possible, the occurrence of major accidents relating to offshore oil and gas operations and to limit their consequences, thus increasing the protection of the marine environment and coastal economies against pollution, establishing minimum conditions for safe offshore exploration and exploitation of oil and gas and limiting possible disruptions to the European Union indigenous energy production, and to improve the response mechanisms in case of an accident. The Directive has to be implemented by July 19, 2015. In the UK there will be new regulations: the Offshore Petroleum Activities (Offshore Safety Directive) (Environmental Functions)

Regulations 2015 (OSDEF), will amend the Merchant Shipping (Oil Pollution Preparedness, Response and Cooperation Convention) Regulations 1998 (OPRC 1998)

and implement other environmental Directive requirements, specifically the Environmental Management System. The Offshore Petroleum Licensing (Offshore Safety Directive) Regulations 2015 will implement the licensing Directive requirements. There will also be changes to the Oil Pollution Emergency Plans Regulations 1998.

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

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

OPA requires owners and operators of all vessels over 300 gross tons, even those that do not carry petroleum or hazardous substances as cargo, to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under OPA. The U.S. Coast Guard has implemented regulations requiring evidence of financial responsibility in the amount of $1,300 per gross ton, which includes the OPA limitation on liability of $1,000 per gross ton and the CERCLA liability limit of $300 per gross ton for vessels not carrying hazardous substances as cargo or residue. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance or guaranty. These limits are also periodically revised. We believe our insurance coverage as described above meets the requirements of OPA.

Under OPA, an owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessel in the fleet having the greatest maximum liability under OPA. Under the self-insurance provisions, the ship owner or operator must have a net worth and working capital, measured in assets located in the United States against liabilities located anywhere in the world, that exceeds the applicable amount of financial responsibility. We have complied with the U.S. Coast Guard regulations by providing a certificate of responsibility from third party entities that are acceptable to the U.S. Coast Guard evidencing sufficient self-insurance.

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

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

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The United States Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under CERCLA. The EPA regulates the discharge of ballast water and other substances incidental to the normal operation of vessels in U.S. waters using a Vessel General Permit, or VGP, system pursuant to the CWA, in order to combat the risk of harmful organisms that can travel in ballast water carried from foreign ports. Compliance with the conditions of the VGP is required for commercial vessels 79 feet in length or longer (other than commercial fishing vessels). On March 28, 2013, the EPA adopted the 2013 VGP which took effect on December 19, 2013. The 2013 VGP is valid for five years.

This 2013 VGP imposes a numeric standard to control the release of non-indigenous invasive species in ballast water discharges. In addition, through the CWA certification provisions that allow U.S. states to place additional conditions on the use of the VGP within state waters, a number of states have proposed or implemented a variety of stricter ballast water requirements including, in some states, specific treatment standards. Compliance with new U.S. federal and state requirements could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

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

Also under the CAA, the U.S. Coast Guard has since 1990 regulated the safety of VCSs that are required under EPA and state rules. Our vessels operating in regulated port areas have installed VCSs that are compliant with EPA, state and U.S. Coast Guard requirements. On July 16, 2013, the U.S. Coast Guard adopted regulations that made its VCS requirements more compatible with new EPA and State regulations, reflected changes in VCS technology, and codified existing U.S. Coast Guard guidelines. We intend to comply with all applicable state and U.S. federal regulations in the ports where our vessels call.

Security Regulations

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

on-board installation of automatic information systems, or AIS, to enhance vessel-to-vessel and vessel-to-shore communications;

on-board installation of ship security alert systems;

the development of vessel security plans; and

compliance with flag state security certification requirements.

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate, or ISSC, that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

International laws governing civil liability to pay compensation or damages

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on ship owners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker oil. The Bunker Convention defines bunker oil as any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended, or the 1976 Convention). The Bunker Convention entered into force on November 21, 2008, and as of February 28, 2014 had 74 contracting states comprising approximately 90.72% of the gross tonnage of the world s merchant fleet. In other jurisdictions liability for spills or releases of oil from ships bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

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

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

The classification society also undertakes, on request, other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case or to the regulations of the country concerned. For maintenance of the class, regular and extraordinary

surveys of hull, machinery (including the electrical plant) and any special equipment classed are required to be performed as follows:

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

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

Class Renewal Surveys: Class renewal surveys, also known as special surveys, are carried out for the ship s hull, machinery (including the electrical plant), and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging, to determine the thickness of its steel structure. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a ship owner has the option of arranging with the classification society for the vessel s integrated hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle.

Risk of Loss and Liability Insurance

General: The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage, business interruption due to political circumstances in foreign countries, hostilities, and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. The OPA, which imposes virtually unlimited liability upon owners, operators and demise charterers of any vessel trading in the United States exclusive economic zone for certain oil pollution accidents in the United States, has made liability insurance more expensive for ship owners and operators trading in the U.S. market. While we believe that our present insurance coverage is adequate, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery and War Risk Insurance: We have marine hull and machinery and war risk insurance, which include coverage of the risk of actual or constructive total loss, for all of our owned vessels. Each of the owned vessels is covered up to at least fair market value, with a deductible of $0.1 million per Panamax, Handymax and Container vessel and $0.2 million per Capesize vessel for the hull and machinery insurance.We have also extended our war risk insurance to include war loss of hire for any loss of time to the vessel, including for physical repairs, caused by a warlike incident and piracy seizure for up to 270 days of detention / loss of time. There are no deductibles for the war risk insurance or the war loss of hire cover.

Protection and Indemnity Insurance: Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, who indemnify members in respect of discharging their tortious,

contractual or statutory third-party legal liabilities arising from the operation of an entered ship. Such liabilities include but are not limited to third-party liability and other related expenses from injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations and always provided in accordance with the applicable associations rules and members agreed terms and conditions.

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Our fleet is currently entered for protection and indemnity insurance with International Group associations where, in line with all International Group Clubs, coverage for oil pollution is limited to $1.0 billion per event. The 13 P&I Associations that comprise the International Group insure approximately 95% of the world s commercial tonnage and have entered into a pooling agreement to collectively reinsure each association s liabilities. Each vessel that we acquire will be entered with P&I Associations of the International Group. Under the International Group reinsurance program, each P&I club in the International Group is responsible for the first $9.0 million of every claim. In every claim the amount in excess of $9.0 million and up to $80.0 million is shared by the clubs under the pooling agreement. Any claim in excess of $80.0 million is reinsured by the International Group in the international reinsurance market under the General Excess of Loss Reinsurance Contract. This policy currently provides an additional $2.0 billion of coverage for non-oil pollution claims. Further to this, an additional reinsurance layer has been placed by the International Group for claims up to $1.0 billion in excess of $2.08 billion, or $3.08 billion in total. For passengers and crew claims, the overall limit is $3.0 billion for any one event on any one vessel with a sub-limit of $2.0 billion for passengers. With the exception of pollution, passenger or crew claims, should any other P&I claim exceed Group reinsurance limits, the provisions of all International Group Club s overspill claim rules will operate and members of any International Group Club will be liable for additional contributions in accordance with such rules. To date, there has never been an overspill claim, or one even nearing this level.

As a member of the P&I Associations that are members of the International Group, we will be subject to calls payable to the associations based on our individual fleet record, the associations overall its claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising the International Group. The P&I Associations policy year commences on February 20th. Calls are levied by means of Estimated Total Premiums (ETP) and the amount of the final installment of the ETP varies according to the actual total premium ultimately required by the club for a particular policy year. Members have a liability to pay supplementary calls which might be levied by the board of directors of the club if the ETP is insufficient to cover amounts paid out by the club.

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

Should a member leave or entry cease with any of the associations, at the Club s Managers discretion, they may be also be liable to pay release calls or provide adequate security for the same amount. Such calls are levied in respect of potential outstanding Club/Member liabilities on open policy years and include but are not limited to liabilities for Deferred Calls and Supplementary Calls.

Credit Risk Insurance: With effect from March 25, 2014, the Company entered into an agreement to terminate the amended credit default insurance policy. In connection with the termination, Navios Holdings received compensation of $4.0 million in cash direct from the credit default insurer during the second quarter of 2014. The Company has no future requirement to repay any of the lump sum cash payment back to the insurance company or provide any further

services.

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Risk Management

Risk management in the shipping industry involves balancing a number of factors in a cyclical and potentially volatile environment. Fundamentally, the challenge is to appropriately allocate capital to competing opportunities of owning or chartering vessels. In part, this requires a view of the overall health of the market as well as an understanding of capital costs and returns. Thus, stated simply, one may charter-in part of a fleet as opposed to owning the entire fleet to maximize risk management and economic results. This is coupled with the challenge posed by the complex logistics of ensuring that the vessels controlled by Navios Holdings are fully employed.

Navios Holdings seeks to manage risk through a number of strategies, including vessel control strategies (chartering and ownership), freight carriage and FFA trading. Navios Holdings vessel control strategies include seeking the appropriate mix of owned vessels, long- and short-term chartered-in vessels, coupled with purchase options, when available, and spot charters. Navios Holdings also enters into COAs, which gives Navios Holdings, subject to certain limitations, the flexibility to determine the means of getting a particular cargo to its destination. Navios Holdings FFA trading strategies include taking economic hedges to manage and mitigate risk on vessels that are on-hire or coming off-hire to protect against the risk of movement in freight market rates.

Legal Proceedings

Navios Holdings is not involved in any legal proceedings that it believes will have a material adverse effect on its business, financial position, results of operations and liquidity.

In January 2011, KLC filed for receivership, which is reorganization under South Korean bankruptcy law. Navios Holdings has reviewed the matter, as five vessels of its core fleet were chartered out to KLC. The contracts for these vessels have been terminated and the vessels have been rechartered to third parties for variable charter periods. The Company has filed claims for all unpaid amounts by KLC in respect of the employment of the five vessels in the KLC corporate rehabilitation proceedings. Up to December 31, 2013 the Company had received payment in full for all its claims against KLC partly in cash and partly in shares.

From time to time, Navios Holdings may be subject to legal proceedings and claims in the ordinary course of business. It is expected that these claims would be covered by insurance if they involved liabilities such as those that arise from a collision, other marine casualty, damage to cargoes, oil pollution and death or personal injuries to crew, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Crewing and Shore Employees

Navios Holdings crews its vessels primarily with Greek, Ukrainian, Georgian, Filipino, Polish, Romanian, Indian and Russian officers and Filipino, Georgian, Indian and Ukrainian seamen. Navios Holdings fleet manager is responsible for selecting its Greek officers. Other nationalities are referred to Navios Holdings fleet manager by local crewing agencies. Navios Holdings is also responsible for travel and payroll of the crew. The crewing agencies handle each seaman s training. Navios Holdings requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions. Navios Logistics crews its fleet with Argentinean, Brazilian and Paraguayan officers and seamen. Navios Logistics fleet managers are responsible for selecting the crew.

As of December 31, 2014, with respect to shore-side employees, Navios Holdings and its subsidiaries employed 167 employees in its Piraeus, Greece office, 13 employees in its New York office, nine employees in its Antwerp, Belgium office, two employees in its Monaco office and one employee in its Singapore office. Navios Logistics

employs 41 employees in its Asuncion, Paraguay offices, 50 employees at the port facility in San Antonio, Paraguay, 134 employees in the Buenos Aires, Argentina office, seven employees in its Montevideo, Uruguay office, with an additional 128 employees at the port facility in Nueva Palmira, Uruguay, and 10 employees at Hidronave South American Logistics S.A. s (Hidronave) Corumba, Brazil office.

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Facilities

Navios Holdings and its affiliates currently lease the following properties:

Navios Shipmanagement Inc. and Navios Corporation lease approximately 3,882.3 square meters of space at 85 Akti Miaouli, Piraeus, Greece, pursuant to lease agreements that expire in 2017 and 2019.

On July 1, 2010, Kleimar N.V. signed a contract for the lease of approximately 632 square meters for its offices, pursuant to a lease that expires in 2019.

Navios Corporation leases approximately 16,703 square feet of space at 825 Third Avenue, New York, New York, pursuant to a lease that expires in 2019. Navios Holdings sublets a portion of the 34th floor in the building located at 825 Third Avenue, New York, New York, which premises comprise a portion of the premises under the main lease, to a third party pursuant a sub-lease that expires in 2019.

Navios Tankers Management Inc. leases approximately 253.75 square meters of space at 85 Akti Miaouli, Piraeus, Greece, pursuant to a lease agreement signed on October 29, 2010 and expiring in 2019.

Navios Shipmanagement Inc. leases office space in Monaco pursuant to a lease that expires in June 2015.

Navios Logistics and its subsidiaries currently lease the following premises:

CNSA, as a free zone direct user at the Nueva Palmira Free Zone, holds the right to occupy the land on which it operate its port and transfer facility, located at Zona Franca, Nueva Palmira, Uruguay. CNSA was authorized to operate as a free zone user on November 29, 1955 by a resolution of the Executive, which on September 27, 1956 approved an agreement, as required by applicable law at the time. On December 4, 1995, CNSA rights as a direct user were renewed in a single free zone user agreement, which was subsequently amended to incorporate new plots of land until its final version dated November 27, 2009. The agreement currently in force permits CNSA to install and operate a transfer station to handle and store goods, and to build and operate a plant to receive, prepare and dry grain on land in the Nueva Palmira Free Zone. The agreement expires on December 31, 2025, with a 20-year extension at Navios Logistics option. Navios Logistics pays an annual fee of approximately $0.2 million, payable in eight consecutive months beginning in January of each year and increasing yearly in proportion to the variation in the U.S. Consumer Price Index corresponding to the previous year. There is also a transhipment fee of $0.20 per ton transshipped. Navios Logistics has certain obligations with respect to improving the land subject to the agreement, and the agreement is terminable by the Free Zone Division if Navios Logistics breaches the terms of the agreement, or labor laws and social security contributions, and if Navios Logistics commit illegal acts. In March 2013, CNSA acquired Energias Renovables del Sur S.A., a Nueva Palmira Free Zone direct user pursuant to an agreement with the Free Trade Zone Authority General Trade Bureau of the Ministry of Economy and Finance. In December 2014, Navios Logistics acquired Cartisur S.A. (Cartisur) and Edolmix S.A. (Edolmix), both also Nueva Palmira Free Zone direct users.

CNSA also leases approximately 400 square meters of space at Paraguay 2141, Montevideo, Uruguay, pursuant to a lease that expires in November 2020.

Compania Naviera Horamar S.A. leases approximately 409 square meters at Cepeda 429 Street, San Nicolás, Buenos Aires, Argentina, pursuant to a lease agreement that expires in November 2017.

Petrolera San Antonio S.A. leases approximately 10,481 square meters of a land and a small warehouse next to the river Paraguay at San Miguel district of Asunción over the way to the Club Mbigua, pursuant to a lease agreement that expires in June 2018.

Compania Naviera Horamar S.A. leases a piece of land called La Misteriosa in an Island in the Province of Entre Rios, Argentina, Department of Islands of Ibicuy and Paranacito, pursuant to a lease agreement that expires in May 2018.

Compania Naviera Horamar S.A. leases approximately 1,370 square meters of office space at Av. Juana Manso 205, Buenos Aires, Argentina, pursuant to a lease agreement that expires in June 2017.

Merco Par S.A.C.I. leases approximately 655 square meters of office space at Avenida Aviadores del Chaco No 1.669 corner San Martín, Asuncion, Paraguay, pursuant to a lease agreement that expires in November 2018.

CNSA owns premises in Montevideo, Uruguay. This space is approximately 112 square meters and is located at Juan Carlos Gomez 1445, Oficina 701, Montevideo 1100, Uruguay.

Petrolera San Antonio S.A. owns the premises from which it operates in Avenida San Antonio, Paraguay. This space is approximately 146,744 square meters and is located between Avenida San Antonio and Virgen de Caacupé, San Antonio, Paraguay.

Compania Naviera Horamar S.A. owns two storehouses located at 880 Calle California, Ciudad Autonoma de Buenos Aires, Argentina and at 791/795 Calle General Daniel Cerri, Ciudad Autonoma de Buenos Aires, Argentina of approximately 259 and 825 square meters, respectively. Compania Naviera Horamar S.A. also owns approximately 1,208 square meters of office space located in Buenos Aires, Argentina 846 Avenida Santa Fe, Ciudad Autonoma.

Petrovia Internacional S.A. owns three plots of land in Nueva Palmira, Uruguay, two of approximately 29 acres each and one of 23 acres.

C. Organizational structure

Navios Holdings maintains offices in Piraeus, Greece, Antwerp, Belgium, New York, Monaco and Singapore. Navios Holdings corporate structure is functionally organized: commercial ship management and risk management are conducted through Navios Corporation and its wholly-owned subsidiaries, while the operation and technical management of Navios Holdings owned vessels are conducted through wholly-owned subsidiaries of Navios Holdings. Navios Logistics maintains offices in Buenos Aires, Argentina, Asuncion, Paraguay, Montevideo, Uruguay and Corumba, Brazil. Navios Logistics conducts the commercial and technical management of its vessels, barges and pushboats through its wholly-owned subsidiaries. Navios Logistics also owns the Nueva Palmira port and transfer facility indirectly through its Uruguayan subsidiary, CNSA, and the San Antonio port facility through its Paraguayan subsidiary, Petrolera San Antonio S.A.

As of December 31, 2014, all subsidiaries included in the consolidated financial statements are 100% owned, except for Navios Logistics and its subsidiaries, which is 63.8% owned by Navios Holdings.

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The table below sets forth Navios Holdings corporate structure as of December 31, 2014.

Subsidiaries included in the consolidation:

Company Name	Nature	Ownership Interest	Country of Incorporation	Statement of Operations 2014	2013	2012
Navios Maritime Holdings Inc.	Holding Company		Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Corporation	Sub-Holding Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios International Inc.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navimax Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Handybulk Inc.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Hestia Shipping Ltd.	Operating Company	100%	Malta	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Anemos Maritime Holdings Inc.	Sub-Holding Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Shipmanagement Inc.	Management Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
NAV Holdings Limited	Sub-Holding Company	100%	Malta	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kleimar N.V.	Operating Company/ Vessel Owning Company/ Management Company	100%	Belgium	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Kleimar Ltd.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Bulkinvest S.A.	Operating Company	100%	Luxembourg	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Primavera Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ginger Services Co.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Aquis Marine Corp.	Sub-Holding Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Tankers Management Inc.	Management Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Astra Maritime Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Achilles Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Apollon Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Herakles Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Hios Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ionian Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

Kypros Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Meridian Shipping Enterprises Inc.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Mercator Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Arc Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Horizon Shipping Enterprises Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Magellan Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Aegean Shipping Corporation	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Star Maritime Enterprises Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Corsair Shipping Ltd.	Vessel Owning Company	100%	Marshall Is	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Rowboat Marine Inc.	Operating Company	100%	Marshall Is	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Beaufiks Shipping Corporation	Operating Company	100%	Marshall Is	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Nostos Shipmanagement Corp.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Portorosa Marine Corp.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Shikhar Ventures S.A.	Vessel Owning Company	100%	Liberia	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Sizzling Ventures Inc.	Operating Company	100%	Liberia	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Rheia Associates Co.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Taharqa Spirit Corp.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Rumer Holding Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Pharos Navigation S.A.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Pueblo Holdings Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Quena Shipmanagement Inc.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Aramis Navigation Inc.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
White Narcissus Marine S.A.	Vessel Owning Company	100%	Panama	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31

Navios GP L.L.C.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Floral Marine Ltd.	Vessel Owning Company	100%	Marshall Is.			1/1 - 6/14
Red Rose Shipping Corp.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Highbird Management Inc.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Ducale Marine Inc.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Vector Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Faith Marine Ltd.	Vessel Owning Company	100%	Liberia	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Maritime Finance (US) Inc.	Operating Company	100%	Delaware	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Navios Maritime Finance II (US) Inc.	Operating Company	100%	Delaware	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Tulsi Shipmanagement Co.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Cinthara Shipping Ltd.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Rawlin Services Company	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Mauve International S.A.	Operating Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	1/1 - 12/31
Serenity Shipping Enterprises Inc.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	3/26 - 12/31
Mandora Shipping Ltd	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	3/30 - 12/31
Solange Shipping Ltd.	Vessel Owning Company	100%	Marshall Is.	1/1 - 12/31	1/1 - 12/31	5/14 - 12/31
Diesis Ship Management Ltd.	Operating Company	100%	Marshall Is.	1/1 - 12/31	5/14 - 12/31	
Navios Holdings Europe Finance Inc.	Sub-Holding Company	100%	Marshall Is.	1/1 - 12/31	6/4 - 12/31	
Navios Asia LLC	Sub-Holding Company	100%	Marshall Is.	5/19 - 12/31		
Iris Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	5/19 - 12/31		
Jasmine Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	5/19 - 12/31		
Emery Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	6/4 - 12/31		
Lavender Shipping Corporation	Vessel Owning Company	100%	Marshall Is.	11/24 - 12/31		
Esmeralda Shipping Corporation	Vessel Owning Company	100%	Marshall Is.			

