



# **FORM 20-F**

**AEGEAN MARINE PETROLEUM NETWORK INC. - ANW**

**Filed: April 07, 2008 (period: December 31, 2007)**

Registration of securities of foreign private issuers pursuant to section 12(b) or (g)

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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

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

For the fiscal year ended **December 31, 2007**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

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

Date of event requiring this shell company report \_\_\_\_\_

Commission file number **001-33179**

**AEGEAN MARINE PETROLEUM NETWORK INC.**

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

**The Republic of the Marshall Islands**

(Jurisdiction of incorporation or organization)

**42 Hatzikyriakou Avenue, Piraeus 185 38 Athens, Greece**

(Address of principal executive offices)

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 \$0.01 per share**

**New York Stock Exchange**

Securities registered or to be registered pursuant to section 12(g) of the Act.

**NONE**  
(Title of class)

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

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

**NONE**  
(Title of class)

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.

**42,688,510 shares of common stock, par value \$0.01 per share.**

Indicate by check mark if the registrant is 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 \_\_\_\_\_

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  
(Do not check if a smaller  
reporting company)

Smaller reporting company

Indicate by check mark which financial statement item the registrant has elected to follow.

\_\_\_\_\_ Item 17

X \_\_\_\_\_ 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

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this report may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

Aegean Marine Petroleum Network Inc., or the Company, 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 report 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. When used in this report, the words “anticipate,” “believe,” “expect,” “intend,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” and similar expressions identify forward-looking statements.

The forward-looking statements in this report are based upon various 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. Important assumptions relating to the forward-looking statements include, among other things, assumptions regarding demand for our products, the cost and availability of refined marine fuel from suppliers, pricing levels, the timing and cost of capital expenditures, competitive conditions, and general economic conditions. These assumptions could prove inaccurate. 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 assumptions 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: our future operating or financial results; our future payment of dividends and the availability of cash for payment of dividends; our ability to retain and attract senior management and other key employees; our ability to manage growth; our ability to maintain our business in light of our proposed business and location expansion; our ability to obtain double hull bunkering tankers given the scarcity of such vessels in general; the outcome of legal, tax or regulatory proceedings to which we may become a party; adverse conditions in the shipping or the marine fuel supply industries; our ability to retain our key suppliers and key customers; our contracts and licenses with governmental entities remaining in full force and effect; material disruptions in the availability or supply of crude oil or refined petroleum products; changes in the market price of petroleum, including the volatility of spot pricing; increased levels of competition; compliance or lack of compliance with various environmental and other applicable laws and regulations; our ability to collect accounts receivable; changes in the political, economic or regulatory conditions in the markets in which we operate, and the world in general; our future, pending or recent acquisitions, business strategy, areas of possible expansion, and expected capital spending or operating expenses; our failure to hedge certain financial risks associated with our business; uninsured losses; our ability to maintain our current tax treatment; our failure to comply with restrictions in our credit agreements; increases in interest rates; and other important factors described from time to time in our SEC filings.

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## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3. KEY INFORMATION

*Please note: Throughout this report, all references to "we," "our," "us" and the "Company" refer to Aegean Marine Petroleum Network Inc. and its subsidiaries. We use the term deadweight ton, or dwt, in describing the size of vessels. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry. Unless otherwise indicated, all references to "dollars" and "\$" in this report are to, and amounts are presented in, U.S. dollars.*

#### A. Selected Financial Data

	For the Year Ended December 31,				
	2003	2004	2005	2006	2007
	<i>(in thousands of U.S. dollars, except for share and per share data which are presented in U.S. dollars)</i>				
<b>Income Statement Data:</b>					
Sales of marine petroleum products	210,953	247,436	505,605	790,657	1,345,849
Voyage revenues	8,100	14,983	10,450	11,639	5,758
Other revenues	1,126	593	1,275	1,516	1,266
<b>Total revenues</b>	<b>220,179</b>	<b>263,012</b>	<b>517,330</b>	<b>803,812</b>	<b>1,352,873</b>
Cost of marine petroleum products sold	191,540	222,439	464,801	728,637	1,251,712
Salaries, wages and related costs	3,581	5,052	8,958	12,871	24,363
Vessel hire charges	3,390	2,436	518	-	-
Depreciation	809	1,546	2,226	4,240	6,373
Amortization of drydocking costs	240	386	636	1,684	3,172
Amortization of concession agreement	-	-	-	-	52
Management fees	513	183	182	223	54
Gain on sale of vessel	-	-	-	-	(2,693)
Other operating expenses	9,043	12,348	16,629	25,697	39,042
<b>Operating income</b>	<b>11,063</b>	<b>18,622</b>	<b>23,380</b>	<b>30,460</b>	<b>30,798</b>
Write-off of deferred offering costs (1)	-	-	-	(1,588)	-
Interest and finance costs	(425)	(944)	(2,347)	(5,207)	(3,473)
Interest income	90	13	70	976	1,990
Foreign exchange gains (losses), net	(78)	(68)	396	(414)	(1,569)
Income taxes	(6)	(6)	(24)	(2)	(8)
<b>Net income</b>	<b>10,644</b>	<b>17,617</b>	<b>21,475</b>	<b>24,225</b>	<b>27,738</b>
Basic earnings per share (2)	0.35	0.58	0.72	0.84	0.65
Diluted earnings per share (2)	0.35	0.58	0.72	0.84	0.65
Weighted average number of shares, basic (2)	30,472,827	30,472,827	29,878,398	28,954,521	42,417,111
Weighted average number of shares, diluted (2)	30,472,827	30,472,827	29,878,398	28,954,622	42,505,704
Dividends declared per share (2)	0.24	0.28	0.05	0.14	0.01

**As of and for the Year Ended**

**December 31,**

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
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*(in thousands of U.S. dollars, unless otherwise stated)*

**Balance Sheet Data:**

Cash and cash equivalents	1,872	3,280	7,602	82,425	1,967
Total assets	39,558	78,573	161,359	315,877	566,957
Total debt	13,896	26,689	101,236	33,496	208,031
Total liabilities	33,968	54,112	151,832	100,878	323,232
Total stockholders' equity	5,590	24,461	9,527	214,999	243,725

**Other Financial Data:**

Gross spread on marine petroleum products (3)	19,413	24,997	40,804	62,020	89,671
Gross spread per metric ton of marine fuel sold (U.S. dollars) (3)	17.3	21.1	23.2	26.0	25.9
Net cash provided by (used in) operating activities	4,206	17,333	1,475	17,064	(128,128)
Net cash used in investing activities	4,132	29,360	34,973	55,190	124,692
Net cash provided by financing activities	1,366	13,435	37,820	112,949	172,362

**Operating Data:**

Sales volume of marine fuel (metric tons) (4)	1,109,887	1,169,430	1,746,377	2,367,289	3,437,269
Number of service centers, end of period (5)	3.0	3.0	4.0	5.0	6.0
Number of operating bunkering tankers, end of period (6)	4.0	9.0	10.0	12.0	17.0
Average number of operating bunkering tankers (6)(7)	3.7	6.8	9.0	11.1	13.5

- (1) On November 17, 2005, we filed a registration statement on Form F-1 in connection with an initial public offering of 10,000,000 shares of our common stock. In early 2006, we postponed further activities in connection with that offering. Accordingly, during the year ended December 31, 2006, we wrote off \$1.6 million, representing all deferred costs incurred in connection with that offering.
- (2) Amounts give effect to the 1.26-for-one stock split effected November 21, 2006 and the 24,184.783-for-one stock split effected November 14, 2005.
- (3) Gross spread on marine petroleum products represents the margin that we generate on sales of marine fuel and lubricants. We calculate gross spread on marine petroleum products by subtracting from sales of marine petroleum products the cost of marine petroleum products sold and any cargo transportation costs. For arrangements in which we physically supply marine petroleum products using our bunkering tankers, costs of marine petroleum products sold represents amounts paid by us for marine petroleum products sold in the relevant reporting period. For arrangements in which marine petroleum products are purchased from our related company, Aegean Oil S.A., or Aegean Oil, cost of marine petroleum products sold represents the total amount paid by us to the physical supplier for marine petroleum products and their delivery to our customers. For arrangements in which we purchase cargos for our floating storage facilities, cargo transportation costs are either included in the purchase price of marine fuels that we paid to the supplier or paid separately by us to a third-party transportation provider.