Triangle Shipping Corporation	Vessel Owning Company	100%	Marshall Is.

Affiliates included in the financial statements accounted for under the equity method:

In the consolidated financial statements of Navios Holdings, the following entities are included as affiliates and are accounted for under the equity method for such periods: (i) Navios Partners and its subsidiaries (ownership interest as of December 31, 2013 was 20.0%, which includes a 2.0% general partner interest); (ii) Navios Acquisition and its subsidiaries (economic interest as of December 31, 2014 was 46.2%,); (iii) Acropolis (economic interest as of December 31, 2014 was 35.0%); and (iv) Navios Europe and its subsidiaries (economic interest as of December 31, 2014 was 47.5%).

D. Property, plants and equipment

Our only material property is the owned vessels, tanker vessels, barges and pushboats and the port terminal facilities in Paraguay and Uruguay. See Item 4.B Business Overview above.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following is a discussion of Navios Holdings financial condition and results of operations for each of the fiscal years ended December 31, 2014, 2013 and 2012. Navios Holdings financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements and the accompanying notes to those financial statements, which are included in this document. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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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 those discussed under Risk Factors and Forward-Looking Statements .

Overview

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities, including iron ore, coal and grain. Navios Holdings technically and commercially manage its owned fleet, Navios Acquisition s fleet, Navios Partners fleet, Navios Midstream s fleet and Navios Europe s fleet, and commercially manages its chartered-in fleet.

On February 2, 2007, Navios Holdings acquired all of the outstanding share capital of Kleimar N.V. (Kleimar). Kleimar is a Belgian maritime transportation company established in 1993. Kleimar is the owner and operator of Capesize, Panamax and Handymax vessels used in the transportation of cargoes and has an extensive COA business.

Navios Logistics, a consolidated subsidiary of Navios Holdings, is one of the largest logistics companies in the Hidrovia region river system, the main navigable river system in the region, and on the cabotage trades along the eastern coast of South America, serving its customers in the Hidrovia region through two port storage and transfer facilities, one for agricultural, forest and mineral-related exports and the other for refined petroleum products. Navios Logistics complements its two port terminals with a diverse fleet of 360 barges and pushboats (including three pushboats to be delivered) and two small inland oil tankers that operate in its barge business and nine vessels, including six ocean-going tankers, two self-propelled barges and one bunker vessel, which operate in its cabotage business. Navios Holdings currently owns 63.8% of Navios Logistics.

On August 7, 2007, Navios Holdings formed Navios Partners under the laws of Marshall Islands. Navios G.P. L.L.C. (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 2.0% general partner interest in Navios Partners. Navios Partners is an affiliate and not consolidated under Navios Holdings.

On May 28, 2010, Navios Holdings acquired control over Navios Acquisition. As a result, Navios Holdings concluded a business combination had occurred and consolidated the results of Navios Acquisition from that date until March 30, 2011. From March 30, 2011, Navios Acquisition has been considered as an affiliate entity of Navios Holdings. As of December 31, 2014, Navios Holdings ownership of the outstanding voting stock of Navios Acquisition was 43.1% and its economic interest in Navios Acquisition was 46.2%.

In May 2013, Navios Holdings formed Navios Asia in partnership with a third party and owned 51.0% of Navios Asia and its wholly owned subsidiaries. In May 2014, Navios Holdings became the sole shareholder of Navios Asia by acquiring the remaining 49.0% for a total cash consideration of $10.9 million.

On October 9, 2013, Navios Holdings, Navios Acquisition and Navios Partners established Navios Europe and have economic interests of 47.5%, 47.5% and 5.0%, respectively. Navios Europe is engaged in the marine transportation industry through the ownership of five tankers and five container vessels. Effective November 2014, Navios Holdings, Navios Acquisition and Navios Partners have voting interest of 50%, 50% and 0%, respectively.

On October 13, 2014, Navios Acquisition formed Navios Midstream under the laws of the Marshall Islands. Navios Maritime Midstream Partners GP LLC, or the general partner, a wholly-owned subsidiary of Navios Acquisition, was

also formed on that date to act as the general partner of Navios Midstream and received a 2.0% general partner interest in Navios Midstream. Following the completion of the Navios Midstream s IPO in

November 2014 and as of December 31, 2014, Navios Acquisition had 57.5% interest and Navios Holdings had indirect economic interest of 26.6% (through its ownership in Navios Acquisition) and no direct economic interest.

Charter Policy and Industry Outlook

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

In 2014, 2013 and 2012, this chartering policy had the effect of generating Time Charter Equivalents (TCE) that were higher than spot employment. The average daily charter-in vessel cost for the Navios Holdings long-term charter-in fleet (excluding vessels, which are utilized to serve voyage charters or COAs) was $13,397 per day for the year ended December 31, 2014. The average long-term charter-in hire rate per vessel was included in the amount of long-term hire included elsewhere in this document and was computed by (a) multiplying (i) the daily charter-in rate for each vessel by (ii) the number of days each vessel is in operation for the year; (b) summing those individual multiplications; and (c) dividing such total by the total number of charter-in vessel days for the year. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options exercisable in the future at favorable prices relative to the then-current market.

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

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

Fleet

The following is the current core fleet employment profile (excluding Navios Logistics), including the newbuilds to be delivered. The current core fleet consists of 66 vessels totaling 6.6 million deadweight tons. The employment profile of the fleet as of April 1, 2015 is reflected in the tables below. The 58 vessels in current operation aggregate approximately 5.7 million deadweight tons and have an average age of 7.8 years. Navios Holdings has currently fixed

54.9% and 3.9% including index-linked charters of available days for 2015 and 2016, respectively, of its fleet (excluding vessels which are utilized to fulfill COAs), representing contracted fees

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(net of commissions), based on contracted charter rates from our current charter agreements of $70.7 million and $11.9 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and us. Additionally, the level of these fees would decrease depending on the vessels off-hire days to perform periodic maintenance. The average contractual daily charter-out rate for the core fleet (excluding vessels which are utilized to fulfill COAs) is $9,679 and $26,007 for 2015 and 2016, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfil COAs) for 2015 is $13,394.

Owned Vessels

Vessels	Type	Built	DWT	Charter-out Rate[1]	Profit Share	Expiration Date[2]
Navios Serenity	Handysize	2011	34,690	6,650	No	04/30/2015
Navios Ionian	Ultra Handymax	2000	52,067	4,988	No	04/22/2015
Navios Celestial	Ultra Handymax	2009	58,063	7,981	70% in excess of $8,000 basis Supramax Index Routes +8%	04/11/2015 07/16/2015
Navios Vector	Ultra Handymax	2002	50,296	8,550	No	04/30/2015
Navios Horizon	Ultra Handymax	2001	50,346	4,275	No	04/09/2015
Navios Herakles	Ultra Handymax	2001	52,061	9,025	No	04/19/2015
Navios Achilles	Ultra Handymax	2001	52,063	4,750	No	05/12/2015
Navios Meridian	Ultra Handymax	2002	50,316	5,700	No	04/05/2015
Navios Mercator	Ultra Handymax	2002	53,553	9,215	No	05/15/2015
Navios Arc	Ultra Handymax	2003	53,514	5,938	No	03/31/2015
Navios Hios	Ultra Handymax	2003	55,180	8,246	100% in excess of $8,500 basis Supramax Index Routes	04/14/2015 08/07/2015
Navios Kypros	Ultra Handymax	2003	55,222	6,171	98% of average Supramax Index Routes	04/14/2015 02/27/2016
Navios Ulysses	Ultra Handymax	2007	55,728	5,470	Average Supramax Index Routes	04/10/2015 02/23/2016
Navios Vega	Ultra Handymax	2009	58,792	9,119	100% in excess of $9,500 basis Supramax Index Routes +5%	04/09/2015 04/16/2015
Navios Astra	Ultra Handymax	2006	53,468	7,695	No	07/19/2015
Navios Magellan	Panamax	2000	74,333	4,617	Weighted average basis Panamax Index 4TC Routes +4%	04/11/2015 01/10/2016
Navios Star	Panamax	2002	76,662	6,650	No	08/14/2015
Navios Asteriks	Panamax	2005	76,801	5,225	No	06/05/2015
Navios Centaurus	Panamax	2012	81,472	8,313	No	04/20/2015

Navios Avior	Panamax	2012	81,355	5,950	Weighted average basis Panamax Index Routes	04/06/2015
					+14%	04/25/2015
Navios Galileo	Panamax	2006	76,596	8,663	No	06/02/2015
Navios Northern Star	Panamax	2005	75,395	6,698	No	08/22/2015
Navios Amitie	Panamax	2005	75,395	7,695	No	07/10/2015
Navios Taurus	Panamax	2005	76,596	5,681	Weighted average basis Panamax Index Routes	04/03/2015
					+7%	05/22/2015

N Amalthia	Panamax	2006	75,318	6,978	No	08/29/2015
N Bonanza	Panamax	2006	76,596	5,795	No	05/08/2015
Navios Bonavis	Capesize	2009	180,022	13,300	105% in excess of $14,000 basis Baltic Capesize Index 4TC Index Routes	04/14/2015 06/10/2015
Navios Happiness	Capesize	2009	180,022	14,488	No	11/03/2015
Navios Lumen	Capesize	2009	180,661	6,695 (5)	$5,000 +50% weighted average Baltic Capesize Index 5TC Index Routes	04/10/2015 04/28/2016
Navios Stellar	Capesize	2009	169,001	7,800	No	03/31/2015
Navios Phoenix	Capesize	2009	180,242	10,441	$8,000 +50% weighted average Baltic Capesize Index 5TC Index Routes	04/03/2015 12/21/2015(6)
Navios Antares	Capesize	2010	169,059	7,143	$5,200 +47.5% weighted average Baltic Capesize Index average 4TC Index Routes	04/03/2015 02/17/2016
Navios Etoile	Capesize	2010	179,234	29,356	50% in excess of	12/02/2020

					$38,500	
Navios Bonheur	Capesize	2010	179,259	8,745	$6,300 +50% weighted average Baltic Capesize Index5TC Index Routes	04/12/2015 01/26/2016
Navios Altamira	Capesize	2011	179,165	22,325	No	01/16/2016
Navios Azimuth	Capesize	2011	179,169	4,871 10,450	No	04/03/2015 03/15/2016
Navios Gem	Capesize	2014	181,336	10,354	$7,750 +55% weighted average Baltic Capesize Index 5TC Index Routes	04/04/2015 02/04/2016
Navios Ray	Capesize	2012	179,515	8,636	$6,300 +50% weighted average Baltic Capesize Index 5TC Index Routes	04/12/2015 01/28/2016

Owned Fleet to be Delivered

Vessels	Vessel Type	Delivery Date	Deadweight (in metric tons)
Navios Sphera	Panamax	Q3 2015	84,000
Navios TBN	Capesize	Q4 2015	180,600

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Long-term Chartered-in Vessels

Vessels	Type	Built	DWT	Purchase Option[3]	Charter-out Rate[1]	Expiration Date[2]
Navios Lyra	Handysize	2012	34,718	Yes[4]	5,510	04/15/2015
Navios Primavera	Ultra Handymax	2007	53,464	Yes	7,600	05/01/2015
Navios Armonia	Ultra Handymax	2008	55,100	No	9,263	04/22/2015
Navios Apollon	Ultra Handymax	2000	52,073	No	9,168	05/13/2015
Navios Oriana	Ultra Handymax	2012	61,442	Yes	7,980	05/03/2015
Navios Mercury	Ultra Handymax	2013	61,393	Yes	7,313[7]	04/16/2015
					[7]	07/20/2015
Navios Libra II	Panamax	1995	70,136	No	9,025	05/18/2015
Navios Altair	Panamax	2006	83,001	No	4,618[8]	04/13/2015
					[8]	06/24/2015
Navios Esperanza	Panamax	2007	75,356	No	6,793	09/10/2015
Navios Marco Polo	Panamax	2011	80,647	Yes	5,785[9]	04/11/2015
					[9]	06/14/2015
Navios Southern Star	Panamax	2013	82,224	Yes	6,111[10]	04/14/2015
					[10]	04/17/2015
Navios Prosperity	Panamax	2007	82,535	Yes	4,744[11]	04/15/2015
					[11]	06/19/2015
Navios Aldebaran	Panamax	2008	76,500	Yes	4,303[12]	04/05/2015
					[12]	04/17/2015
Navios Koyo	Capesize	2011	181,415	Yes	14,250[13]	04/03/2015
					[13]	05/19/2015
Navios Venus	Ultra Handymax	2015	61,000	Yes	6,888	05/01/2015
Golden Heiwa	Panamax	2007	76,662	No		
Beaufiks	Capesize	2004	180,310	Yes		
Rubena N	Capesize	2006	203,233	No		
King Ore	Capesize	2010	176,800	No		
Navios Obeliks	Capesize	2012	181,415	Yes		

Long-term Chartered-in Fleet to be Delivered

Vessels	Type	Delivery Date	Purchase Option	DWT
Navios Sky	Panamax	04/2015	Yes	82,000
Navios Amber	Panamax	05/2015	Yes	80,000

Navios TBN	Panamax	11/2016	Yes	84,000
Navios TBN	Panamax	11/2016	Yes	81,000
Navios TBN	Panamax	11/2016	Yes	81,000
Navios Felix	Capesize	04/2016	Yes	180,000

(1) Daily rate net of commissions. These rates do not include insurance proceeds received upfront in November 2012 and March 2014.

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

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

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

(5) Amount represents daily rate of mitigation proceeds following the restructuring of the original charter.

(6) Subject to COA of $34,013 per day for the remaining period until fourth quarter of 2016.

(7) Based on weighted average Supramax Index Routes +12%.

(8) Based on weighted average Panamax Index 4TC Routes +5%.

(9) Based on average Panamax Index 4TC Routes +15%.
(10) Based on weighted average Panamax Index routes +17%.
(11) Based on weighted average Panamax Index Routes +10%.
(12) Based on average Panamax Index 4TC Routes +6%.
(13) 110% in excess of $15,000 basis Baltic Capesize Index 4TC.

Dividend Policy

On February 16, 2015, the Board of Directors declared a quarterly cash dividend for the fourth quarter of 2014 of $0.06 per share of common stock. This dividend was paid on March 27, 2015 to stockholders of record on March 20, 2015. On March 27, 2015, the Board of Directors declared a quarterly dividend for the period from January 15, 2015 to April 14, 2015 of $0.546875 per American Depository Share on its Series G Preferred Stock and $0.5390625 per American Depository Share on its Series H Preferred Stock. These dividends will be paid on April 15, 2015 to holders of record as of April 8, 2015. The declaration and payment of any further dividend remains subject to the discretion of the Board and will depend on, among other things, Navios Holdings cash requirements after taking into account market opportunities, restrictions under its credit agreements, indentures and other debt obligations and such other factors as the Board may deem advisable.

Navios Logistics

On December 15, 2014, Navios Logistics acquired Cartisur and Eldomix for a total consideration of $17.0 million. These companies, as free zone direct users, hold the right to occupy approximately 53 acres of undeveloped riverfront land located in the Nueva Palmira free zone in Uruguay, adjacent to Navios Logistics existing port. The acquisitions were accounted for as asset acquisitions. During the year ended December 31, 2014, Navios Logistics paid $10.2 million of the purchase price and the remaining balance will be paid in full during the third quarter of 2015.

Navios Partners

In February 2015, Navios Partners completed its public offering of 4,600,000 common units, at $13.09 per unit, raising gross proceeds of $60.2 million. In addition, Navios Partners completed a private placement of 1,120,547 common units and 22,868 general partner units at $13.09 per unit to Navios Holdings, raising additional gross proceeds of $15.0 million. Following the public offering and the private placement, Navios Holdings owns a 20.1% interest in Navios Partners, which includes the 2.0% general partner interest.

On February 13, 2015, Navios Holdings received $8.1 million from Navios Partners representing the cash distribution for the fourth quarter of 2014.

Navios Acquisition

On January 6, 2015, Navios Holdings received $3.6 million from Navios Acquisition representing the cash dividend for the third quarter of 2014.

A. Operating Results

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.

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

Market Exposure: Navios Holdings manages the size and composition of its fleet by seeking a mix between chartering and owning vessels in order to adjust to anticipated changes in market rates. Navios Holdings aims to achieve an appropriate balance between owned vessels and long and short-term chartered-in vessels and controls approximately 6.6 million dwt in dry bulk tonnage. Navios Holdings options to extend the charter duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessels permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.

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

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

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

Equivalent vessels: Equivalent vessels are defined as the available days of the fleet divided by the number of the calendar days in the period.

Voyage and Time Charter

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

the duration of the charters;

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

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

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

the age, condition and specifications of the vessels; and

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

Time charters are available for varying periods, ranging from a single trip (spot charter) to a long-term period which may be many years. Under a time charter, owners assume no risk for finding business and obtaining

and paying for fuel or other expenses related to the voyage, such as port entry fees. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. Vessel charter rates are affected by world economics, international events, weather conditions, labor 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, 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 rate also serves as an industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings owned core fleet is 8.3 years. However, as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older vessels, the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

Spot Charters, COAs and FFAs

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

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

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

Statement of Operations Breakdown by Segment

Navios Holdings reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios Holdings does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for each type of charters, management does not identify expenses, profitability or other financial information on a charter-by-charter or type of charter basis. The reportable segments reflect the internal organization of the Company and are strategic

businesses that offer different products and services. The

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Company currently has two reportable segments: the Dry bulk Vessel Operations and the Logistics Business. The Dry bulk Vessel Operations segment consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. The Logistics Business segment consists of port terminal business, barge business and cabotage business in the Hidrovia region of South America. Navios Holdings measures segment performance based on net income attributable to Navios Holdings common stockholders.

For further segment information, please see Note 18 to the Consolidated Financial Statements included elsewhere in this Annual Report.

Period over Period Comparisons

For the year ended December 31, 2014 compared to the year ended December 31, 2013

The following table presents consolidated revenue and expense information for each of the years ended December 31, 2014 and 2013, respectively. This information was derived from the audited consolidated revenue and expense accounts of Navios Holdings for each of the years ended December 31, 2014 and 2013.