Gross spread per metric ton of marine fuel sold represents the margins we generate per metric ton of marine fuel sold. We calculate gross spread per metric ton of marine fuel sold by dividing the gross spread on marine fuel by the sales volume of marine fuel. Marine fuel sales do not include sales of lubricants. The following table reflects the calculation of gross spread per metric ton of marine fuel sold for the periods presented:



	<b>For the Year Ended December 31,</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars, unless otherwise stated)</i>				
Gross spread on marine petroleum products	19,413	24,997	40,804	62,020	89,671
Less: Sales of lubricants	(1,500)	(3,471)	(3,824)	(6,628)	(7,313)
Add: Cost of lubricants sold	<u>1,300</u>	<u>3,097</u>	<u>3,560</u>	<u>6,173</u>	<u>6,777</u>
Gross spread on marine fuel	<u>19,213</u>	<u>24,623</u>	<u>40,540</u>	<u>61,565</u>	<u>89,135</u>
Sales volume of marine fuel (metric tons)	1,109,887	1,169,430	1,746,377	2,367,289	3,437,269
Gross spread per metric ton of marine fuel sold (U.S. dollars)	<u>17.3</u>	<u>21.1</u>	<u>23.2</u>	<u>26.0</u>	<u>25.9</u>

The following table reconciles our gross spread on marine petroleum products sold to the most directly comparable GAAP measure, operating income, for all periods presented:

	<b>For the Year Ended December 31,</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars)</i>				
Gross spread on marine petroleum products	19,413	24,997	40,804	62,020	89,671
Add: Voyage revenues	8,100	14,983	10,450	11,639	5,758
Add: Other revenues	1,126	593	1,275	1,516	1,266
Add: Gain on sale of vessel	-	-	-	-	2,693
Less: Salaries, wages and related costs	(3,581)	(5,052)	(8,958)	(12,871)	(24,363)
Less: Vessel hire charges	(3,390)	(2,436)	(518)	-	-
Less: Depreciation	(809)	(1,546)	(2,226)	(4,240)	(6,373)
Less: Amortization	(240)	(386)	(636)	(1,684)	(3,224)
Less: Management fees	(513)	(183)	(182)	(223)	(54)
Less: Other operating expenses	(9,043)	(12,348)	(16,629)	(25,697)	(39,042)
Add: Cargo transportation costs	-	-	-	-	4,466
Operating income	<u>11,063</u>	<u>18,622</u>	<u>23,380</u>	<u>30,460</u>	<u>30,798</u>

The amount that we have to pay for marine petroleum products to fulfill a customer order has been the primary variable in determining the prices quoted to customers. Therefore, we evaluate gross spread per metric ton of marine fuel sold and gross spread on marine petroleum products in pricing individual transactions and in long-term strategic pricing decisions. We actively monitor our pricing and sourcing strategies in order to optimize our gross spread on marine petroleum products. We believe that this measure is important to investors because it is an effective intermediate performance measure of the strength of our operations.

Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold should not be considered as alternatives to operating income, net income or other GAAP measures and may not be comparable to similarly titled measures of other companies. Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold do not reflect certain direct and indirect costs of delivering marine petroleum products to our customers (such as crew salaries, vessel depreciation, storage costs, other vessel operating expenses and overhead costs) or other costs of doing business.



For all periods presented, we purchased marine petroleum products in Greece from our related company, Aegean Oil, which is a physical supplier in Greece. The cost of these marine petroleum products was contractually calculated based on Aegean Oil's actual cost of these products plus a margin. For further discussion please refer to the section of this report entitled "Major Shareholders and Related Party Transactions."

- (4) The sales volume of marine fuel is the volume of sales of various classifications of marine fuel oil, or MFO, and marine gas oil, or MGO, for the relevant period and is denominated in metric tons. We do not utilize the sales volume of lubricants as an indicator. The sales volume of marine fuel includes the volume of sales made to the United States Navy, which individually accounted for approximately 25%, 24% and 3% of our total revenues for the years ended December 31, 2003, 2004 and 2005, respectively. Sales to the United States Navy comprised less than 1% of our total revenues for the years ended December 31, 2006 and 2007.
- (5) The number of service centers includes our physical supply operations in the United Arab Emirates, Gibraltar, Jamaica, Singapore and Northern Europe, as well as Greece, where we conduct operations through our related company, Aegean Oil. The number of service centers is an indicator of the geographical distribution of our operations and affects both the amount of revenues and expenses that we record during a given period. We commenced physical supply operations in Singapore on June 2, 2006. We acquired our service center in Northern Europe on October 9, 2007.
- (6) This data does not include our recently-sold Aframax tanker, the Aegean Hellas, our two Panamax tankers, the Fos and the Ouranos and our recently-purchased Aframax tanker, the Leader. We used the Aegean Hellas as an ocean-going tanker and currently use the Fos, the Ouranos and the Leader as floating storage facilities.
- (7) Average number of operating bunkering tankers is the number of operating bunkering tankers in our fleet for the relevant period, as measured by the sum of the number of days each bunkering tanker was used as a part of our fleet during the period divided by the cumulative number of calendar days in the period multiplied by the number of operating bunkering tankers at the end of the period.

#### **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. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks occur, our business, financial condition, operating results and cash flows could be materially adversely affected and the trading price of our securities could decline.

#### **Risk Factors Relating to Our Business**

*We may not be able to obtain sufficient funds to grow or effectively manage our growth.*

A principal focus of our strategy is to grow by expanding our business. Our future growth will depend on a number of factors which include our ability to:

- increase our fleet of bunkering and specialty tankers;
- identify suitable markets for expansion;

- consummate vessel acquisitions;
- integrate acquired vessels successfully with our existing operations;
- obtain required financing for our existing and new operations and business lines;
- hire, train and retain qualified personnel to manage and operate our growing business and fleet;
- improve our operating and financial systems and controls;
- maintain or improve our credit control procedures;
- obtain and maintain required governmental authorizations, licenses and permits for new and existing operations;
- provide timely service at competitive prices; and
- attract and retain customers.

A deficiency in any of these factors may negatively impact our ability to generate cash flow, raise money or effectively manage our growth. In addition, competition from other companies could reduce our expansion or acquisition opportunities, cause us to lose business opportunities, competitive advantages or customers or cause us to pay higher or charge lower prices than we might otherwise pay or charge. Furthermore, competitive conditions in the markets that we may consider for future expansion may be more adverse to us than those in markets served by our existing service centers, and any new service centers that we may open may be less profitable than our existing service centers.

***Businesses we may acquire in the future will expose us to increased operating risks.***

As part of our growth strategy, we intend to explore acquisition opportunities of marine fuel supply and complementary businesses. This expansion could expose us to additional business and operating risks and uncertainties, including:

- the ability to effectively integrate and manage acquired businesses;
- the ability to realize our investment in the acquired businesses;
- the diversion of management's time and attention from other business concerns;
- the risk of entering markets in which we may have no or limited direct prior experience;
- the potential loss of key employees of the acquired businesses;
- the risk that an acquisition could reduce our future earnings; and
- exposure to unknown liabilities.