(In thousands of U.S. dollars)	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
Revenue	$ 569,016	$ 512,279
Administrative fee revenue from affiliates	14,300	7,868
Time charter, voyage and logistics business expenses	(263,304)	(244,412)
Direct vessel expenses	(130,064)	(114,074)
General and administrative expenses incurred on behalf of affiliates	(14,300)	(7,868)
General and administrative expenses	(45,590)	(44,634)
Depreciation and amortization	(104,690)	(98,124)
Provision for losses on accounts receivable	(792)	(630)
Interest income	5,515	2,299
Interest expense and finance cost	(113,660)	(110,805)
Loss on derivatives		(260)
Gain on sale of assets		18
Loss on bond and debt extinguishment	(27,281)	(37,136)
Other income	15,639	17,031
Other expense	(24,520)	(10,447)
Loss before equity in net earnings of affiliated companies	**$ (119,731)**	**$ (128,895)**
Equity in net earnings of affiliated companies	57,751	19,344
Loss before taxes	**$ (61,980)**	**$ (109,551)**
Income tax (expense)/benefit	(84)	4,260
Net loss	**$ (62,064)**	**$ (105,291)**
	5,861	(3,772)

Less: Net loss/(income) attributable to the noncontrolling interest				
Net loss attributable to Navios Holdings common stockholders	**$**	**(56,203)**	**$**	**(109,063)**

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Set forth below are selected historical and statistical data for the dry bulk vessel operations segment for each of the years ended December 31, 2014 and 2013 that the Company believes may be useful in better understanding the Company s financial position and results of operations.

	Year Ended December 31,	
	2014	2013
FLEET DATA		
Available days	21,465	19,364
Operating days	21,422	19,062
Fleet utilization	99.8%	98.4%
Equivalent vessels	59	53
AVERAGE DAILY RESULTS		
TCE	$ 11,830	$ 12,029

During the year ended December 31, 2014, there were 2,101 more available days as compared to 2013, due to (i) an increase in available days for owned vessels by 1,861 days, mainly due to the delivery of the Navios Taurus, Navios Galileo, Navios Amitie, Navios Northern Star and N Amalthia in the second half of 2013 and the N Bonanza, Navios Gem and Navios Ray in 2014; and (ii) an increase in charter-in fleet available days by 240 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).

The average TCE rate for the year ended December 31, 2014 was $11,830 per day, $199 per day lower than the rate achieved in 2013. This was due primarily to the decline in the freight market during 2014 as compared to 2013.

Revenue: Revenue from dry bulk vessel operations for the year ended December 31, 2014 was $300.2 million as compared to $275.2 million for the same period during 2013. The increase of $25.0 million in dry bulk revenue was mainly attributable to an increase in available days as described above. This increase was partially mitigated by a decrease in TCE per day by 1.7% to $11,830 per day in the year ended December 31, 2014, as compared to $12,029 per day in the same period of 2013.

Revenue from the logistics business was $268.8 million for the year ended December 31, 2014 as compared to $237.1 million for the year ended December 31, 2013. The increase of $31.7 million was mainly attributable to (i) a $14.4 million increase in the port terminal business mainly attributable to an increase in the Paraguayan liquid port s volume of products sold; (ii) a $11.9 million increase in the barge business mainly attributable to the commencement of operations of three new dry cargo convoys under long-term time charter contracts during the second quarter of 2014; and (iii) a $5.4 million increase in the cabotage business mainly attributable to an increase in the cabotage fleet s operating days and the higher time-charter rates achieved.

Administrative fee revenue from affiliates: Administrative fee revenue from affiliates increased by $6.4 million, or 81.7%, to $14.3 million for the year ended December 31, 2014, as compared to $7.9 million for the year ended December 31, 2013. See general and administrative expenses discussion below.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses increased by $18.9 million or 7.7% to $263.3 million for the year ended December 31, 2014, as compared to $244.4 million for the year ended December 31, 2013.

Time charter and voyage expenses from dry bulk operations decreased by $1.6 million, or 1.0%, to $157.6 million for the year ended December 31, 2014, as compared to $159.2 million for the year ended December 31, 2013. This was primarily attributable to lower short-term and long-term charter-in daily rates in the year ended December 31, 2014 compared to 2013.

Of the total expenses for the years ended December 31, 2014 and 2013, $105.7 million and $85.2 million, respectively, were related to Navios Logistics. The increase of $20.5 million in time charter, voyage and logistics business was mainly due to (i) a $15.7 million increase in the port terminal business mainly attributable to the volume of products sold in the liquid port in Paraguay; and (ii) a $4.8 million increase in the barge business mainly attributable to higher fuel expenses due to an increase in the number of voyages under COA contracts and an increase in time charter expense due to the short term charter-in of 36 barges delivered during the second and third quarter of 2014.

Direct Vessel Expenses: Direct vessel expenses increased by $16.0 million, or 14.0%, to $130.1 million for the year ended December 31, 2014, as compared to $114.1 million for the year ended December 31, 2013. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

Direct vessel expenses from dry bulk operations increased by $14.1 million, or 37.1%, to $52.1 million for the year ended December 31, 2014, as compared to $38.0 million for the year ended December 31, 2013. This increase was mainly attributable to the increased number of vessels in Navios Holdings fleet since the third quarter of 2013.

Of the total amounts of direct vessel expenses for the years ended December 31, 2014 and 2013, $78.0 million and $76.1 million, respectively, related to Navios Logistics. The increase of $1.9 million in direct vessel expenses was mainly due to (i) a $2.4 million increase in the amortization of deferred drydock and special survey costs; and (ii) a $1.3 million increase in direct vessel expenses of the barge business mainly attributable to the commencement of operations of three new drycargo convoys under long-term time charter contracts during the second quarter of 2014. This increase was partially mitigated by a $1.8 million decrease in direct vessel expenses of the cabotage business mainly attributable to lower crew and repairs and maintenance costs.

General and administrative expenses incurred on behalf of affiliates: General and administrative expenses incurred on behalf of affiliates increased by $6.4 million, or 81.7%, to $14.3 million for the year ended December 31, 2014, as compared to $7.9 million for the year ended December 31, 2013. See general and administrative expenses discussion below.

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

(in thousands of U.S. dollars)	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
Administrative fee revenue from affiliates	$ (14,300)	$ (7,868)
General and administrative expenses incurred on behalf of affiliates	14,300	7,868
General and administrative expenses	45,590	44,634

(in thousands of U.S. dollars)	**Year Ended December 31,**	**Year Ended December 31,**

	2014	2013
Dry bulk Vessel Operations	$ 29,951	$ 28,875
Logistics Business	14,764	14,617
Sub-total	**44,715**	**43,492**
Credit risk insurance	875	1,142
General and administrative expenses	**$ 45,590**	**$ 44,634**

The increase in general and administrative expenses by $1.0 million, or 2.1%, to $45.6 million for the year ended December 31, 2014, as compared to $44.6 million for the year ended December 31, 2013, was mainly

attributable to (i) a $2.1 million increase in payroll and other related costs; and (ii) a $0.2 million increase attributable to the logistics business. The overall increase was partially offset by (i) a $0.6 million decrease in professional, legal and audit fees; (ii) a $0.4 million decrease in other administrative expenses; and (iii) a $0.3 million decrease in credit risk insurance fees following the termination of the credit default insurance policy on March 25, 2014.

Depreciation and Amortization: For the year ended December 31, 2014, depreciation and amortization increased by $6.6 million to $104.7 million, as compared to $98.1 million for the year ended December 31, 2013. The increase was primarily due to an increase in (i) depreciation and amortization of dry bulk vessels by $4.9 million mainly attributable to the new vessel deliveries during the second half of 2013 and the first half of 2014; and (ii) depreciation and amortization of the logistics business by $1.7 million, mainly due to delivery of three new convoys in the first half of 2014 and the construction of the new conveyor belt completed in the fourth quarter of 2013.

Provision for Losses on Accounts Receivable: For the year ended December 31, 2014, provision for losses on accounts receivable increased by $0.2 million to $0.8 million, as compared to $0.6 million for the year ended December 31, 2013. The increase was mainly due to a slight increase in bad debt provisions in the dry bulk operations in the year ended December 31, 2014.

Interest income: Interest income increased by $3.2 million to $5.5 million for the year ended December 31, 2014, as compared to $2.3 million for the same period in 2013. This increase was mainly attributable to the arrangement fee earned pursuant to the Navios Acquisition s short-term credit facility entered into November 2014, which was partially mitigated by a decrease in interest income from time deposits.

Interest Expense and Finance Cost: Interest expense and finance cost for the year ended December 31, 2014 increased by $2.9 million, or 2.6%, to $113.7 million, as compared to $110.8 million in the same period of 2013. This increase was mainly due to (i) a $2.7 million increase in interest expense and finance cost of the logistics business, mainly attributable to (a) the additional interest expense generated by the Additional 2019 Logistics Senior Notes (as defined herein) issued in March 2013; and (b) the additional interest expense generated by the 2022 Logistics Senior Notes issued in April 2014; and (ii) a $0.2 million increase in interest expense and finance cost of dry bulk vessel operations.

Loss on Derivatives: The loss on derivatives decreased by $0.3 million for the year ended December 31, 2014 as compared to $0.3 million for the same period in 2013. The Company entered into no FFA contracts during 2014.

Loss on Bond and Debt Extinguishment: Loss on bond and debt extinguishment was $27.3 million for the year ended December 31, 2014, as compared to $37.1 million for the year ended December 31, 2013.

On April 22, 2014, Navios Logistics completed the sale of $375.0 million in aggregate principal amount of 7.25% senior notes due on May 1, 2022 (the 2022 Logistics Senior Notes). From the net proceeds of the offering, Navios Logistics repaid in full the $290.0 million of the 2019 Logistics Senior Notes (as defined herein). The effect of this early repayment resulted in the recognition of a $27.3 million loss in the statement of comprehensive (loss)/income, which comprises a $7.9 million loss relating to the accelerated amortization of unamortized deferred finance costs, a $3.1 million gain relating to the accelerated amortization of unamortized 2019 Logistics Senior Notes premium and a $22.5 million loss relating to cash payments for tender premium fees and expenses.

On November 29, 2013, Navios Holdings completed the sale of $650.0 million of its 2022 Notes. From the net proceeds of the offering Navios Holdings repaid in full the $488.0 million of the 2017 Notes (as defined herein) and $123.3 million of senior secured debt . The effect of this early repayment was the recognition of a

$37.1 million loss in the statement of comprehensive (loss)/income, which comprises a $12.1 million loss relating to the accelerated amortization of unamortized deferred finance costs and a $25.0 million loss relating to cash payments for transaction fees and expenses in connection with the 2017 Notes (as defined herein) extinguishment.

Other Income: Other income decreased by $1.4 million to $15.6 million for the year ended December 31, 2014, as compared to $17.0 million for the year ended December 31, 2013. This decrease was due to a $3.5 million decrease in other income of dry bulk vessels operations partially mitigated by a $2.1 million increase in other income of the logistics business.

The decrease in other income of dry bulk vessels operations is mainly due to the $15.0 million of income recorded from the full settlement of KLC s claims during 2013 (see B. Business Overview Legal Proceedings). This overall decrease was partially mitigated by increases of (i) $7.2 million of income relating to the sale of a defaulted counterparty claim to an unrelated third party; (ii) $3.6 million of income from the termination of the credit default insurance policy on March 25, 2014; and (iii) a $0.7 million increase in other income mainly attributable to foreign exchange differences.

The increase in other income of the logistics business was mainly due to settlement of claims during 2014 and the increased gain from foreign exchange differences as a result of a favorable fluctuation of the U.S. dollar exchange rate against the local currencies in the countries where Navios Logistics conducts its operations.

Other Expense: Other expense increased by $14.0 million to $24.5 million for the year ended December 31, 2014, as compared to $10.5 million for the year ended December 31, 2013. This increase was due to a $12.1 million increase in other expense of dry bulk vessels operations and a $1.9 million increase in other expense of the logistics business.

The increase in other expense of dry bulk vessels operations is mainly due to (i) a $11.5 million expense relating to the reclassification to earnings of available-for-sale securities for an other-than-temporary impairment; and (ii) a $0.6 million increase in miscellaneous other expenses. The increase in other expense of the logistics business was mainly due to an increase in taxes other-than-income taxes.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies increased by $38.5 million, or 198.5%, to $57.8 million for the year ended December 31, 2014, as compared to $19.3 million for the same period in 2013. This increase was mainly due to a $40.1 million increase in investment income which was partially offset by a $1.6 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners (as more fully described below). The $40.1 million increase in investment income consisted of (i) $40.4 million relating to Navios Acquisition ($10.9 million of gains as a result of the issuance of shares following Navios Acquisition s offering in February 2014 and the vesting of restricted stock awards in October 2014, and a $29.5 million increase in equity income); and (ii) a $0.9 million increase in investment income from Navios Europe and Acropolis. Total increase was partially mitigated by a $1.2 million decrease in investment income from Navios Partners ($4.8 million decrease in gains as a result of the issuance of shares following Navios Partners offering in February 2014, and a $3.6 million increase in equity income).

Navios Holdings ownership in both Navios Partners and Navios Acquisition decreased following Navios Partners offering in February 2014 and Navios Acquisition s (i) offering in February 2014; and (ii) vesting of restricted stock awards in October 2014. The Company determined that the issuance of shares and the vesting of restricted stock awards qualified as a sale of shares by the equity method investee.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its

own ownership interest in Navios Partners (see also Item 7.B. Related Party Transactions).

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Income Tax (Expense)/ Benefit: Income tax expense increased by $4.4 million to $0.1 million for the year ended December 31, 2014, as compared to a $4.3 million benefit for the year ended December 31, 2013. The total change in income taxes was mainly due to Navios Logistics merging of certain subsidiaries in Paraguay in the first quarter of 2013.

Net Loss/(Income) Attributable to the Noncontrolling Interest: Net loss attributable to the noncontrolling interest increased by $9.7 million to $5.9 million loss for the year ended December 31, 2014, as compared to $3.8 million income for the same period in 2013. This increase was mainly attributable to logistics business net loss for the year ended December 31, 2014 compared to net income for the same period in 2013.

For the year ended December 31, 2013 compared to the year ended December 31, 2012

The following table presents consolidated revenue and expense information for each of the years ended December 31, 2013 and 2012, respectively. This information derived from the audited consolidated revenue and expense accounts of Navios Holdings for each of the years ended December 31, 2013 and 2012.

(In thousands of U.S. dollars)	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
Revenue	$ 512,279	$ 616,494
Administrative fee revenue from affiliates	7,868	5,994
Time charter, voyage and logistics business expenses	(244,412)	(269,279)
Direct vessel expenses	(114,074)	(117,790)
General and administrative expenses incurred on behalf of affiliates	(7,868)	(5,994)
General and administrative expenses	(44,634)	(51,331)
Depreciation and amortization	(98,124)	(108,206)
Provision for losses on accounts receivable	(630)	(17,136)
Interest income	2,299	2,717
Interest expense and finance cost	(110,805)	(106,196)
Loss on derivatives	(260)	(196)
Gain on sale of assets	18	323
Loss on bond and debt extinguishment	(37,136)	
Other income	17,031	189,239
Other expense	(10,447)	(10,993)
(Loss)/income before equity in net earnings of affiliated companies	**$ (128,895)**	**$ 127,646**
Equity in net earnings of affiliated companies	19,344	48,228
(Loss)/income before taxes	**$ (109,551)**	**$ 175,874**
Income tax benefit/(expense)	4,260	(312)
Net (loss)/income	**$ (105,291)**	**$ 175,562**
Less: Net income attributable to the noncontrolling interest	(3,772)	(77)

Net (loss)/income attributable to Navios Holdings common stockholders	**$ (109,063)**	**$ 175,485**

Set forth below are selected historical and statistical data for the dry bulk vessel operations segment for each of the years ended December 31, 2013 and 2012 that the Company believes may be useful in better understanding the Company s financial position and results of operations.

	Year Ended December 31,	
	2013	2012
FLEET DATA		
Available days	19,364	17,589
Operating days	19,062	17,273
Fleet utilization	98.4%	98.2%
Equivalent vessels	53	48
AVERAGE DAILY RESULTS		
TCE	$ 12,029	$ 18,167

During the year ended December 31, 2013, there were 1,775 more available days as compared to 2012, due to (i) an increase in available days for owned vessels of 669 days, mainly due to the delivery of the Navios Taurus, Navios Galileo, Navios Amitie, Navios Northern Star and N Amalthia in the second half of 2013; and (ii) an increase in short-term charter-in fleet available days of 1,415 days. This increase was partially offset by a decrease in the long-term charter-in fleet available days of 309 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).

The average TCE rate for the year ended December 31, 2013 was $12,029 per day, which was $6,138 per day lower than the rate achieved in 2012. This was due primarily to (i) the decline in the freight market during 2013 as compared to the same period in 2012 and (ii) the impact of the accounting treatment of the one-time upfront cash payment received in connection with the credit default insurance restructuring, whereby revenues attributable to defaulted charterers that would have been previously recognized over the life of those charters, were recorded immediately within Other income .

Revenue: Revenue from dry bulk vessel operations for the year ended December 31, 2013 was $275.2 million as compared to $369.5 million for the same period during 2012. The decrease in dry bulk revenue was mainly attributable to a decrease in the TCE per day by 33.8% to $12,029 per day in the year ended December 31, 2013, as compared to $18,167 per day in the same period of 2012. This decrease was partially offset by an increase in available days of 1,775.

Revenue from the logistics business was $237.1 million for the year ended December 31, 2013 as compared to $247.0 million for the year ended December 31, 2012. This decrease was mainly attributable to a decrease in the Paraguayan liquid port s volume of products sold. This decrease was partially offset by an increase in (i) rates, storage and other fees in the dry port terminal; and (ii) rates in the cabotage fleet.

Administrative service fee from affiliates: Administrative fee revenue from affiliates increased by $1.9 million, or 31.3%, to $7.9 million for the year ended December 31, 2013 as compared to $6.0 million for the year ended December 31, 2012. See general and administrative expenses discussion below.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by $24.9 million, or 9.2%, to $244.4 million for the year ended December 31, 2013, as compared to $269.3 million for the year ended December 31, 2012.

Time charter and voyage expenses from dry bulk operations decreased by $3.3 million, or 2.0%, to $159.2 million for the year ended December 31, 2013, as compared to $162.5 million for the year ended December 31, 2012. This was primarily due to a decrease in voyage expenses mainly relating to bunker expenses, partially mitigated by an overall increase in charter-in fleet available days (as discussed above).

Of the total amounts for the years ended December 31, 2013 and 2012, $85.2 million and $106.8 million, respectively, were related to Navios Logistics. The decrease was mainly due to (i) decrease in the volume of products sold in the liquid port in Paraguay; and (ii) decrease of charter-in expenses due to the acquisition, in the third quarter of 2012, of one pushboat and six tank barges, which were previously chartered-in. This overall decrease was partially mitigated by (i) an increase in expenses attributable to the port operation as a result of the increased operations in the dry port; and (ii) an increase in the expenses under spot trips for the cabotage vessels.

Direct Vessel Expenses: Direct vessel expenses decreased by $3.7 million, or 3.2%, to $114.1 million for the year ended December 31, 2013, as compared to $117.8 million for the year ended December 31, 2012. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

Direct vessel expenses from dry bulk operations decreased by $9.0 million, or 19.2%, to $38.0 million for the year ended December 31, 2013, as compared to $47.0 million for the year ended December 31, 2012. This decrease was mainly attributable to a decrease in spares, repairs and maintenance.

Of the total amounts of direct vessel expenses for the years ended December 31, 2013 and 2012, $76.1 million and $70.8 million, respectively, related to Navios Logistics. The increase was mainly due to an increase in the expenses of the barge business mainly attributable to higher repair and maintenance and crew costs.