Although our management will endeavor to evaluate the risks inherent in any particular transaction, we cannot assure you that we will properly ascertain all such risks. In addition, future acquisitions could result in the incurrence of substantial additional indebtedness and other expenses. Future acquisitions may also result in potentially dilutive issuances of equity securities and may affect the market price of our common shares. Difficulties encountered with acquisitions may have a material adverse effect on our business, financial condition and results of operations.

***We may not be able to obtain financing for our growth or to fund our future capital expenditures, which could negatively impact our results of operations, financial condition and our ability to pay dividends.***

In order to fund future vessel acquisitions, new service centers and products, increased working capital levels or capital expenditures, we will be required to use cash from operations, incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations will reduce cash available for dividend





distributions to you. Our ability to obtain additional bank financing or to access the capital markets for any future offerings may be limited by our 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 our control. Our failure to obtain the funds for future vessel acquisitions, new service centers, products or capital expenditures could impact our results of operations, financial condition and our ability to pay dividends. The issuance of additional equity securities would dilute your interest in our Company and reduce dividends payable to you. Even if we are successful in obtaining additional bank financing, paying debt service would limit cash available for working capital and increasing our indebtedness could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

***Due to the lack of diversification in our lines of business, adverse developments in the marine fuel supply business would negatively impact our results of operations, financial condition and our ability to pay dividends.***

We rely primarily on the revenues generated from our business of physical supply and marketing of refined marine fuel and lubricants to end customers. Due to the lack of diversification in our lines of business, an adverse development in our marine fuel supply business would have a significant impact on our business, financial condition and results of operations and our ability to pay dividends to our shareholders.

***Because of the limited supply of secondhand double hull bunkering tankers, we may not be able to acquire secondhand double hull bunkering tankers on economically acceptable terms which could impede our growth and negatively impact our results of operations, financial condition and our ability to pay dividends.***

Our ability to grow is in part dependent on our ability to expand our fleet through acquisitions of suitable secondhand double hull bunkering tankers. We believe that the availability of secondhand double hull bunkering tankers in the open market is limited. We may not be able to locate suitable secondhand tankers or negotiate acceptable purchase contracts with their owners or obtain financing for such acquisitions on economically acceptable terms. Our failure to locate and acquire suitable secondhand double hull bunkering tankers could limit the future growth of our business and have a material impact on our results of operations, financial condition and our ability to pay dividends.

***Our purchase of secondhand vessels carries risks associated with the quality of those vessels because secondhand vessels typically are not protected by builders' or sellers' warranties.***

Our fleet renewal and expansion strategy includes the acquisition of secondhand vessels as well as newbuildings. Since December 2006, we have acquired four secondhand bunkering tankers. Unlike newbuildings, secondhand vessels typically do not carry warranties with respect to their condition. Our inspections of secondhand vessels would normally not provide us with as much knowledge of its condition as we would possess if the vessel had been built for us and operated by us throughout its life. Repairs and maintenance costs for secondhand vessels are difficult to predict and may be more substantial than for vessels we have operated since they were built. These costs could decrease our profits and reduce our liquidity.

***Delays or defaults by the shipyards in the construction of new vessels could increase our expenses and diminish our net income and cash flows.***

We have entered into newbuilding contracts for the construction of double hull bunkering tankers; we have 26 vessels remaining to take delivery on. In addition, we have entered into newbuilding contracts for the construction of two specialty tankers and have an option to build four additional specialty tankers. All of our newbuilding contracts are with shipyards with which we have had no prior business dealings. These projects are subject to the risk of delay or defaults by the shipyards caused by, among other things, unforeseen quality or engineering problems, work stoppages, weather interference, unanticipated cost increases, delays in receipt of necessary equipment, and inability to obtain the requisite permits or approvals. In accordance with industry practice, in the event the shipyards are unable or unwilling to deliver the tankers, we may not have substantial remedies. Failure to construct or deliver the ships by the shipyards or any significant delays could increase our expenses and diminish our net income and cash flows.

***International authorities and flag states may delay implementation of the phase-out of single hull tankers which may lessen the competitive advantage we hope to gain by acquiring double hull bunkering tankers.***

Our strategy involves capitalizing on the phase-out of single hull bunkering tankers. Under environmental protection laws and regulations, the European Union, or the EU and the International Maritime Organization, or the IMO (the United Nations agency for maritime safety), have already banned single hull tankers of 5,000 dwt and above from



carrying HGO, which includes most of the grades of marine fuel, as of October 2003 and as of April 2005, respectively, and are scheduled to ban all single hull tankers of less than 5,000 dwt but above 600 dwt from carrying HGO in 2008. Both the EU and the IMO will also require a phase-out of all single hull tankers in 2010. The EU and the IMO, however, allow for exemptions. Under the EU regulations, for example, oil tankers operated exclusively in ports and inland navigation may be exempted from the double hull requirements provided they are duly certified under inland water legislation. Under the IMO regulations, a flag state may allow single hull tankers conforming to certain technical specifications to continue to operate until the earlier of 2015 or the 25th anniversary of the vessel's delivery. A flag state may also allow single hull tankers to carry HGO if the vessels are either engaged in voyages exclusively within its jurisdiction or jurisdiction of another party upon such party's agreement.

Our future success will depend, in part, on the timely and comprehensive implementation of the phase-out of single hull tankers. Any delay or limitation in application of the environmental protection laws and regulations could limit our anticipated growth or other anticipated benefits because our strategy involves employing and acquiring secondhand double hull bunkering tankers.

***The nature of a portion of our assets and business in the United Kingdom could expose us to significant compliance costs and liabilities.***

Our operations involving the storage of fuel in the United Kingdom are subject to stringent laws and regulations governing the discharge of materials into the environment, otherwise relating to protection of the environment, operational safety and related matters. Compliance with these laws and regulations increases our overall cost of business in the United Kingdom, including our capital costs to maintain and upgrade equipment and facilities, or claims for damages to property or persons resulting from our operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, the imposition of investigatory and remedial liabilities, and the issuance of injunctions that may restrict or prohibit our United Kingdom operations or even claims of damages to property or persons resulting from our United Kingdom operations. The laws and regulations applicable to our United Kingdom operations are subject to change, and we cannot provide any assurance that compliance with current and future laws and regulations will not have a material effect on our results of operations or earnings. A discharge of hazardous materials into the environment could, to the extent such event is not insured, subject us to substantial expense, including both the cost to comply with applicable laws and regulations and liability to private parties for personal injury or property damage.

***We have a limited history of marketing marine lubricants or operating specialty tankers and we may not be able to enter, or effectively manage our entry into these new lines of business, which could negatively impact our results of operations, financial condition and our ability to pay dividends.***

We have recently commenced the marketing of our own brand of marine lubricants and plan to operate a fleet of double hull products tankers with roll-on roll-off facilities and refueling capabilities for fuel trucks designed to make distribution of gasoline and other refined petroleum products to island economies. The marketing of marine lubricants and the acquisition and management of specialty tankers will impose significant responsibilities on our management and staff. We have limited experience marketing marine lubricants and no experience in distributing refined petroleum products to island economies nor do we have any history of operating or competing in these lines of business over significant periods. As we have a limited history of marketing marine lubricants and operating specialty tankers, it is difficult to predict our management needs. Accordingly, we may be required to increase the number of our employees. We will also have to market our products and services in new locations and to an expanded customer base. We may not be successful in executing our growth plans and may incur significant expenses and losses in connection with our future line of business which could negatively impact our results of operations, financial condition and our ability to pay dividends.

***We rely on purchases from key customers and our results of operations may decrease if some of our key customers reduce or terminate their purchases.***

Generally, we have not derived a significant amount of revenue from written volume commitments from our key customers or any other understandings with our key customers that relate to future purchases. Purchases by our key customers could be reduced or terminated at any time. A substantial reduction or a termination of purchases by any of our key customers could decrease our results of operation.