General and administrative expenses incurred on behalf of affiliates: General and administrative expenses incurred on behalf of affiliates increased by $1.9 million, or 31.3%, to $7.9 million for the year ended December 31, 2013 as compared to $6.0 million for the year ended December 31, 2012. See general and administrative expenses discussion below.

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

(in thousands of U.S. dollars)	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
Administrative fee revenue from affiliates	$ (7,868)	$ (5,994)
General and administrative expenses incurred on behalf of affiliates	7,868	5,994
General and administrative expenses	44,634	51,331

(in thousands of U.S. dollars)	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
Dry bulk Vessel Operations	$ 28,875	$ 30,643
Logistics Business	14,617	14,844
Sub-total	**43,492**	**45,487**

Credit risk insurance		1,142		5,844
General and administrative expenses	**$**	**44,634**	**$**	**51,331**

The decrease in general and administrative expenses by $6.7 million, or 13.1%, to $44.6 million for the year ended December 31, 2013, as compared to $51.3 million for the year ended December 31, 2012, was mainly attributable to (i) $4.7 million decrease in credit risk insurance fees following the restructuring of the credit default insurance in 2012; (ii) $1.9 million decrease in professional, legal audit fees and other; and (iii) $0.2 million decrease in general and administrative expenses attributable to the logistics business. The overall decrease was partially offset by a $0.1 million increase payroll and other related costs.

Depreciation and Amortization: For the year ended December 31, 2013, depreciation and amortization decreased by $10.1 million to $98.1 million, as compared to $108.2 million for the year ended December 31, 2012. The decrease was primarily due to a decrease in (i) depreciation and amortization in the logistics business by $3.6 million mainly due to the decrease of the amortization of intangible assets allocated to the barge business which were fully amortized in 2012; and (ii) depreciation and amortization of dry bulk vessels by $6.5 million mainly due to (a) a $0.3 million decrease in depreciation following the change in scrap rates (See also F. Contractual Obligations as at December 31, 2014 Critical Accounting Policies section) partially mitigated by an increase in depreciation and amortization following the new deliveries in the second half of 2013, and (b) a $6.2 million decrease in amortization of favorable/unfavorable leases mainly resulting from the redelivery of charter-in vessels in the fourth quarter of 2012.

Provision for Losses on Accounts Receivable: For the year ended December 31, 2013, provision for losses on accounts receivable decreased by $16.5 million to $0.6 million, as compared to $17.1 million for the year ended December 31, 2012. The decrease is mainly due to dry bulk operations and is a result of provisions for defaulted charterers including the effect of the credit default insurance restructuring in 2012. For the years ended December 31, 2013 and 2012, the provision for losses on accounts receivable related to the logistics business was $0.6 million and $0.8 million, respectively.

Interest income: Interest income decreased by $0.4 million to $2.3 million for the year ended December 31, 2013, as compared to $2.7 million for the same period in 2012. This decrease was attributable to (i) a $0.2 million decrease in interest income of dry bulk vessel operations; and (ii) a $0.2 million decrease in interest income of the logistics business.This decrease was mainly attributable to the decrease in cash balances.

Interest Expense and Finance Cost: Interest expense and finance cost for the year ended December 31, 2013 increased by $4.6 million, or 4.3%, to $110.8 million, as compared to $106.2 million in the same period of 2012. This increase was due to a $5.1 million increase in interest expense and finance cost of the logistics business mainly due to the issuance of $90.0 million Additional 2019 Logistics Senior Notes (as defined below) in March 2013. This increase was partially offset by a $0.5 million decrease in interest expense and finance cost of dry bulk vessel operations.

Loss on Derivatives: The loss on derivatives increased by $0.1 million to $0.3 million for the year ended December 31, 2013, as compared to $0.2 million for the same period in 2012. Navios Holdings records the change in the fair value of derivatives at each balance sheet date. 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.

Gain on Sale of Assets: The gain on sale of assets for the year ended December 31, 2013 was $0, as compared to $0.3 million for the same period in 2012, which resulted from the sale of the Navios Buena Ventura to Navios Partners on June 15, 2012.

Loss on Bond and Debt Extinguishment: On November 29, 2013, Navios Holdings completed the sale of $650.0 million of its 2022 Notes. From the net proceeds of the offering Navios Holdings repaid in full the $488.0 million of the 2017 Notes (as defined herein) and $123.3 million of senior secured debt . The effect of this early repayment was the recognition of a $37.1 million loss in the statement of income, which comprises a $12.1 million loss relating to the accelerated amortization of unamortized deferred finance costs and a $25.0 million loss relating to cash payments for transaction fees and expenses in connection with the 2017 Notes (as defined herein) extinguishment.

Other Income: Other income decreased by $172.2 million to $17.0 million for the year ended December 31, 2013, as compared to $189.2 million for the year ended December 31, 2012. This decrease was mainly due to a $186.3 million decrease of other income of dry bulk vessel operations as a result of the credit default insurance restructuring (see

Note 23 to the audited consolidated financial statements of Navios Holdings for the year ended

December 31, 2012, included elsewhere in this document) and (b) a $1.3 million decrease in other income of Navios Logistics. This decrease was partially offset by a $15.3 million increase in miscellaneous income, of which $15.0 million is attributable to income recorded from the full settlement of KLC s claims. See B. Business Overview Legal Proceedings for more information on KLC.

Other Expense: Other expense decreased by $0.5 million to $10.5 million for the year ended December 31, 2013, as compared to $11.0 million for the year ended December 31, 2012. This decrease was mainly attributable to a $1.2 million decrease in other expenses of the logistics business mainly due to lower other-than-income taxes and decreased expenses from foreign exchange differences as a result of a favorable fluctuation of the U.S. dollar exchange rate against the local currencies in the countries where Navios Logistics conducts its barge and cabotage business operations. This decrease was partially offset by a $0.7 million increase in other expenses of dry bulk operations mainly due to increase in miscellaneous expenses relating to voyages.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by $28.9 million, or 60.0%, to $19.3 million for the year ended December 31, 2013, as compared to $48.2 million for the same period in 2012. This decrease was mainly due to a $23.1 million decrease in investment income, and a $5.8 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners. The $23.1 million decrease in investment income was mainly due to (a) a $19.7 million negative contribution relating to Navios Acquisition ($6.2 million of losses as a result of the issuance of shares following Navios Acquisition s offerings during 2013, and a $13.5 million decrease in equity in losses); and (b) a $3.4 million decrease in investment income from Navios Partners, mainly due to a $9.9 million decrease in equity in earnings from Navios Partners, partially offset by $6.5 million of gains as a result of the issuance of shares following Navios Partners offerings during 2013.

Navios Holdings ownership in Navios Partners and Navios Acquisition decreased following Navios Partners offerings in February and September of 2013 and Navios Acquisition s offerings in February, May and September of 2013. The Company determined that the issuance of shares qualified as a sale of shares by the equity method investee.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (see also Item 7.B. Related Party Transactions).

Income Tax Benefit/(Expense): Income tax benefit increased by $4.6 million to a $4.3 million benefit for the year ended December 31, 2013, as compared to a $0.3 million expense for the year ended December 31, 2012. The total change in income taxes was mainly attributable to the logistics business due to the merging of certain subsidiaries in Paraguay affecting the port terminal business and the barge business in 2013. This change was partially offset by an increase in income taxes of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest increased by $3.7 million to $3.8 million for the year ended December 31, 2013, as compared to $0.1 million for the same period in 2012. This increase was mainly attributable to logistics business higher net income for the year ended December 31, 2013 compared to the same period in 2012.

Non-Guarantor Subsidiaries

Our non-guarantor subsidiaries accounted for approximately $268.8 million, or 47.2%, of our revenue, $7.0 million, or 12.5%, of our total net loss and approximately $51.2 million, or 29.0%, of Adjusted EBITDA, in each case, for the year ended December 31, 2014. Our non-guarantor subsidiaries accounted for approximately $237.1 million, or 46.3%, of our revenue, $9.3 million, or 8.5%, of our total net loss and approximately $56.4 million, or 52.2%, of

Adjusted EBITDA, in each case, for the year ended December 31, 2013. Our non-guarantor subsidiaries accounted for approximately $252.1 million, or 40.9%, of our revenue, $3.9 million, or 2.2%, of our total net income and approximately $53.7 million, or 13.4%, of Adjusted EBITDA, in each case, for the year ended December 31, 2012.

B. Liquidity and Capital Resources

Navios Holdings has historically financed its capital requirements with cash flows from operations, equity contributions from stockholders, issuance of debt and borrowings under bank credit facilities. Main uses of funds have been capital expenditures for the acquisition of new vessels, new construction and upgrades at the port terminals, expenditures incurred in connection with ensuring that the owned vessels comply with international and regulatory standards, repayments of debt and payments of dividends. Navios Holdings anticipates that cash on hand and internally generated cash flows will be sufficient to fund the operations of the dry bulk vessel operations and the logistics businesses, including our present working capital requirements. See Item 4.B Business Overview 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 for each of the years ended December 31, 2014, 2013 and 2012.

(in thousands of U.S. dollars)	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
Net cash provided by operating activities	$ 56,323	$ 59,749	$ 228,644
Net cash (used in)/provided by investing activities	(244,888)	(258,571)	12,453
Net cash provided by/(used in) financing activities	248,290	128,785	(154,325)
Increase/(decrease) in cash and cash equivalents	**59,725**	**(70,037)**	**86,772**
Cash and cash equivalents, beginning of year	187,831	257,868	171,096
Cash and cash equivalents, end of year	**$ 247,556**	**$ 187,831**	**$ 257,868**

Cash provided by operating activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Net cash provided by operating activities decreased by $3.4 million to $56.3 million for the year ended December 31, 2014, as compared to $59.7 million for the year ended December 31, 2013. In determining net cash provided by operating activities, net loss is adjusted for the gain on sale of assets and effects of certain non-cash items including depreciation and amortization, deferred taxes and unrealized gains and losses on derivatives which may be analyzed in detail as follows:

(in thousands of U.S. dollars)	**Year Ended December 31, 2014**	**Year Ended December 31, 2013**
Net loss	$ (62,064)	$ (105,291)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	104,690	98,124
Amortization and write-off of deferred financing costs	4,061	5,384
Amortization of deferred drydock and special survey costs	12,263	9,581

Provision for losses on accounts receivable		792		630
Unrealized loss on FFA derivatives				69
Share based compensation		7,719		5,021
Gain on sale of assets				(18)
Loss on bond and debt extinguishment		4,786		12,142
Income tax expense/(benefit)		84		(4,260)
Realized holding loss on investments in-available-for-sale-securities		11,553		
Equity in affiliates, net of dividends received		(22,179)		19,781
Net loss adjusted for non-cash items	**$**	**61,705**	**$**	**41,163**

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Accounts receivable, net, decreased by $0.6 million, from $86.2 million at December 31, 2013 to $85.6 million at December 31, 2014. The decrease was primarily due to (i) a $7.5 million decrease in accounts receivable from charterers and other receivables; and (ii) a $0.9 million decrease in accrued voyage income in dry bulk operations business. This decrease was partially offset by a $7.8 million increase in accounts receivable of Navios Logistics mainly attributable to higher sales of products close to year end.

Amounts due from affiliate companies, including current and non-current portion, increased by $24.0 million from $13.5 million for the year ended December 31, 2013 to $37.5 million for the year ended December 31, 2014. This increase was due to (i) a $20.1 million increase in management and administrative fees, other expenses and reimbursement for drydocking costs receivable from Navios Acquisition; (ii) a $1.1 million increase in management and administrative fees, other expenses and reimbursement for drydocking costs receivable from Navios Partners; (iii) a $2.7 million increase in management fees, loans interest and other expenses receivable from Navios Europe; and (iv) a $0.1 million increase in accounts receivable from Navios Midstream.

Inventories increased by $5.9 million, from $26.6 million at December 31, 2013 to $32.5 million at December 31, 2014. The increase was primarily due to (i) a $3.5 million increase in inventories of Navios Logistics mainly attributable to an increase in petroleum products inventories in the liquid port; and (ii) a $2.4 million increase in inventories on board of our dry bulk vessels.

Prepaid expenses and other current assets decreased by $7.3 million, from $29.0 million at December 31, 2013 to $21.7 million at December 31, 2014. The decrease was primarily due to (i) a $5.5 million decrease in accounts receivable claims; (ii) a $2.8 million decrease in prepaid voyage and operating costs; and (iii) a $0.9 million decrease in prepaid taxes and advances to agents. This decrease was partially offset by (i) a $0.1 million increase in other assets; and (ii) a $1.8 million increase in prepaid expenses and other current assets of Navios Logistics mainly attributable to an increase in accounts receivable claims.

Other long-term assets increased by $1.5 million, from $5.5 million at December 31, 2013 to $7.0 million at December 31, 2014. The increase was primarily due to a $2.7 million increase in long-term receivables from charterers, which was partially offset by a $1.2 million decrease in other long-term assets of Navios Logistics.

Accounts payable increased by $2.1 million, from $51.7 million at December 31, 2013 to $53.8 million at December 31, 2014. The increase was primarily due to (i) a $11.2 million increase in accounts payable of Navios Logistics; (ii) a $2.5 million increase in accounts payable to bunkers and lubricants suppliers; (iii) a $0.9 million increase in accounts payable relating to utilities and other service providers, repairers and legal, audit and consulting services; and (iv) a $0.9 million increase in accounts payable relating to brokers and other accounts payable. This increase was partially offset by (i) a $3.3 million decrease in accounts payable to headowners; (ii) a $2.9 million decrease in accounts payable to suppliers; and (iii) a $7.2 million decrease in accounts payable to insurers.

Accrued expenses and other liabilities increased by $43.1 million to $107.3 million at December 31, 2014 from $64.2 million at December 31, 2013. The increase was primarily due to (i) a $17.8 million increase in accrued interest; (ii) a $9.7 million increase in accrued running costs; (iii) a $3.1 million increase in accrued dividends; (iv) a $1.6 million increase in accrued voyage expenses; (v) a $1.1 million increase in accrued estimated losses on uncompleted voyages; (vi) a $1.7 million increase in accrued payroll; (vii) a $1.6 million increase in other accrued expenses and other liabilities; and (viii) a $6.5 million increase in accrued expenses of Navios Logistics.

Deferred income and cash received in advance decreased by $0.8 million to $12.4 million at December 31, 2014 from $13.2 million at December 31, 2013. Deferred income primarily reflects freight and charter-out amounts collected on voyages that have not been completed and the current portion of the deferred gain from the sale of various vessels to

Navios Partners to be amortized over the next year. The decrease was primarily due to

(i) a $1.4 million decrease in the current portion of deferred gain from the sale of assets to Navios Partners; and (ii) a $4.7 million decrease in deferred freight. This decrease was partially offset by a $5.3 million increase in deferred income of Navios Logistics.

Other long-term liabilities and deferred income decreased by $7.7 million to $17.5 million at December 31, 2014 from $25.2 million at December 31, 2013. The decrease was primarily due to (i) a $3.9 million decrease in the non-current portion of deferred gain from the sale of vessels to Navios Partners; and (ii) a $4.0 million decrease in other long-term liabilities of Navios Logistics mainly due to the repayment of installments for the acquisition of the chartered-in fleet. This decrease was partially offset by a $0.2 million increase in other long term payables.

Cash used in investing activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Cash used in investing activities was $244.9 million for the year ended December 31, 2014, as compared to $258.6 million for the same period of 2013.

Cash used in investing activities for the year ended December 31, 2014 was the result of (i) $2.2 million used to purchase general partner units in Navios G.P. LLC, the general partner of Navios Partners (General Partner) following Navios Partners common equity offering in February 2014; (ii) $22.1 million in payments relating to deposits for the acquisition of two bulk carrier vessels scheduled for delivery in the third and fourth quarter of 2015; (iii) $5.1 million ouflow relating to Navios Acquisition s long term receivable; (iv) a $4.5 million loan to Navios Europe; (v) $123.5 million in payments for the acquisition of the N Bonanza, the Navios Gem and the Navios Ray in January, June and November 2014, respectively; (vi) $10.2 million relating to the acquisition of Edolmix and Cartisur (both acquisitions of intangible assets) by Navios Logistics; (vii) $0.2 million of payments in other fixed assets; and (viii) $91.7 million of payments in fixed assets by Navios Logistics as follows: (a) $6.9 million for the construction of three new pushboats, expected to be delivered in the third quarter of 2015; (b) $3.7 million for the acquisition and transport of three pushboats delivered in the first quarter of 2014; (c) $52.7 million for the construction and transport of new dry barges; (d) $16.3 million for dredging works related to the expansion of the dry port in Uruguay; (e) $5.5 million in payments for the acquisition of a second-hand bunker vessel, including relocation costs; (f) $0.7 million in payments for the construction of a new conveyor belt in Nueva Palmira; and (g) $5.9 million for the purchase of other fixed assets. The above were partially offset by $14.6 million in dividends received from Navios Acquisition.

Cash used in investing activities for the year ended December 31, 2013 was the result of (i) $167.9 million in payments relating to (a) $3.2 million used to purchase general partner units following a Navios Partners common equity offerings; (b) $160.0 million relating to the acquisition of Navios Acquisition shares as part of its February, May and September 2013 equity offerings; and (c) $4.7 million investment in Navios Europe; (ii) $2.1 million relating to the acquisition of port terminal operating rights; (iii) $85.7 million in payments relating to the acquisition of four Panamax vessels (Navios Galileo, Navios Taurus, Navios Amitie and Navios Northern Star) during the third quarter of 2013, and the acquisition of N Amalthia in October 2013; (iv) $60.2 million of payments in other fixed assets mainly relating to amounts paid by Navios Logistics (a) for the construction of a new conveyor belt in Nueva Palmira; (b) the construction of two new tank barges; and (c) the purchase of other fixed assets; and (v) $2.7 million loan to Navios Europe. The above was partially offset by (i) a $35.0 million loan repayment from Navios Acquisition; (ii) a $14.9 million inflow relating to Navios Acquisition s long-term receivable; and (iii) $10.1 million in dividends received from Navios Acquisition.

Cash provided by financing activities for the year ended December 31, 2014 as compared to the year ended December 31, 2013:

Cash provided by financing activities was $248.3 million for the year ended December 31, 2014, as compared to $128.8 million for the same period of 2013.

Cash provided by financing activities for the year ended December 31, 2014 was the result of (i) $163.6 million net proceeds following the sale of the Series G Preferred Stock on January 28, 2014 and Series H Preferred Stock on July 8, 2014; (ii) $3.5 million contribution of noncontrolling shareholders for the acquisition of the N Bonanza; (iii) $0.6 million in proceeds from the exercise of options to purchase common stock; (iv) $71.0 million of loan proceeds (net of $1.2 million finance fees) for financing the acquisition of the N Bonanza, the Navios Gem and the Navios Ray; and (v) $365.7 million of proceeds from the issuance of the 2022 Logistics Senior Notes in April 2014 (net of $9.3 million finance fees). This was partially offset by: (i) $20.8 million of installments paid in connection with the Company s outstanding indebtedness; (ii) $290.0 million repayment of the 2019 Logistics Senior Notes (as defined herein); (iii) $32.7 million of dividends paid to the Company s stockholders; (iv) $10.9 million relating to payments for the acquisition of the noncontrolling interest in Navios Asia; (v) $1.4 million relating to payments for capital lease obligations; and (vi) $0.3 million increase in restricted cash relating to loan repayments.

Cash provided by financing activities for the year ended December 31, 2013 was the result of (i) $90.2 million of proceeds (net of $3.2 million finance fees) from the Additional 2019 Logistics Senior Notes (as defined herein) issued in March 2013; (ii) $635.3 million of proceeds (net of $14.7 million finance fees) from the 2022 Notes issued in November 2013; (iii) a $22.2 million movement in restricted cash relating to loan repayments; (iv) $50.4 million of loan proceeds (net of $0.9 million finance fees) for financing the acquisition of five Panamax vessels (Navios Galileo, Navios Taurus, Navios Amitie, Navios Northern Star and N Amalthia); (v) $0.6 million of proceeds from the exercise of options to purchase common stock; and (vi) $3.9 million contribution of noncontrolling shareholders for the acquisition of N Amalthia. This was partially offset by (i) $157.2 million of installments paid in connection with the Company s outstanding indebtedness; (ii) $488.0 million full repayment of the 2017 Notes (as defined herein); (iii) $1.4 million relating to payments for capital lease obligations; (iv) $0.8 million for acquisition of noncontrolling interest relating to Navios Logistics; and (v) $26.4 million of dividends paid to the Company s stockholders.

Cash provided by operating activities for the year ended December 31, 2013 as compared to the year ended December 31, 2012:

Net cash provided by operating activities decreased by $168.9 million to $59.7 million for the year ended December 31, 2013, as compared to $228.6 million for the year ended December 31, 2012. In determining net cash provided by operating activities, net (loss)/income is adjusted for the gain on sale of assets and effects of certain non-cash items including depreciation and amortization, deferred taxes and unrealized gains and losses on derivatives which may be analyzed in detail as follows:

(in thousands of U.S. dollars)	**Year Ended December 31, 2013**	**Year Ended December 31, 2012**
Net (loss)/income	$ (105,291)	$ 175,562
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Depreciation and amortization	98,124	108,206
Amortization and write-off of deferred financing costs	5,384	6,309
Amortization of deferred drydock and special survey costs	9,581	7,289
Provision for losses on accounts receivable	630	17,136
Unrealized loss on FFA derivatives	69	124
Share based compensation	5,021	4,712
Gain on sale of assets	(18)	(323)

Loss on bond and debt extinguishment		12,142		
Income tax (benefit)/expense		(4,260)		312
Equity in affiliates, net of dividends received		19,781		(7,519)
Net (loss)/income adjusted for non-cash items	**$**	**41,163**	**$**	**311,808**

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Accounts receivable, net, increased by $0.5 million from $85.7 million at December 31, 2012 to $86.2 million at December 31, 2013. The increase was primarily due to a $13.9 million increase in accounts receivable from charterers and other receivables. This increase was partially offset by: (i) a $7.6 million decrease in accounts receivable of Navios Logistics mainly due to timely collection of outstanding invoices; and (ii) a $5.8 million increase in accounts receivable reserves.

Amounts due from affiliate companies, including current and non-current portion, decreased by $95.0 million from $108.5 million for the year ended December 31, 2012 to $13.5 million for the year ended December 31, 2013. This decrease was due to (i) a $21.3 million receipt of management and administrative fees and other expenses from Navios Partners; and (ii) a $75.1 million receipt of management and administrative fees, other expenses and reimbursement for drydocking costs from Navios Acquisition. This decrease was partially offset by a $1.4 million increase in accounts receivable from Navios Europe.

Inventories decreased by $5.0 million from $31.6 million at December 31, 2012 to $26.6 million at December 31, 2013. The decrease was primarily due to a $5.6 million decrease in inventories of Navios Logistics mainly attributable to a decrease in petroleum products inventories in the liquid port. This decrease was partially offset by a $0.6 million increase in inventories on board of our dry bulk vessels.

Prepaid expenses and other current assets increased by $9.1 million from $19.9 million at December 31, 2012 to $29.0 million at December 31, 2013. The main reason for the increase was: (i) a $5.3 million increase in accounts receivable claims; (ii) a $7.4 million increase in prepaid voyage and operating costs; and (iii) a $0.7 million increase in prepaid taxes and advances to agents. This increase was partially offset by (i) a $2.8 million decrease in other assets; (ii) a $1.3 million decrease in short-term derivative assets; and (iii) a $0.2 million decrease in prepaid expenses and other currents assets of Navios Logistics mainly due to decrease in claims and other current assets.

Other long term assets decreased by $4.0 million from $9.5 million at December 31, 2012 to $5.5 million at December 31, 2013. The main reason for the decrease was: (i) a $4.9 million decrease in long-term receivables from charterers; and (ii) a $0.3 million decrease in long-term prepaid hire. This decrease was partially offset by a $1.2 million increase in other long-term assets of Navios Logistics.

Accounts payable decreased by $12.2 million from $63.9 million at December 31, 2012 to $51.7 million at December 31, 2013. The primary reasons for the decrease were (i) a $14.8 million decrease in accounts payable of Navios Logistics; (ii) a $2.9 million decrease in accounts payable to bunkers and lubricants suppliers; and (iii) a $7.6 million decrease in accounts payable relating to utilities and other service providers, repairers and legal, audit and consulting services. This decrease was mitigated by (i) a $4.7 million increase in accounts payable to headowners; (ii) a $3.5 million increase in accounts payable to suppliers; (iii) a $3.3 million increase in accounts payable to insurers; and (iv) a $1.6 million increase in accounts payable relating to brokers and other accounts payable.

Accrued expenses and other liabilities decreased by $11.5 million to $64.2 million at December 31, 2013 from $75.7 million at December 31, 2012. The primary reasons for the decrease were (i) a $3.4 million decrease in accrued interest; (ii) a $8.0 million decrease in accrued voyage expenses; (iii) a $4.2 million decrease in accrued estimated losses on uncompleted voyages; (iv) a $0.6 million decrease in accrued expenses relating to payroll; and (v) $0.1 million decrease in accrued professional fees. This decrease was partially offset by (i) a $2.4 million increase in accrued running costs; (ii) a $0.5 million increase in accrued audit fees and related services; (iii) a $0.6 million increase in other accrued expenses and other liabilities; and (iv) a $1.3 million increase in accrued expenses of Navios Logistics.

Deferred income and cash received in advance decreased by $2.1 million to $13.2 million at December 31, 2013 from $15.3 million at December 31, 2012. Deferred income primarily reflects freight and charter-out amounts collected on voyages that have not been completed and the current portion of the deferred gain from the

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sale of various vessels to Navios Partners to be amortized over the next year. The primary reasons for the decrease of the deferred income and cash received in advance were: (i) $2.1 million decrease in deferred income of Navios Logistics; and (ii) a $6.1 million decrease in deferred gain from the sale of assets. This decrease was partially offset by a $6.1 million increase in deferred freight.

Other long term liabilities and deferred income decreased by $4.4 million to $25.2 million at December 31, 2013 from $29.6 million at December 31, 2012. The primary reasons for the decrease were: (i) a $0.8 million decrease in the non-current portion of deferred gain from the sale of vessels to Navios Partners; and (ii) a $3.6 million decrease in other long-term liabilities of Navios Logistics mainly due to the repayment of installments for the acquisition of the chartered-in fleet.

Cash used in investing activities for the year ended December 31, 2013 as compared to cash provided by investing activities for the year ended December 31, 2012:

Cash used in investing activities was $258.6 million for the year ended December 31, 2013, as compared to cash provided by investing activities of $12.5 million for the same period of 2012.

Cash used in investing activities for the year ended December 31, 2013 was the result of (i) $167.9 million in payments relating to (a) $3.2 million used to purchase general partner units following Navios Partners common equity offerings; (b) $160.0 million relating to the acquisition of Navios Acquisition shares as part of its February, May and September 2013 equity offerings; and (c) $4.7 million investment in Navios Europe; (ii) $2.1 million relating to the acquisition of port terminal operating rights; (iii) $85.7 million in payments relating to the acquisition of four Panamax vessels (Navios Galileo, Navios Taurus, Navios Amitie and Navios Northern Star) during the third quarter of 2013, and the acquisition of N Amalthia in October 2013; (iv) $60.2 million of payments in other fixed assets mainly relating to amounts paid by Navios Logistics (a) for the construction of a new conveyor belt in Nueva Palmira; (b) the construction of two new tank barges; and (c) the purchase of other fixed assets; and (v) $2.7 million loan to Navios Europe. The above was partially offset by (i) a $35.0 million loan repayment from Navios Acquisition; (ii) a $14.9 million inflow relating to Navios Acquisition s long-term receivable; and (iii) $10.1 million in dividends received from Navios Acquisition.

Cash provided by investing activities for the year ended December 31, 2012 was the result of (i) $67.5 million of proceeds from the sale of the Navios Buena Ventura to Navios Partners on June 15, 2012; (ii) $10.0 million of loan repayments received from Navios Acquisition; and (iii) $5.2 million in dividends from Navios Acquisition. The above was partially offset by: (i) $5.0 million due to additional drawdowns during 2011 from Navios Acquisition under its loan facility with the Company and $6.1 million of expenses paid by the Company for Navios Acquisition vessels under construction; (ii) $1.5 million in payments relating to the acquisition of General Partner units following offerings by Navios Partners; (iii) $26.0 million paid for the acquisition of the vessel Navios Serenity and $12.3 million paid for the delivery of the Navios Centaurus and Navios Avior in the first and second quarter of 2012, respectively; and (iv) $1.7 million paid for the purchase of other fixed assets by the Company and $17.6 million relating to amounts paid by Navios Logistics for (a) the construction of a new silo in Nueva Palmira, Uruguay; (b) the construction of a new conveyor belt in the dry port in Uruguay; (c) the construction of four tank barges; (d) the construction of additional tanks in the liquid port; (e) the acquisition of one pushboat and six tank barges in 2012 that were previously chartered-in by Navios Logistics; and (f) improvements in the pushboat fleet.

Cash provided by financing activities for the year ended December 31, 2013 as compared to cash used in financing activities for the year ended December 31, 2012:

Cash provided by financing activities was $128.8 million for the year ended December 31, 2013, as compared to cash used in financing activities of $154.3 million for the same period of 2012.

Cash provided by financing activities for the year ended December 31, 2013 was the result of (i) $90.2 million of proceeds (net of $3.2 million finance fees) from the Additional 2019 Logistics Senior Notes

(as defined herein) issued in March 2013; (ii) $635.3 million of proceeds (net of $14.7 million finance fees) from the 2022 Notes issued in November 2013; (iii) a $22.2 million movement in restricted cash relating to loan repayments; (iv) $50.4 million of loan proceeds (net of $0.9 million finance fees) for financing the acquisition of five Panamax vessels (Navios Galileo, Navios Taurus, Navios Amitie, Navios Northern Star and N Amalthia); (v) $0.6 million of proceeds from the exercise of options to purchase common stock; and (vi) $3.9 million contribution of noncontrolling shareholders for the acquisition of N Amalthia. This was partially offset by (i) $157.2 million of installments paid in connection with the Company s outstanding indebtedness; (ii) $488.0 million full repayment of the 2017 Notes (as defined herein); (iii) $1.4 million relating to payments for capital lease obligations; (iv) $0.8 million for acquisition of noncontrolling interest relating to Navios Logistics; and (v) $26.4 million of dividends paid to the Company s stockholders.

Cash used in financing activities for the year ended December 31, 2012 was the result of (i) $236.2 million of debt repayments made in connection with Navios Holdings outstanding indebtedness (including Navios Logistics); (ii) $1.5 million relating to payments for capital lease obligations; (iii) a $19.6 million increase in restricted cash related to loan repayments; and (iv) $32.4 million of dividends paid to the Company s shareholders. This was partially offset by: (i) $52.2 million of gross loan proceeds in connection with (a) $40.9 million of gross loan proceeds for financing the acquisition of the Navios Serenity and refinancing the debt of the Navios Astra; and (b) $11.3 million of loan proceeds for financing the construction of the Navios Centaurus, less $1.9 million of debt issuance costs; (ii) $85.0 million of net proceeds from the sale of 2022 Notes; and (iii) $0.1 million of proceeds from the exercise of options to purchase common stock.

Adjusted EBITDA: EBITDA represents net income/(loss) attributable to Navios Holdings common stockholders before interest and finance costs before depreciation and amortization and income taxes. Adjusted EBITDA in this document represents EBITDA before stock-based compensation. Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and represents useful information to investors regarding Navios Holdings ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Holdings also believes that Adjusted EBITDA is used (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 therefore, should not be considered in isolation or as a substitute for the analysis of Navios Holdings results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted 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. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, among others, Adjusted EBITDA should not be considered as a principal indicator of Navios Holdings performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

For a reconciliation of cash flows from operating activities to Adjusted EBITDA refer to Item 3. Key Information A. Selected Financial Data.

Adjusted EBITDA for the years ended December 31, 2014 and 2013 was $176.7 million and $107.9 million, respectively. The $68.8 million increase in Adjusted EBITDA was primarily due to (i) a $56.7 million increase in revenue; (ii) a $38.5 million increase in equity in net earnings from affiliated companies; (iii) a $9.7 million increase in loss attributable to the noncontrolling interest; (iv) a $9.8 million decrease in loss on bond and debt extinguishment; (v) a $1.7 million decrease in general and administrative expenses (excluding share-based compensation expenses); and (vi) a $0.3 million decrease in losses on derivatives. This overall increase of $116.7 million was partially mitigated by (i) a $13.3 million increase in direct vessel expenses (excluding the amortization of deferred drydock and

special survey costs); (ii) a $18.9 million increase in time charter, voyage and logistics business expenses; (iii) a $14.1 million increase in other expenses; (iv) a $1.4 million decrease in other income; and (v) a $0.2 million increase in provision for losses on accounts receivable.

Adjusted EBITDA for the years ended December 31, 2013 and 2012 was $107.9 million and $399.5 million, respectively. The $291.6 million decrease in Adjusted EBITDA was primarily due to (i) a decrease of $104.2 million in revenue; (ii) a $172.2 million decrease in other income; (iii) a $0.3 million decrease in gain on sale of assets; (iv) a $37.1 million loss on bond and debt extinguishment; (v) a $3.7 million increase in income attributable to the noncontrolling interest; (vi) a $28.9 million decrease in equity in net earnings from affiliated companies; and (vii) a $0.1 million increase in losses on derivatives. The overall variance of $346.5 million was partially offset by: (i) a $0.5 million decrease in other expense; (ii) a $24.9 million decrease in time charter, voyage and logistic business expenses; (iii) a $6.0 million decrease in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs); (iv) a $7.0 million decrease in general and administrative expenses (excluding share based compensation expenses); and (v) a $16.5 million decrease in provision for losses on accounts receivable.

Long-Term Debt Obligations and Credit Arrangements:

Navios Holdings loans

Senior Notes

On January 28, 2011, the Company and its wholly owned subsidiary, Navios Maritime Finance II (US) Inc. (together with the Company, the 2019 Co-Issuers) completed the sale of $350.0 million of 8.125% Senior Notes due 2019 (the 2019 Notes). The net proceeds from the sale of the 2019 Notes were used to redeem any and all of Navios Holdings then-outstanding 9.5% Senior Notes due 2014 and pay related transaction fees and expenses and for general corporate purposes.

The 2019 Notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company s subsidiaries, other than Navios Maritime Finance II (US) Inc., Navios Maritime Finance (US) Inc., Navios Logistics and its subsidiaries and Navios GP LLC. The subsidiary guarantees are full and unconditional , except that the indenture provides for an individual subsidiary s guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an unrestricted subsidiary for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2019 Notes. The 2019 Co-Issuers have the option to redeem the 2019 Notes in whole or in part, at any time on or after February 15, 2015, at a fixed price of 104.063% of the principal amount, which price declines ratably until it reaches par in 2017, plus accrued and unpaid interest, if any. In addition, upon the occurrence of certain change of control events, the holders of the 2019 Notes will have the right to require the 2019 Co-Issuers to repurchase some or all of the 2019 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2019 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 the 2019 Co-Issuers properties and assets and creation or designation of restricted subsidiaries. The 2019 Co-Issuers were in compliance with the covenants as of December 31, 2014.

Ship Mortgage Notes

In November 2009, the Company and its wholly-owned subsidiary, Navios Maritime Finance (US) Inc. (together, the Mortgage Notes Co-Issuers) issued $400.0 million of first priority ship mortgage notes due on November 1, 2017 at a fixed rate of 8.875% (the 2017 Notes). In July 2012, the Mortgage Notes Co-Issuers issued an additional $88.0 million

of the 2017 Notes at par value. On November 29, 2013, Navios Holdings completed the sale of $650.0 million of its 7.375% First Priority Ship Mortgage Notes due 2022. The net proceeds of the offering of the 2022 Notes have been used: (i) to repay, in full, the 2017 Notes; and (ii) to repay

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in full indebtedness of $123.3 million relating to six vessels added as collateral under the 2022 Notes. The remainder has been used for general corporate purposes. The effect of this transaction was the recognition of a $37.1 million loss in the consolidated comprehensive statement of (loss)/income under Loss on bond and debt extinguishment .

The 2022 Notes are senior obligations of Navios Holdings and Navios Maritime Finance II (US) Inc. (the 2022 Co-Issuers) and are secured by first priority ship mortgages on 23 dry bulk vessels owned by certain subsidiary guarantors and certain other associated property and contract rights. The 2022 Notes are unregistered and fully and unconditionally guaranteed, jointly and severally by all of the Company s direct and indirect subsidiaries that guarantee the 2019 Notes and Navios Maritime Finance II (US) Inc. The guarantees of the Company s subsidiaries that own mortgaged vessels are senior secured guarantees and the guarantees of the Company s subsidiaries that do not own mortgaged vessels are senior unsecured guarantees. In addition, the 2022 Co-Issuers have the option to redeem the 2022 Notes in whole or in part, at any time (i) before January 15, 2017, 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 (ii) on or after January 15, 2017, at a fixed price of 105.531%, which price declines ratably until it reaches par in 2020.

Furthermore, upon occurrence of certain change of control events, the holders of the 2022 Notes may require the 2022 Co- Issuers to repurchase some or all of the notes at 101% of their face amount. The 2022 Notes contain covenants, which among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into certain transactions with affiliates, merging or consolidating or selling all or substantially all of the 2022 Co-Issuers properties and assets and creation or designation of restricted subsidiaries. The 2022 Co-Issuers were in compliance with the covenants as of December 31, 2014.

Secured Credit Facilities

The majority of the Company s senior secured credit facilities include maintenance covenants, including (i) loan-to-value ratio covenants, based on either charter-adjusted valuations, or charter-free valuations, (ii) minimum liquidity and (iii) total liabilities divided by total assets. As of December 31, 2014, the Company and its subsidiaries were in compliance with all of the covenants under each of its credit facilities outlined below.

HSH/Commerzbank Facility: In February 2007, Navios Holdings entered into a secured loan facility with HSH Nordbank and Commerzbank AG. The facility was initially composed of a $280.0 million term loan facility and a $120.0 million reducing revolving facility and it has been amended and repaid as certain vessels have been sold.

The interest rate of the loan facility was based on a margin ranging from 115 basis points to 175 basis points depending on the specified security value.

On November 29, 2013, the Company repaid the loan and revolving credit facility in full using a portion of the proceeds of the 2022 Notes issued in November 2013.

Credit Agricole (formerly Emporiki) Facilities: In December 2012, the Emporiki Bank of Greece s facilities were transferred to Credit Agricole Corporate and Investment Bank.

In December 2007, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece for an amount of up to $154.0 million in order to partially finance the construction of two Capesize bulk carriers. The interest rate of the amended facility was based on a margin of 175 basis points. On November 29, 2013, the Company repaid in full the loan using a portion of the proceeds of the 2022 Notes.

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In August 2009, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece for an amount of up to $75.0 million to partially finance the acquisition costs of two Capesize vessels. The loan bears interest at a rate of LIBOR plus 175 basis points. On November 29, 2013, the Company repaid the loan in full using a portion of the proceeds of the 2022 Notes.