***We extend trade credit to most of our customers and our financial position and results of operations may diminish if we are unable to collect accounts receivable.***

We extend trade credit to most of our customers. Our success in attracting business has been due, in part, to our willingness to extend trade credit on an unsecured basis to our customers. As of December 31, 2007, 61 of our customers had outstanding balances with us of at least \$1.0 million under the lines of credit that we have extended to them. Our credit procedures and policies do not fully eliminate customer credit risk. Any credit losses, if significant, would diminish our financial position and results of operations.

***We depend on a limited number of suppliers, which makes us susceptible to supply shortages or price fluctuations that could diminish our operating results.***

We currently purchase refined marine petroleum products from a limited number of suppliers. If our relationship with any of our other key suppliers terminates or if any of our key suppliers suffers a disruption in production, we may not be able to obtain a sufficient quantity of refined marine fuel and lubricants on acceptable terms and without interruption in our business. We may experience difficulties and delays in obtaining marine fuel from alternative sources of supply. Any interruption or delay in the supply of marine fuel, or the inability to obtain fuel from alternate sources at acceptable prices and within a reasonable amount of time, would impair our ability to meet scheduled deliveries to our customers and could cause customers to cancel orders.

***The refined marine fuel that we purchase from our suppliers may fail to meet the specifications that we have agreed to supply to our customers and, as a result, we could lose business from those customers and be subject to claims or other liabilities.***

If the refined marine fuel that we purchase from our suppliers fails to meet the specifications we have agreed to supply to our customers, we could lose our customers and be subject to claims or other liabilities. The loss of customers and increased liabilities would reduce our earnings and could have a material adverse effect on our business, weaken our financial condition and reduce our results of operations.

***Failure by Aegean Oil or other third-party physical suppliers to provide services to us and our customers as agreed could subject us to customer claims and negatively affect our results.***

We have contracted with Aegean Oil to provide various services to our customers in Greece, including fueling of vessels in port and at sea. Aegean Oil is a related company owned and controlled by members of Mr. Melisanidis' family. Mr. Melisanidis, our founder and Head of Corporate Development, may also be deemed a control person of Aegean Oil and other affiliated entities for United States securities law purposes, but Mr. Melisanidis disclaims such control. In connection with our limited marine fuel trading activities, from time to time we contract with other third-party physical suppliers to deliver marine fuel to our customers in locations where we do not have service centers. The failure of Aegean Oil or any other third-party physical supplier to perform these services in accordance with the terms we have agreed with them and our customers could affect our relationships with our customers and subject us to claims and other liabilities which could harm our business or negatively affect our financial results. If Aegean Oil or any of the other third-party physical suppliers fails to perform its obligations to us, you will not have any recourse directly against Aegean Oil or the other third-party physical suppliers.

***Agreements between us, Aegean Oil and other affiliated entities may be more favorable or less favorable than agreements that we could obtain from unaffiliated third parties.***

The marine fuel service supply agreement and other agreements we have with Aegean Oil, our largest supplier of marine petroleum products, as well as other agreements we have with affiliated entities have been made in the context of an affiliated relationship. Aegean Oil and other affiliated entities are owned and controlled by members of Mr. Melisanidis' family. Mr. Melisanidis has also been involved historically with our related companies and had a leadership role with respect to the promotion of their products and services. Because immediately prior to the completion of our initial public offering we were majority-owned by Leveret International Inc., or Leveret, a company controlled by Mr. Melisanidis, the negotiation of the marine fuel service supply agreement and our other contractual arrangements may have resulted in prices and other terms that are more favorable or less favorable to us than terms we might have obtained in arm's-length negotiations with unaffiliated third parties for similar services. Moreover, Aegean Oil and other affiliated entities remain our related companies, and we remain subject to similar risks in future business dealings with these parties.