In September 2010, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece for an amount of up to $40.0 million in order to partially finance the construction of one Capesize bulk carrier. As of December 31, 2014, the outstanding amount under the loan facility was repayable in 13 semi-annual equal installments of $1.2 million with a final balloon payment of $8.0 million on the last payment date. The loan bears interest at a rate of LIBOR plus 275 basis points. The loan facility requires compliance with certain financial covenants. As of December 31, 2014, the outstanding amount under this facility was $23.7 million.

In August 2011, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece for an amount of up to $23.0 million in order to partially finance the construction of one newbuilding bulk carrier. As of December 31, 2014, the facility is repayable in 15 semi-annual equal installments of $0.7 million, with a final balloon payment of $7.3 million on the last payment date. The loan bears interest at a rate of LIBOR plus 275 basis points. The loan facility requires compliance with certain covenants. As of December 31, 2014, the outstanding amount under this facility was $17.5 million.

In December 2011, Navios Holdings entered into a facility agreement with Emporiki Bank of Greece for an amount of up to $23.0 million in order to partially finance the construction of one newbuilding bulk carrier. As of December 31, 2014, the outstanding amount under the loan facility was repayable in 15 semi-annual equal installments of $0.7 million after the drawdown date, with a final balloon payment of $7.5 million on the last payment date. The loan bears interest at a rate of LIBOR plus 325 basis points. The loan facility requires compliance with certain covenants. As of December 31, 2014, the outstanding amount under this facility was $18.0 million.

On December 20, 2013, Navios Asia entered into a facility with Credit Agricole Corporate and Investment Bank for an amount of up to $22.5 million in two equal tranches, in order to finance the acquisition of the N Amalthia, which was delivered in October 2013, and the N Bonanza, which was delivered in January 2014. The two tranches bear interest at a rate of LIBOR plus 300 basis points. As of December 31, 2014, Navios Asia had drawn the whole available amount. Each tranche is repayable in ten equal semi-annual installments of $0.6 million, with a final balloon payment of $5.6 million on the last repayment date. The loan facility requires compliance with certain financial covenants. As of December 31, 2014, the outstanding amount of the loan was $20.8 million.

DNB Facilities: In August 2010, Navios Holdings entered into a facility agreement with DNB NOR BANK ASA for an amount of up to $40.0 million in order to partially finance the construction of one Capesize bulk carrier. The loan bears interest at a rate of LIBOR plus 275 basis points. On November 29, 2013, the Company repaid the loan in full using a portion of the proceeds of the 2022 Notes.

Commerzbank Facility: In June 2009, Navios Holdings entered into a facility agreement for an amount of up to $240.0 million (divided into four tranches of $60.0 million) with Commerzbank AG in order to partially finance the acquisition of a Capesize vessel and the construction of three Capesize vessels. Following the delivery of two Capesize vessels, Navios Holdings cancelled two of the four tranches and in October 2010 fully repaid their outstanding loan balances of $53.6 million and $54.5 million, respectively. As of December 31, 2014, the third tranche of the facility is repayable in 18 quarterly installments of $0.9 million, with a final balloon payment of $13.8 million on the last payment date; and the fourth tranche of the facility is repayable in 24 quarterly installments of $0.8 million, with a final balloon payment of $9.5 million on the last payment date. The loan bears interest at a rate based on a margin of 225 basis points. The loan facility requires compliance with certain covenants. As of December 31,

2014, the outstanding amount was $59.2 million.

DVB Bank SE Facilities: On March 23, 2012, Navios Holdings entered into a facility agreement with a syndicate of banks led by DVB Bank SE for an amount of up to $42.0 million in two tranches: (i) the first tranche is for an amount of up to $26.0 million in order to finance the acquisition of a handysize vessel; and (ii) the second tranche is for an amount of up to $16.0 million to refinance the Navios Astra loan facility with Cyprus Popular Bank Public Co. Ltd. The two tranches bear interest at a rate of LIBOR plus 285 basis points and 360 basis points, respectively. On June 27, 2014, Navios Holdings refinanced the existing facility, entering into a new tranche for an amount of $30.0 million in order to finance the acquisition of the Navios Gem, which was delivered in June 2014. The new tranche bears interest at a rate of LIBOR plus 275 basis points. As of December 31, 2014, Navios Holdings had drawn $26.0 million, $15.0 million and $30.0 million under each tranche. As of December 31, 2014, the first tranche is repayable in 21 quarterly installments of $0.4 million, with a final balloon payment of $14.4 million on the last repayment date, the second tranche is repayable in 22 quarterly installments of $0.3 million, with a final balloon payment of $6.3 million on the last repayment date and the third tranche is repayable in 22 quarterly installments of $0.5 million, with a final balloon payment of $18.8 million on the last repayment date. The loan facility requires compliance with certain financial covenants. As of December 31, 2014, the total outstanding amount was $63.3 million.

In September 2013, Navios Holdings entered into a facility agreement with DVB Bank SE for an amount of up to $40.0 million in order to finance the acquisition of four Panamax vessels, delivered in August and September 2013. The facility bears interest at a rate of LIBOR plus 325 basis points. As of December 31, 2014, Navios Holdings had drawn the entire available amount under the facility. As of December 31, 2014, the facility is repayable in three quarterly installments of $0.9 million, followed by 12 quarterly installments of $1.0 million, with a final balloon payment of $21.0 million payable on the last repayment date. The loan facility requires compliance with certain financial covenants. As of December 31, 2014, the outstanding amount was $35.6 million.

Alpha Bank A.E.: On November 6, 2014, Navios Holdings entered into a facility agreement with Alpha Bank A.E. for an amount of $31.0 million in order to finance part of the acquisition of a 2012-built 179,515 dwt Capesize vessel. The loan bears interest at a rate of LIBOR plus 300 basis points. As of December 31, 2014, Navios Holdings had drawn the entire available amount under the facility. As of December 31, 2014, the facility is repayable in 32 quarterly installments of $0.4 million, with a final balloon payment of $16.6 million on the last repayment date and the outstanding amount was $31.0 million. The loan facility requires compliance with certain financial covenants.

The facilities are secured by first priority mortgages on certain of Navios Holdings vessels and other collateral.

The credit facilities contain a number of restrictive covenants that limit Navios Holdings and/or its subsidiaries from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels securing such facilities; changing the flag, class, management or ownership of certain Navios Holdings vessels; changing the commercial and technical management of certain Navios Holdings vessels; selling or changing the ownership of certain Navios Holdings vessels; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. Additionally, the credit facilities require compliance with the covenants contained in the indentures governing the 2019 Notes and the 2022 Notes. Among other events, it will be an event of default under the credit facilities if the financial covenants are not complied with or if Angeliki Frangou and her affiliates, together, own less than 20% of the outstanding share capital of Navios Holdings.

Navios Logistics loans

2019 Logistics Senior Notes

On April 12, 2011, Navios Logistics and its wholly-owned subsidiary Navios Logistics Finance (US) Inc. (Logistics Finance and, together, the Logistics Co-Issuers) issued $200.0 million in aggregate principal

amount of senior notes due on April 15, 2019 at a fixed rate of 9.25% (the Existing 2019 Logistics Senior Notes). On March 12, 2013, the Logistics Co-Issuers issued $90.0 million in aggregate principal amount of 9.25% Logistics Senior Notes due 2019 (the Additional 2019 Logistics Senior Notes , and together with the Existing 2019 Logistics Senior Notes, the 2019 Logistics Senior Notes) at a premium, with a price of 103.750%.

On May 5, 2014, the Logistics Co-Issuers completed a tender offer (the Tender Offer) and related solicitation of consents for certain proposed amendments to the indenture governing the 2019 Logistics Senior Notes, for any and all of their outstanding 2019 Logistics Senior Notes. After the purchase by the Logistics Co-Issuers of all of the 2019 Logistics Senior Notes validly tendered and not validly withdrawn prior to the consent payment deadline, the Logistics Co-Issuers redeemed for cash all the 2019 Logistics Senior Notes that remained outstanding after the completion of the Tender Offer, plus accrued and unpaid interest to, but not including, the redemption date. The effect of this transaction was the recognition of a $27.3 million loss in the consolidated statement of comprehensive loss under Loss on bond and debt extinguishment .

2022 Logistics Senior Notes

On April 22, 2014, the Logistics Co-Issuers completed the sale of $375.0 million in aggregate principal amount of the 2022 Logistics Senior Notes at a fixed rate of 7.25%. The 2022 Logistics Senior Notes are unregistered and fully and unconditionally guaranteed, jointly and severally, by all of Navios Logistics direct and indirect subsidiaries except for Horamar do Brasil Navegação Ltda (Horamar do Brasil) and Naviera Alto Parana S.A. (Naviera Alto Parana), which are deemed to be immaterial, and Logistics Finance, which is the co-issuer of the 2022 Logistics Senior Notes. The subsidiary guarantees are full and unconditional , except that the indenture provides for an individual subsidiary s guarantee to be automatically released in certain customary circumstances, such as in connection with a sale or other disposition of all or substantially all of the assets of the subsidiary, in connection with the sale of a majority of the capital stock of the subsidiary, if the subsidiary is designated as an unrestricted subsidiary in accordance with the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2022 Logistics Senior Notes.

The Logistics Co-Issuers have the option to redeem the 2022 Logistics Senior Notes in whole or in part, at their option, at any time (i) before May 1, 2017, at a redemption price equal to 100% of the principal amount plus the applicable make-whole premium plus accrued and unpaid interest, if any, to the redemption date and (ii) on or after May 1, 2017, at a fixed price of 105.438%, which price declines ratably until it reaches par in 2020. At any time before May 1, 2017, the Logistics Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2022 Logistics Senior Notes with the net proceeds of an equity offering at 107.250% of the principal amount of the 2022 Logistics Senior Notes, plus accrued and unpaid interest, if any, to the redemption date so long as at least 65% of the originally issued aggregate principal amount of the 2022 Logistics Senior Notes remains outstanding after such redemption. In addition, upon the occurrence of certain change of control events, the holders of the 2022 Logistics Senior Notes will have the right to require the Logistics Co-Issuers to repurchase some or all of the 2022 Logistics Senior Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The indenture governing the 2022 Logistics Senior Notes contains covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends in excess of 6% per annum of the net proceeds received by or contributed to Navios Logistics in or from any public offering, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Logistics properties and assets and creation or designation of restricted subsidiaries.

The 2022 Logistics Senior Notes include customary events of default, including failure to pay principal and interest on the 2022 Logistics Senior Notes, a failure to comply with covenants, a failure by Navios Logistics or

any significant subsidiary or any group of its restricted subsidiaries that, taken together, would constitute a significant subsidiary to pay material judgments or indebtedness and bankruptcy and insolvency events with respect to Navios Logistics or any significant subsidiary or any group of its restricted subsidiaries that, taken together, would constitute a significant subsidiary.

The Logistics Co-Issuers were in compliance with the covenants of the indenture as of December 31, 2014.

Other indebtedness

In connection with the acquisition of Hidronave on October 29, 2009, Navios Logistics assumed a $0.8 million loan facility that was entered in 2001 in order to finance the construction of a pushboat (Nazira). As of December 31, 2014, the outstanding loan balance was $0.5 million. The loan facility bears interest at a fixed rate of 600 basis points. The loan is repayable in monthly installments of $5,740 each and the final repayment must occur prior to August 10, 2021. The loan also requires compliance with certain covenants.

The annual weighted average interest rates of the Company s total borrowings were 7.18%, 7.75% and 7.32% for the year ended December 31, 2014, 2013 and 2012, respectively.

The maturity table below reflects the principal payments for the next five years and thereafter of all borrowings of Navios Holdings (including Navios Logistics) outstanding as of December 31, 2014, based on the repayment schedules of the respective loan facilities and the outstanding amount due under the debt securities.

Year	Amount in millions of U.S. dollars
2015	$ 24.2[(1)]
2016	24.6[(2)]
2017	24.6
2018	50.2
2019	386.5
2020 and thereafter	1,134.5
Total	**$ 1,644.6**

(1) Amounts paid during the first quarter of 2015.

(2) $6.9 million paid during the first quarter of 2015.

Working Capital Position: On December 31, 2014, Navios Holdings current assets totaled $417.1 million, while current liabilities totaled $199.2 million, resulting in a positive working capital position of $217.9 million. Navios Holdings cash forecast indicates that it will generate sufficient cash during 2015 to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and remain in a positive cash position during 2015.

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

Capital Expenditures: On January 26, 2014, Navios Holdings entered into agreements to purchase two bulk carrier vessels, one 84,000 dwt Panamax vessel and one 180,600 dwt Capesize vessel, to be built in Japan. The vessels acquisition prices are $31.8 million and $52.0 million, respectively, and are scheduled for delivery in the third and fourth quarter of 2015, respectively. During the year ended December 31, 2014, Navios Holdings paid deposits for both vessels totaling $22.1 million.

On January 27, 2014, Navios Asia took delivery of the N Bonanza, a 2006-built 76,596 dwt bulk carrier vessel for a purchase price of $17.6 million, of which $2.9 million was paid from the Company s cash, $3.5 million from the noncontrolling shareholders cash and $11.3 million was financed through a loan.

On June 4, 2014, Navios Holdings took delivery of the Navios Gem, a 2014-built 181,336 dwt Capesize vessel for a purchase price of $54.4 million, of which $24.4 million was paid in cash and $30.0 million was financed through a loan.

On November 24, 2014, Navios Holdings took delivery of the Navios Ray, a 2012-built 179,515 dwt Capesize vessel for a purchase price of $51.5 million, of which $20.5 million was paid in cash and $31.0 million was financed through a loan.

Navios Logistics

During the second quarter of 2012, Navios Logistics began the construction of a new conveyor belt in its dry port facility in Nueva Palmira, which became operational in October 2013. As of December 31, 2014, Navios Logistics had paid $22.5 million and the construction of the new conveyor belt had been completed.

On June 26, 2013, Navios Logistics acquired three pushboats for a total purchase price of $20.3 million. These pushboats were delivered in the first quarter of 2014.

On August 5, 2013, Navios Logistics entered into an agreement for the construction of 36 dry barges for a total purchase price of $19.1 million. These barges were delivered in the second quarter of 2014. On October 8, 2013, Navios Logistics exercised the option for the construction of additional 36 dry barges based on the same terms of the initial agreement. These barges were delivered in the third quarter of 2014. As of December 31, 2014, Navios Logistics had paid $64.3 million for both sets of barges, representing the purchase price and other acquisition costs, including transportation.

On February 11, 2014, Navios Logistics entered into an agreement for the construction of three new pushboats with a purchase price of $7.6 million for each pushboat. During the year ended December 31, 2014, Navios Logistics paid $6.9 million for the construction of the new pushboats, which are expected to be delivered in the third quarter of 2015.

During the year ended December 31, 2014, Navios Logistics paid $16.3 million for dredging works related to the expansion of its dry port in Uruguay, which is currently an asset under construction.

On August 22, 2014, Navios Logistics entered into an agreement for the acquisition of a second-hand bunker vessel, which was delivered to its core fleet in September 2014. As of December 31, 2014, Navios Logistics had paid $5.5 million, representing the purchase price and other costs, including relocation expenses.

Refer also to Item 5F. Contractual Obligations as at December 31, 2014 .

Concentration of Credit Risk:

Accounts receivable

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 year ended December 31, 2014, one customer accounted for 11.9% of the Company s revenue and for the years ended December 31, 2013 and 2012, none of the Company s customers accounted for more than 10% of the Company s revenue.

Cash deposits with financial institutions

Cash deposits in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Holdings does maintain cash deposits in excess of

government-provided insurance limits. Navios Holdings also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Effects of Inflation:

Navios Holdings does not consider inflation to be a significant risk to the cost of doing business in the foreseeable future. Inflation has a moderate impact on operating expenses, drydocking expenses and corporate overhead.

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

Not applicable.

D. Trend information

Our results of operations depend primarily on the charter hire rates that we are able to realize for our vessels, which depend on the demand and supply dynamics characterizing the dry bulk market at any given time. For other trends affecting our business, please see other discussions in Item 5. Operating and Financial Review and Prospects .

E. 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 included in the contractual obligations schedule below. As of December 31, 2014, Navios Holdings was contingently liable for letters of guarantee and letters of credit amounting to $0.6 million issued by various banks in favor of various organizations and the total amount was collateralized by cash deposits, which were included as a component of restricted cash.

In November 2012 (as amended in March 2014), the Company entered into an agreement with Navios Partners (the Navios Partners Guarantee) to provide Navios Partners with guarantees against counterparty default on certain existing charters, which had previously been covered by the charter insurance for the same vessels, same periods and same amounts. The Navios Partners Guarantee provides for a maximum possible payout of $20.0 million by the Company to Navios Partners. Premiums that are calculated on the same basis as the restructured charter insurance are included in the management fee that is paid by Navios Partners to Navios Holdings pursuant to the management agreement. As of December 31, 2014, no claims had been submitted to Navios Holdings.

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable, and for which the amounts can be reasonably estimated, based upon facts known on the date the financial statements were prepared. Although the Company cannot predict with certainty the ultimate resolutions of these matters, in the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the Company s financial position, results of operations or liquidity.

As of December 31, 2014, Navios Logistics subsidiaries in South America were contingently liable for various claims and penalties towards the local tax authorities amounting to a total of approximately $0.1 million. According to the agreement governing the Horamar acquisition, if such cases are brought against us, the amounts involved will be reimbursed by the previous shareholders. As a result, Navios Logistics has recognized a receivable against such liability. The contingencies are expected to be resolved by 2021. In the opinion of

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management, the ultimate disposition of these matters is immaterial and will not adversely affect Navios Logistics financial position, results of operations or liquidity.

Navios Logistics has issued a guarantee and indemnity letter that guarantees the performance by Petrolera San Antonio S.A. of all its obligations to Vitol S.A. up to $12.0 million. This guarantee expires on March 1, 2016.

Refer also to Item 5F. Contractual Obligation as at December 31, 2014 below.

F. Contractual Obligations as at December 31, 2014:

Payment due by period ($ in millions)

Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt[1]	$ 1,644.6	$ 24.2	$ 49.2	$ 436.7	$ 1,134.5
Operating Lease Obligations (Time Charters) for vessels in operation[5]	335.9	67.2	110.0	92.3	66.4
Operating Lease Obligations (Time Charters) for vessels to be delivered	341.9	11.9	63.9	79.8	186.3
Operating Lease Obligations Push Boats and Barges	0.2	0.2			
Capital Lease Obligations	22.3	1.4	20.9		
Dry vessel deposits[3]	62.9	62.9			
Navios Logistics contractual payments[4]	30.3	28.4	1.9		
Rent Obligations[2]	12.1	3.3	5.9	2.8	0.1
Total	**$ 2,450.2**	**$ 199.5**	**$ 251.8**	**$ 611.6**	**$ 1,387.3**

(1) The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR rates, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 2.25% to 3.60% per annum. The amount does not include interest costs for the 2019 Notes, the 2022 Notes, and the 2022 Logistics Senior Notes.

(2) The table above incorporates the lease obligations of the offices of Navios Holdings and of Navios Logistics. See also Item 4.B. Business Overview Facilities.

(3) Future remaining contractual deposits are for two newbuilding owned vessels, which are expected to be delivered in the third and fourth quarter of 2015 and are expected to be financed through cash on balance or debt financing.

(4) Navios Logistics future remaining contractual payments for the acquisition of three new pushboats, the payment of the deferred considerations for the acquisition of Edolmix and Cartisur and the remaining installments for the acquisition of a chartered-in fleet consisting of one push boat and three liquid barges of $16.0 million, $6.8 million and $7.5 million, respectively.

(5) Approximately 38% of the time charter payments included above is estimated to relate to operational costs for these vessels.

Navios Holdings, Navios Acquisition and Navios Partners will make available to Navios Europe (in each case, in proportion to their ownership interests in Navios Europe) revolving loans of up to $24.1 million to fund working

capital requirements (collectively, the Navios Revolving Loans). As of December 31, 2014, Navios Holding s portion of the undrawn amount relating to the Navios Revolving Loans was $4.3 million.

Critical Accounting Policies

The Navios Holdings consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires Navios Holdings to make estimates in the application of its

accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of its financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Navios Holdings has described below what it believes are its most critical accounting policies that involve a high degree of judgment and the methods of their application. For a description of all of Navios Holdings significant accounting policies, see Note 2 to the Consolidated Financial Statements, included herein.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future drydock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, impairment test for goodwill, provisions necessary for accounts receivables and demurrages, provisions for legal disputes, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.

Stock-based Compensation: In December 2014, 2013 and 2012, the Company authorized the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors. These awards of restricted common stock, restricted stock units and stock options are based on service conditions only and vest over three years. In December 2013 and 2014, the Company also authorized the issuance of shares of restricted common stock, restricted stock units and stock options for its employees, officers and directors that vest on April 30, 2015 and June 2, 2016, respectively, upon achievement of certain internal performance criteria including certain targets on operational performance and cost efficiency. See Note 12 to the Consolidated Financial Statements, included herein.

The fair value of stock option grants is determined with reference to option pricing model and principally adjusted Black-Scholes models. The fair value of restricted stock and restricted stock units is determined by reference to the quoted stock price on the date of grant. Compensation expense, net of estimated forfeitures, is recognized based on a graded expense model over the vesting period. Compensation expense for the awards that vest upon achievement of the performance criteria is recognized when it is probable that the performance criteria will be met and are being accounted for as equity.

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

Undiscounted projected net operating cash flows are determined for each asset group and compared to the carrying value of the vessel, the unamortized portion of deferred drydock and special survey costs related to the

vessel and the related carrying value of the intangible assets with respect to the time charter agreement attached to that vessel or the carrying value of deposits for newbuildings. Within the shipping industry, vessels are customarily bought and sold with a charter attached. The value of the charter may be favorable or unfavorable when comparing the charter rate to then-current market rates. The loss recognized either on impairment (or on disposition) will reflect the excess of carrying value over fair value (selling price) for the vessel asset group.

During the fourth quarter of fiscal year 2014, management concluded that events occurred and circumstances had changed, which indicated that potential impairment of Navios Holdings long-lived assets might exist. These indicators included continued deterioration in the spot market, and the related impact of the current dry bulk sector has on management s expectation for future revenues. As a result, an impairment assessment of long-lived assets (step one) was performed.

The Company determined undiscounted projected net operating cash flows for each vessel and compared it to the vessel s carrying value together with the carrying value of deferred drydock and special survey costs related to the vessel and the carrying value of the related intangible assets. The significant factors and assumptions used in the undiscounted projected net operating cash flow analysis included: determining the projected net operating cash flows by considering the charter revenues from existing time charters for the fixed fleet days (the Company s remaining charter agreement rates) and an estimated daily time charter equivalent for the unfixed days (based on the 10-year average historical one-year time charter rates adjusted for outliers) over the remaining economic life of each vessel, net of brokerage and address commissions, excluding days of scheduled off-hires, running cost based on current year actual, assuming an annual increase of 3.0% after 2016 and a utilization rate of 99.8% based on the fleet s historical performance.

For the deposits for new building vessels, the net cash flows also included the future cash out flows to make vessels ready for use, all remaining progress payments to shipyards and other pre-delivery expenses (e.g. capitalized interest).

The assessment concluded that step two of the impairment analysis was not required and no impairment of vessels, deposits for vessel acquisitions and the related intangible assets existed as of December 31, 2014 and 2013, as the undiscounted projected net operating cash flows exceeded the carrying value.

In the event that impairment would occur, the fair value of the related asset would be determined and an impairment charge would be recorded to operations calculated by comparing the asset s carrying value to its fair value. Fair value is typically estimated primarily through the use of third-party valuations performed on an individual vessel basis.

Although management believes the underlying assumptions supporting this assessment are reasonable, if the charter rate trends and the length of the current market downturn vary significantly from our forecasts, Navios Holdings may be exposed to material impairment charges in the future.

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

In connection with its impairment testing on its vessels as of December 31, 2014, the Company performs a sensitivity analysis on the most sensitive and/or subjective assumptions that have the potential to affect the outcome of the test, principally the projected charter rate used to forecast future cash flows for unfixed days. In that regard, there would continue to be no impairment required to be recognized on any of the Company s vessels when assuming a decline in the 10-year average (of the one-year charter rate for similar vessels), which is the rate that the Company uses to forecast future cash flows for unfixed days, ranging from 17.0% to 81.3% (depending on the vessel).

As of December 31, 2014, the 10-year historical average rates for the Company s vessels (which naturally varies by type of vessel) used in determining future cash flows for purposes of its impairment analysis were 118.6% higher than the daily time charter equivalent rate of the owned fleet achieved in the fiscal year 2014 of $11,830 per day.

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In addition, the Company compared the 10-year historical average (of the one-year charter rate for similar vessels) with the five-year, three-year and one-year historical averages (of the one-year charter rate for similar vessels). A comparison of the 10-year historical average (of the one-year charter rate) and the five-year, three-year and one-year historical averages (of the one-year charter rate for similar vessels) is as follows (as of December 31, 2014):

	Historical Average of One-year Charter Rates (over Various Periods) vs. the 10-year Historical Average (of the One-Year Charter Rate)		
	5-Year Average	**3-Year Average**	**1-Year Average**
	(% below the 10-year average)		
Handysize	(25.9%)	(40.6%)	(36.4%)
Ultra-Handymax	(33.5%)	(47.7%)	(43.0%)
Panamax	(36.6%)	(53.3%)	(46.1%)
Capesize	(49.5%)	(57.6%)	(45.4%)

If testing for impairment using the five-year, three-year and one-year historical averages (of the one-year charter rate for similar vessels) in lieu of the 10-year historical average (of the one-year charter rate for similar vessels), the Company estimates that three, 16 and 9 of its vessels, respectively, would have carrying values in excess of their projected undiscounted future cash flows.

As of December 31, 2014 and 2013, the Company owns and operates a fleet of 38 (not including two under construction vessels) and 35 vessels, respectively, with an aggregate carrying value of $1,473.9 million and $1,417.8 million, respectively, including the carrying value of existing time charters on its fleet of vessels. On a vessel-by-vessel basis, as of December 31, 2014 and 2013, the carrying value of 35 and 27 of the Company s vessels, respectively, (including the carrying value of the time charter, if any, on the specified vessel) exceeds the estimated fair value of those same vessels (including the estimated fair value of the time charter, if any, on the specified vessel) by approximately $533.2 million and $455.2 million, respectively, in the aggregate (the unrealized loss).

A vessel-by-vessel summary as of December 31, 2014 and 2013 follows (with an * indicating those individual vessels whose carrying value exceeds its estimated fair value, including the related time charter):

Vessel	Year Built	Purchase Price (in millions)[1]	Carrying Value (as of December 31, 2014) (in millions)[1]	Carrying Value (as of December 31, 2013) (in millions)[1]
Navios Serenity	2011	$ 26.1	$ 23.5*	$ 24.4*
Navios Ionian	2000	31.2	17.6*	19.1*
Navios Celestial	2009	34.8	28.2*	28.8*
Navios Vector	2002	32.4	24.1*	26.0*
Navios Horizon	2001	23.2	13.9*	15.1*
Navios Herakles	2001	32.6	18.7*	20.2*
Navios Achilles	2001	33.1	19.3*	20.9*
Navios Meridian	2002	26.6	16.4*	17.7*
Navios Mercator	2002	25.9	16.0*	17.2*
Navios Arc	2003	26.6	16.8*	18.1*

Navios Hios	2003	36.0	22.2*	23.9*
Navios Kypros	2003	36.0	22.2*	23.8*
Navios Ulysses	2007	79.8	58.8*	62.3*
Navios Vega	2009	72.9	56.4*	58.6*
Navios Astra	2006	23.1	19.0*	20.1
Navios Magellan	2000	30.1	17.0*	18.5*
Navios Star	2002	30.1	19.1*	20.7*

Navios Asteriks	2005	53.4	36.7*	38.9*
Navios Centaurus	2012	37.1	33.5*	34.8*
Navios Avior	2012	39.1	35.5*	36.8*
Navios Bonavis	2009	121.6	96.7*	100.4*
Navios Happiness	2009	122.2	97.3*	101.1*
Navios Lumen	2009	113.8	92.4*	95.5*
Navios Stellar	2009	94.9	77.5*	80.9*
Navios Phoenix	2009	105.9	86.1*	90.0*
Navios Antares	2010	115.8	94.6*	98.8*
Navios Etoile	2010	66.2	56.7	59.0
Navios Bonheur	2010	68.9	59.1*	61.5*
Navios Altamira	2011	55.4	48.0	49.9
Navios Azimuth	2011	55.7	48.3*	50.2*
Navios Galileo	2006	17.7	16.6*	17.4
Navios Northern Star	2005	16.7	15.7*	16.5
Navios Amitie	2005	16.7	15.7*	16.5
Navios Taurus	2005	16.7	15.7*	16.4
N Amalthia	2006	17.9	17.0*	17.9
N Bonanza	2006	17.6	16.9*	
Navios Gem	2014	54.4	53.3	
Navios Ray	2012	51.5	51.4*	
		$ 1,859.7	**$ 1,473.9**	**$ 1,417.8**

(1) All amounts include related time charter, if any.

Although the aforementioned excess of carrying value over fair value represents an estimate of the loss that the Company would sustain on a hypothetical disposition of those vessels as of December 31, 2014 and 2013, the recognition of the unrealized loss absent a disposition (i.e. as an impairment) would require, among other things, that a triggering event had occurred and that the undiscounted cash flows attributable to the vessel are also less than the carrying value of the vessel (including the carrying value of the time charter, if any, on the specified vessel).

Vessels, Port Terminals, Tanker Vessels, Barges, Pushboats and Other Fixed Assets, net: Vessels, port terminals, tanker vessels, barges, pushboats and other fixed assets acquired as parts of business combinations are recorded at fair value on the date of acquisition, and if acquired as an asset acquisition, are recorded at cost (including transaction costs). Vessels constructed by the company would be stated at historical cost, which consists of the contract price, capitalized interest and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrades are capitalized, provided they appreciably extend the life, increase the earnings capability or improve the efficiency or safety of the vessels. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of comprehensive (loss)/income.

Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, port terminal, tanker vessels, barges, push boats and other fixed assets, after considering the estimated residual value.

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Annual depreciation rates used, which approximate the useful life of the assets are:

Vessels	25 years
Port terminals	5 to 40 years
Tanker vessels, barges and push boats	15 to 45 years
Furniture, fixtures and equipment	3 to 10 years
Computer equipment and software	5 years
Leasehold improvements	shorter of lease term or 6 years

Management estimates the residual values of our dry bulk vessels based on a scrap value cost of steel times the weight of the ship noted in lightweight tons (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and the depreciation expense in the period of the revision and future periods. Until December 31, 2012, management estimated the residual values of the Company s vessels based on a scrap rate of $285 per LWT. Effective January 1, 2013, following management s reassessment after considering current market trends for scrap rates and ten-year average historical scrap rates of the residual values of the Company s vessels, the estimated scrap value per LWT was increased to $340.

Management estimates the useful life of its vessels to be 25 years from the vessel s original construction. However, when regulations place limitations on the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective. An increase in the useful life of a vessel or in its residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of a vessel or in its residual value would have the effect of increasing the annual depreciation charge.

Deferred Drydock and Special Survey Costs: The Company s vessels, barges and push boats are subject to regularly scheduled drydocking and special surveys which are carried out every 30 and 60 months, respectively, for ocean-going vessels, and every 84 months for push boats and barges, to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys are deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels, barges and push boats sold are written-off to income in the year the vessel, barge or pushboat is sold.

Costs capitalized as part of the drydocking or special survey consist principally of the actual costs incurred at the yard, and expenses relating to spare parts, paints, lubricants and services incurred solely during the drydocking or special survey period.

Goodwill and Other Intangibles:

(i) Goodwill: Goodwill is tested for impairment at the reporting unit level at least annually.

The Company evaluates impairment of goodwill using a two-step process. First, the aggregate fair value of the reporting unit is compared to its carrying amount, including goodwill (step one). The Company determines the fair value of the reporting unit based on discounted cash flow analysis and believes that the discounted cash flow analysis is the best indicator of fair value for its individual reporting units.

The fair value for goodwill impairment testing was estimated using the expected present value of future cash flows, using judgments and assumptions that management believes were appropriate in the circumstances. The significant factors and assumptions the Company used in its discounted cash flow analysis included: EBITDA, the discount rate used to calculate the present value of future cash flows and future capital expenditures. EBITDA assumptions included revenue assumptions, general and administrative expense growth assumptions,

and direct vessel expense growth assumptions. The future cash flows from shipping operations were determined by considering the charter revenues from existing time charters for the fixed fleet days (the Company s remaining charter agreement rates) and an estimated daily time charter equivalent for the non-fixed days (based on a combination of one-year average historical charter rates and the 10-year average historical charter rates adjusted for outliers, as available for each type of vessel), which the Company believes is an objective approach for forecasting charter rates over an extended time period for long lived assets. The future cash flows from logistics operations were determined principally by combining revenues from existing contracts and estimated revenues based on the historical performance of the segment, including utilization rates and actual storage capacity.

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

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

(ii) Intangibles Other Than Goodwill: Navios Holdings intangible assets and liabilities consist of favorable lease terms, unfavorable lease terms, customer relationships, trade name and port terminal operating rights. The fair value of the trade name was determined based on the relief from royalty method which values the trade name based on the estimated amount that a company would have to pay in an arm s length transaction to use that trade name. The asset is being amortized under the straight line method over 32 years. Navios Logistics trade name is being amortized under the straight line method over 10 years.

The fair value of customer relationships was determined based on the excess earnings method, which relies upon the future cash flow generating ability of the asset. The asset is amortized under the straight line method.

Other intangibles that are being amortized, such as customer relationships and port terminal operating rights, would be considered impaired if their carrying value could not be recovered from the future undiscounted cash flows associated with the asset.

When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being the difference between the assumed charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires the Company to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of the Company s vessels and the Company s weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on the Company s financial position and results of operations.

The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the lease term and the amortization expense is included in the consolidated statements of comprehensive (loss)/income in the Depreciation and Amortization line item.

The amortizable value of favorable leases would be considered impaired if its fair market value could not be recovered from the future undiscounted cash flows associated with the asset. Vessel purchase options that have

not been exercised, which are included in favorable lease terms, are not amortized and would be considered impaired if the carrying value of an option, when added to the option price of the vessel, exceeded the fair value of the vessel. As of December 31, 2014, there was no impairment of intangible assets.

Vessel purchase options that are included in favorable leases are not amortized and when the purchase option is exercised, the asset is capitalized as part of the cost of the vessel and depreciated over the remaining useful life of the vessel and if not exercised, the intangible asset is written off. Vessel purchase options that are included in unfavorable lease terms are not amortized and when the purchase option is exercised by the charterer and the underlying vessel is sold, it will be recorded as part of gain/loss on sale of the assets. If the option is not exercised at the expiration date it is written-off in the consolidated statements of comprehensive (loss)/income.

The weighted average amortization periods for intangible assets/liabilities are:

Intangible Assets/Liabilities	**Years**
Trade name	21.0
Favorable lease terms	11.1
Unfavorable lease terms	9.4
Port terminal operating rights	32.5
Customer relationships	20.0-45.0

Investments in Equity Securities: Navios Holdings evaluates its investments in Navios Acquisition, Navios Partners, Navios Europe and KLC for other than temporary impairment (OTTI) on a quarterly basis. Consideration is given to (i) the length of time and the extent to which the fair value has been less than the carrying value, (ii) their financial condition and near-term prospects, and (iii) the intent and ability of the Company to retain its investment in these companies for a period of time sufficient to allow for any anticipated recovery in fair value. If the fair value of our equity method investments continues to remain below their carrying value and our OTTI analysis indicates such write down to be necessary, the potential future impairment charges may have a material adverse impact on our results of operations in the period recognized.

As of June 30, 2014, the Company considered the decline in fair value of the KLC shares as other-than-temporary and therefore recognized a loss of $11.5 million out of accumulated other comprehensive loss. The respective loss was included in other expense in the accompanying consolidated statement of comprehensive loss. There were no OTTI losses during the years ended December 31, 2013 and 2012.

Recent Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-08, Presentation of Financial Statements and Property, Plant and Equipment , changing the presentation of discontinued operations on the statements of income and other requirements for reporting discontinued operations. Under the new standard, a disposal of a component or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity s operations and financial results when the component meets the criteria to be classified as held-for-sale or is disposed. The amendments in this update also require additional disclosures about discontinued operations and disposal of an individually significant component of an entity that does not qualify for discontinued operations. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2014. The adoption of the new standard is not expected to have a material impact on Navios Holdings results of operations, financial position or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers , changing the method used to determine the timing and requirements for revenue recognition on the statements of comprehensive income. Under the new standard, an entity must identify the performance obligations in a contract, the transaction price and allocate the price to specific performance obligations to recognize revenue

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when the obligation is completed. The amendments in this update also require disclosure of sufficient information to allow users to understand the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts. The new accounting guidance is effective for interim and annual periods beginning after December 15, 2016. Early adoption is not permitted. The Company is currently reviewing the effect of ASU No. 2014-09 on its revenue recognition.

In January 2015, the FASB issued ASU No. 2015-01, Income Statement-Extraordinary and Unusual Items . This standard eliminates the concept of extraordinary and unusual items from U.S. GAAP. The new standard is effective for annual and interim periods after December 15, 2015. Early adoption is permitted. We plan to adopt this standard effective January 1, 2016. The adoption of this ASU is not expected to have a material impact on the Company s results of operations, financial position or cash flows.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis , which amends the criteria for determining which entities are considered VIEs, amends the criteria for determining if a service provider possesses a variable interest in a VIE and ends the deferral granted to investment companies for application of the VIE consolidation model. The ASU is effective for interim and annual periods beginning after December 15, 2015. Early application is permitted. We do not expect the adoption of this ASU to have a material impact on the Company s results of operations, financial position or cash flows, except if Navios Holdings was to enter into new arrangements in 2015 that fall into the scope prior to adoption of this standard.

G. Safe Harbor

Applicable to the extent the disclosures in Item 5.E and 5.F above are eligible for the statutory safe harbor protections provided to forward-looking statements.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The current board of directors, executive officers and significant employees are as follows:

Name	Age	Position
Angeliki Frangou	50	Chairman of the Board and Chief Executive Officer
George Achniotis	50	Chief Financial Officer
Ted C. Petrone*	59	Vice Chairman of Navios Corporation
Vasiliki Papaefthymiou	46	Executive Vice President Legal and Director
Anna Kalathakis	45	Chief Legal Risk Officer
Shunji Sasada	57	President of Navios Corporation and Director
Leonidas Korres	39	Senior Vice President Business Development
Efstratios Desypris	42	Chief Financial Controller
Ioannis Karyotis	39	Senior Vice President Strategic Planning
Erifili Tsironi	41	Senior Vice President Credit Management
Spyridon Magoulas	61	Director
John Stratakis	50	Director
Efstathios Loizos	53	Director
George Malanga	57	Director

* Significant employee

Angeliki Frangou has been our Chairman and CEO since August 25, 2005. In addition, Ms. Frangou has been the Chairman and Chief Executive Officer of Navios Maritime Partners L.P. (NYSE: NMM), an affiliated

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limited partnership, since August 2007, the Chairman and Chief Executive Officer of Navios Maritime Acquisition Corporation (NYSE: NNA), an affiliated corporation, since March, 2008 and the Chairman and Chief Executive Officer of Navios Maritime Midstream Partners L.P. (NYSE: NAP), an affiliated limited partnership since October 2014. Ms. Frangou has been the Chairman of the Board of Directors of Navios Logistics since its inception in December 2007. Previously, Ms. Frangou served as Chairman, Chief Executive Officer and President of International Shipping Enterprises Inc., which acquired Navios Holdings. From 1990 until August 2005, Ms. Frangou was the Chief Executive Officer of Maritime Enterprises Management S.A. and its predecessor company, which specialized in the management of dry cargo vessels. Ms. Frangou is the Chairman of IRF European Finance Investments Ltd., listed on the SFM of the London Stock Exchange. Ms. Frangou is member of the Board of the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited, Vice Chairman of China Classification Society Mediterranean Committee, a member of the International General Committee and of the Hellenic and Black Sea Committee of Bureau Veritas, as well as a member of Greek Committee of Nippon Kaiji Kyokai. Since February 2015, Ms. Frangou is a Member of the Board of the Union of Greek Shipowners. Since July 2013, Ms. Frangou has been a Member of the Board of Visitors of the Columbia University School of Engineering and Applied Science. Ms. Frangou received a bachelor s degree in mechanical engineering, *summa cum laude* , from Fairleigh Dickinson University and a master s degree in mechanical engineering from Columbia University.

George Achniotis has been Navios Holdings Chief Financial Officer since April 12, 2007. Prior to being appointed Chief Financial Officer of Navios Holdings, Mr. Achniotis served as Senior Vice President-Business Development of Navios Holdings from August 2006 to April 2007. Before joining Navios Holdings, Mr. Achniotis was a partner at PricewaterhouseCoopers in Greece, heading the Piraeus office and the firm s shipping practice. He became a partner at PwC in 1999 when he set up and headed the firm s internal audit services department from which all SOX implementation and consultation projects were performed. Mr. Achniotis is currently a Director and Executive Vice President-Business Development of Navios Partners; a New York Stock Exchange traded limited partnership, which is an affiliate of Navios Holdings. He has more than 19 years experience in the accounting profession with work experience in England, Cyprus and Greece. Mr. Achniotis qualified as a Chartered Accountant in England and Wales in 1991, and holds a Bachelor s degree in Civil Engineering from the University of Manchester.

Ted C. Petrone became Vice Chairman of Navios Corporation in January 2015 having previously served as a director of Navios Holdings from May 2007 to January 2015 and President of Navios Corporation from September 2006 to January 2015. Mr. Petrone has served in the maritime industry for 36 years, of which 33 have been with Navios Holdings. After joining Navios Holdings as an assistant vessel operator, Mr. Petrone worked in various operational and commercial positions. For the last fifteen years, Mr. Petrone has been responsible for all aspects of the daily commercial Panamax activity, encompassing the trading of tonnage, derivative hedge positions and cargoes. Mr. Petrone is currently also a director and Vice Chairman of Navios Acquisition, a New York Stock Exchange listed company, and an affiliate of the Company; and has served in such capacity since June 2008. Mr. Petrone graduated from New York Maritime College at Fort Schuyler with a B.S. in Maritime Transportation. He has served aboard U.S. Navy (Military Sealift Command) tankers.

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

Anna Kalathakis has been Chief Legal Risk Officer since November 2012, and Senior Vice President Legal Risk Management of Navios Maritime Holdings Inc. from December 2005 until October 2012. Before

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joining Navios Holdings, Ms. Kalathakis was the General Manager of the Greek office of A. Bilbrough & Co. Ltd. and an Associate Director of the Company (Managers of the London Steam-Ship Owners Mutual Insurance Association Limited). She has previously worked for a U.S. maritime law firm in New Orleans, was admitted to practice law in the state of Louisiana in 1995, and has also worked in a similar capacity at a London maritime law firm. She qualified as a solicitor in England and Wales in 1999 and was admitted to the Piraeus BAR, Greece in 2003. She has studied International Relations at Georgetown University, Washington D.C. (1991). She holds an MBA from European University at Brussels (1992) and a J.D. from Tulane Law School (1995).

Shunji Sasada became a director of Navios Holdings and Presideent of Navios Corporation in January 2015. Mr. Sasada has also served as a director in Navios Maritime Partners L.P. since August 2007 and as a director in Navios Maritime Midstream Partners L.P. since October 2014. Previously, as Chief Operating Officer of Navios Corporation and Senior Vice President of Fleet Development, he headed Navios Holdings program for the growth and development of the Company s long-term chartered-in and owned tonnage. Mr. Sasada is also President of Navimax Corporation, the Ultra Handymax operating subsidiary of the group. Mr. Sasada started his shipping career in 1981 in Japan with Mitsui O.S.K. Lines, Ltd. (MOSK). Mr. Sasada s first position with MOSK was in steel products in the Tokyo branch as a salesman for exporting steel products to worldwide destinations. Two years later, Mr. Sasada moved to the tramp section in Mitsui s bulk carrier division and was in charge of operations and then of chartering 20-40 smaller Handysize vessels between 21,000 dwt and 35,000 dwt. In 1991, Mr. Sasada moved to Norway to join Trinity Bulk Carriers as its chartering manager as well as subsidiary board member, representing MOSK as one of the shareholders. After an assignment in Norway, Mr. Sasada moved to London and started MOSK s own Ultra Handymax operation as its General Manager. Mr. Sasada joined Navios Holdings in May 1997. Mr. Sasada is the member of the North American Committee of Nippon Kaiji Kyokai. He is a graduate of Keio University, Tokyo, with a B.A. degree in Business and he is a member of the Board of Trustees of Keio Academy of New York.

Leonidas Korres has been our Senior Vice President Business Development since January 2010. Mr. Korres is also the Chief Financial Officer of Navios Maritime Acquisition Corporation since April 2010. Mr. Korres served as the Special Secretary for Public Private Partnerships in the Ministry of Economy and Finance of the Hellenic Republic from October 2005 until November 2009. Prior to that, from April 2004 to October 2005, Mr. Korres served as Special Financial Advisor to the Minister of Economy and Finance of the Hellenic Republic and as liquidator of the Organizational Committee for the Olympic Games Athens 2004 S.A. From 2001 to 2004, Mr. Korres worked as a Senior Financial Advisor for KPMG Corporate Finance. From October 2007 until January 2010, Mr. Korres was a member of the board of directors of Navios Partners. From May 2003 to December 2006, Mr. Korres was Chairman of the Center for Employment and Entrepreneurship, a Non-Profit Company. From June 2008 until February 2009, Mr. Korres served as a board member and audit committee member of Hellenic Telecommunications Organization S.A. (trading on the Athens and New York Stock Exchanges). From June 2004 until November 2009, Mr. Korres served on the board of Hellenic Olympic Properties S.A., which was responsible for exploiting the Olympic venues. Mr. Korres earned his Bachelor s degree in Economics from the Athens University of Economics and Business and his master s degree in Finance from the University of London.

Efstratios Desypris has been our Chief Financial Controller since February 2011. Mr. Desypris has previously served as Financial Controller since May 2006. Mr. Desypris is also a director and Senior Vice President of Navios Maritime Midstream Partners L.P. since October 2014. In addition, Mr. Desypris is the Chief Financial Officer of Navios Maritime Partners since January 2010. He also serves as Senior Vice President Strategic Planning and Director of Navios Logistics, and as director in Navios Europe Inc. Before joining Navios Group, Mr. Desypris worked for 9 years in the accounting profession, most recently as manager of the audit department at Ernst & Young in Greece. Mr. Desypris started his career as an auditor with Arthur Andersen & Co. in 1997. He holds a Bachelor of Science degree in Economics from the University of Piraeus.

Ioannis Karyotis has been our Senior Vice President Strategic Planning since February 2011. Mr. Karyotis is also Chief Financial Officer of Navios Logistics since March 2011. Prior to joining the Company,

from 2006 until 2011, Mr. Karyotis was Consultant and later Project Leader at The Boston Consulting Group (BCG), an international management consulting firm. From 2003 until 2005, Mr. Karyotis was Senior Equity Analyst at Eurocorp Securities, a Greek brokerage house, and in 2003, he was Senior Analyst in the Corporate Finance Department at HSBC Pantelakis Securities, a subsidiary of HSBC Bank. Mr. Karyotis began his career in 2002 with Marfin Hellenic Securities as Equity Analyst. He received his bachelor s degree in Economics from the Athens University of Economics and Business (1998). He holds a master s of Science in Finance and Economics from the London School of Economics (1999) and an MBA from INSEAD (2006).

Erifili Tsironi has been our Senior Vice President Credit Management since October 2014. Ms. Tsironi is also Chief Financial Officer of Navios Maritime Midstream Partners LP. Ms. Tsironi has over 17 years of experience in ship finance. Before joining us, she was the Senior Vice President Global Dry Bulk Sector Coordinator of DVB Bank SE. Ms. Tsironi joined DVB Bank SE in 2000 serving as Assistant Local Manager and Senior Relationship Manager. Previously, she served as account manager in ANZ Investment Bank / ANZ Grindlays Bank Ltd from May 1997 until December 1999. Ms. Tsironi holds a BSc. in Economics, awarded with Honours, from the London School of Economics and Political Science and a MSc in Shipping, Trade and Finance, awarded with Distinction, from Cass Business School of City University in London.

Spyridon Magoulas has been a member of Navios Holdings Board of Directors since its inception, and prior to that was a member of the board of directors of ISE. Mr. Magoulas is the co-founder and director of Doric Shipbrokers S.A., a chartering firm based in Athens, Greece, and has served as the managing director of Doric Shipbrokers S.A. since its formation in 1994. From 1982 to 1993, Mr. Magoulas was chartering director and shipbroker for Nicholas G. Moundreas Shipping S.A., a company located in Piraeus, Greece, and from 1980 to 1982, Mr. Magoulas served at Orion and Global Chartering Inc. in New York. Mr. Magoulas received a bachelor s degree in Economics (honors) from the City University of New York, New York, a master s degree in Transportation Management from the Maritime College in New York and a master degree in Political Economy from the New School for Social Research in New York. In addition to his role on the Board of Directors, Mr. Magoulas also serves as a member of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. Mr. Magoulas is an independent director.

John Stratakis has been a member of Navios Holdings Board of Directors since its inception, and prior to that was a member of the board of directors of ISE. Since 1994, Mr. Stratakis has been a partner with the law firm of Poles, Tublin, Stratakis & Gonzalez, LLP, in New York, New York, where he specializes in all aspects of marine finance and admiralty law, real estate, trusts and estates and general corporate law. From 1992 to 1993, Mr. Stratakis was an associate attorney with Wilson, Elser, Moskowitz Edelman & Dicker, in New York, New York. Mr. Stratakis also has been a director and the President of the Hellenic-American Chamber of Commerce in New York. He serves on the board of New York Maritime Inc., an association that promotes the New York region as a maritime business center. Mr. Stratakis received a Bachelor of Arts (cum laude) from Trinity College and a Juris Doctor degree from Washington College of Law at American University. Mr. Stratakis is admitted to practice law in the State of New York and in the courts of the Southern and Eastern Districts of New York. In addition to his role on the Board of Directors, Mr. Stratakis also serves as chairman of the Nominating and Governance Committee and a member of the Compensation Committee. Mr. Stratakis is an independent director.

Efstathios Loizos was appointed to our Board of Directors in July 2010. Mr. Loizos was also director of Navios Partners from October 2007 until June 2010. In October 2008, Mr. Loizos joined the Managing Team of ION S.A., a leading Greek chocolate and cocoa group of companies, with the responsibility of supervising MABEL S.A., one of the affiliated companies of the group. In June 2010, Mr. Loizos was appointed to the Board of Directors of ION S.A. and assumed enlarged executive responsibilities within the group. Since March 2014, Mr. Loizos serves as the CEO of the affiliated company INTERION S.A., which operates in Bulgaria. In May 2010, Mr. Loizos was elected as a

member of the Board of Directors of IOBE (Foundation of Economic and Industrial Research). Between 2001 and 2008, Mr. Loizos served as the General Manager and a member of the Board of Directors of ELSA S.A., a Greek steel packaging company, and also as the Vice Chairman of the Board

of Directors of its affiliated company ATLAS S.A. From 2005 to 2007, Mr. Loizos served as the President of the International Packaging Association and as the Vice President of the Greek Association of Steel Packaging Manufacturers. He is one of the founders/owners of Facility Plus which is engaged in the field of property & facility management. Mr. Loizos received a Maitrise en Sciences Economiques from the University of Strasbourg and an M.B.A. in Finance from New York University. Mr. Loizos also serves as Chairman of the Audit Committee and chairman of the Compensation Committee. Mr. Loizos is an independent director.

George Malanga has been a member of our Board of Directors since April 2010. He is currently serving as the Chief Credit Officer of BNY Mellon. Mr. Malanga has held a variety of positions during his 28 year tenure with the bank. He began his banking career in various relationship management roles before moving to risk management in 2000. Mr. Malanga has served in roles with increased responsibility in credit risk management over the past 12 years. His credit risk experience includes head of asset recovery, head of domestic corporate credit and currently as Chief Credit Officer of BNY Mellon. Mr. Malanga is a member of BNY Mellon s Operating Committee and holds a Bachelor s Degree in Business Administration from Rutgers College and an M.B.A. in Finance from New York University. Mr. Malanga also serves as a member of the Audit Committee and the Nominating and Governance Committee. Mr. Malanga is an independent director.

There are no family relationships between any of our directors, executive officers or significant employees.

B. Compensation

The aggregate annual compensation (salaries and bonus) paid to our current executive officers was approximately $7.8 million for the year ended December 31, 2014. We also made contributions for our executive officers to a 401(k) in an aggregate amount of approximately $0.1 million. In December 2006, our shareholders approved the adoption of the Navios Maritime Holdings Inc. 2006 Employee, Directors and Consultants Stock Plan (the 2006 Plan). The 2006 Plan authorizes the issuance of stock grants to our officers, employees, directors and consultants in such amounts and pursuant to such terms as may be determined by the Board of Directors at the time of the grant. In February 2015, the Board of Directors approved the adoption of the Navios Holdings 2015 Equity Incentive Plan (the 2015 Equity Incentive Plan). The 2015 Equity Incentive Plan authorizes the issuance of stock grants to our officers, employees, directors and consultants in such amounts and pursuant to such terms as may be determined by the Board of Directors at the time of the grant.

On October 18, 2007 and December 16, 2008, the Compensation Committee of the Board of Directors authorized the issuance of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors. The Company awarded shares of restricted common stock and restricted stock units to its employees, officers and directors and stock options to its officers and directors, based on service conditions only, which vest over two years and three years, respectively. On December 17, 2009, December 16, 2010, and December 5, 2011, the Company authorized the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors. These awards of restricted common stock and restricted stock units to its employees, officers and directors, vest over three years.

On December 20, 2012, December 11, 2013 and December 15, 2014, the Company authorized: (i) the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors, which vest over three years; and (ii) the issuance of shares of restricted common stock, restricted stock units and stock options in accordance with the Company s stock option plan for its employees, officers and directors, which have vested or will vest upon achievement of internal performance criteria and completion of a service period on April 30, 2014 (criteria met), April 30, 2015 and June 2, 2016,

respectively. This restriction lapses in two or three equal tranches, respectively, over the requisite service periods, of one, two and three years from the grant date.

Details of options granted

As of the filing of this Annual Report on Form 20-F, 6,705,995 stock options to purchase the Company s common stock have been granted of which 4,003,067 have vested, 314,250 have expired, 1,801,527 remain

unvested and 587,151 have been exercised in total, of which 411,438 at an exercise price of $3.18 per share, 30,595 at an exercise price of $5.87 per share, 63,172 at an exercise price of $5.15 per share, 59,546 at an exercise price of $3.81 per share, and 22,400 at an exercise price of $3.44 per share.

Out of the 6,705,995 stock options granted, 288,000 options were granted at an exercise price of $16.75 per share; 571,266 options were granted at an exercise price of $3.18 per share; 405,365 options were granted at an exercise price of $5.87 per share; 954,842 options were granted at an exercise price of $5.15 per share; 1,344,353 options were granted at an exercise price of $3.81 per share; 1,344,357 options were granted at an exercise price of $3.44 per share; 674,809 at an exercise price of $8.63 per share; and 1,123,003 options were granted at an exercise price of $3.64 per share.

Details of restricted stock and restricted stock units issued

As of the filing of this Annual Report on Form 20-F, 5,120,330 shares of restricted stock and restricted stock units have been issued of which 3,052,218 have vested and in the aggregate 70,769 were forfeited during the years from 2007 until 2014. See Note 12 to the Consolidated Financial Statements, included herein.

Non-employee directors receive annual fees, effective January 1, 2014, in the amount of $80,000 each plus reimbursement of their out-of-pocket expenses. In addition, the non-executive serving as chairman of the Audit Committee receives an annual fee of $20,000, the chairman of the Nominating and Governance Committee receives an annual fee of $17,000, and the chairman of the Compensation Committee receives an annual fee of $20,000, plus reimbursement of their out-of-pocket expenses.

C. Board Practices

The board of directors of Navios Holdings is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. In January 2015, Navios Holdings, following the resignation of Ted Petrone, appointed Shunji Sasada to its Board of Directors. The term of office of the first class of directors, consisting of Efstathios Loizos, George Malanga and John Stratakis will expire in 2015. The term of office of the second class of directors, consisting of Shunji Sasada and Spyridon Magoulas will expire in 2016. The term of office of the third class of directors, consisting of Angeliki Frangou and Vasiliki Papaefthymiou, will expire in 2017. No directors are entitled to any benefits upon termination of their term.

The board of directors has established an audit committee of three independent directors. The audit committee is governed by a written charter, which was approved by the board of directors. One of the members of the audit committee is an audit committee financial expert for purposes of SEC rules and regulations. The audit committee, among other things, reviews our external financial reporting, engages our external auditors, approves all fees paid to auditors and oversees our internal audit activities and procedures and the adequacy of our internal accounting controls. Our audit committee is comprised of Messrs. George Malanga, Efstathios Loizos and Spyridon Magoulas, and our audit committee financial expert is Mr. Efstathios Loizos.

The board of directors has established a nominating and governance committee of three independent directors, Messrs. John Stratakis, who serves as a Chairman, Spyridon Magoulas and George Malanga. This committee is governed by a written charter, which was approved by the board of directors. The nominating and governance committee is responsible for providing assistance to the board of directors in fulfilling its responsibility to the Company s stockholders relating to the Company s nominating procedures and practices for appointing officers and directors as well as the Company s oversight, analysis and recommendations with respect to corporate governance and best practices, and the Company s process for monitoring compliance with laws and regulations.

The board of directors has established a compensation committee of three independent directors, Messrs. Efstahios Loizos, who serves as a Chairman, Spyridon Magoulas and John Stratakis. The compensation

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committee is governed by a written charter, which was approved by the board of directors. The compensation committee is responsible for reviewing and approving the compensation of the Company s executive officers, for establishing, reviewing and evaluating, in consultation with senior management, the long-term strategy of employee compensation and approving any material change to existing compensation plans.

D. Employees

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