***The value of our marine fuel inventory is subject to price fluctuations which may result in reduced value of our inventory and cause us to suffer financial loss.***

Due to the nature of our business, we may increase the volume of our marine fuel inventories. Depending upon the price and price movement of refined marine fuel, our marine fuel inventories may subject us to a risk of financial loss. Pricing terms with our suppliers and customers and hedges by way of oil futures or other instruments, should we enter into them, may not adequately protect us in the event of a substantial downward movement in the price of marine fuel.

***Our business and our customers' businesses are subject to currency exchange risks which could negatively affect our results of operations, cash flows and reduce our profitability.***

Generally, in all our service centers, we invoice our customers for the sale and delivery of marine petroleum products in U.S. dollars. Many of our customers are foreign customers and may be required to obtain U.S. dollars to pay for our products and services. A rapid depreciation or devaluation in a currency affecting our customers could have an adverse effect on our customers' operations and their ability to convert local currency to U.S. dollars to make required payments to us. This would in turn result in higher credit losses for us, which would reduce our results of operations and cash flows.

We generate almost all of our revenues and incur the majority of our expenses in U.S. dollars. In the year ended December 31, 2007, we incurred not more than 4% of our operating expenses and general and administrative expenses in currencies other than the U.S. dollar—primarily the Euro, the UAE dirham, the Gibraltar pound, the Jamaican dollar and the Singapore dollar. Changes in the rates of exchange between these currencies and the U.S. dollar would lead to deviations from our budgeted operating expenses, which would affect our financial results. When translated into U.S. dollars, expenses incurred in currencies other than the U.S. dollar increase when the value of the U.S. dollar falls, which reduces our profitability.

***We rely on the expertise of our senior management and our inability to retain key personnel could interrupt our business and limit our growth.***

Our success depends to a significant degree upon the abilities and efforts of our management team and our ability to hire and retain key members of our management team. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining key personnel could negatively impact our results of operations, financial condition and our ability to pay dividends. We do not intend to maintain "key man" life insurance on any of our officers or our board members, including Peter C. Georgiopoulos, the Chairman of our board of directors, and Mr. Melisanidis, our founder and Head of Corporate Development. We believe that Mr. Georgiopoulos is an important member of our board of directors and Mr. Melisanidis is an important member of our management team and that the loss of the services or involvement in our business on the part of either or both of them would have a material adverse effect on our Company. We have entered into employment agreements with Mr. Melisanidis, E. Nikolas Tavlarios, our President, and Ziad Nakhleh, our Treasurer and Chief Financial Officer.

***As we expand our fleet, we may not be able to recruit suitable employees and crew for our tankers which may limit our growth and cause our financial performance to suffer.***

As we expand our fleet, we will need to recruit suitable crew, shoreside, administrative and management personnel. We may not be able to continue to hire suitable employees as we expand our fleet of tankers. If we are unable to recruit suitable employees and crews, we may not be able to provide our services to customers, our growth may be limited and our financial performance may suffer.

***A portion of our employees are covered by national collective bargaining agreements which set minimum standards for employment, and labor interruptions could disrupt our business.***

A portion of our employees from Greece and from the Philippines are covered by national collective bargaining agreements which set minimum standards for employment. Industrial action or other labor unrest, such as the dockworkers strike in Piraeus, Greece that affected our Greek service center in 2007, could disrupt our business. If not resolved in a timely and cost-effective manner, such industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could disrupt our business and reduce our results of operations and cash flows.

***We are a holding company, and we depend primarily on the ability of our operating subsidiaries to distribute funds to us in order to satisfy our financial and other obligations and to make dividend payments.***

We are a holding company, and we have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to satisfy our financial and other obligations and to pay dividends depends primarily on the performance of our operating subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our operating subsidiaries, we will not be able to pay dividends unless we obtain funds from other sources. We may not be able to obtain the necessary funds from other sources on terms acceptable to us.

***We may not be able to borrow amounts under our senior secured credit facility and restrictive covenants in our senior secured credit facility may impose financial and other restrictions that may limit our corporate activities.***

In December 2007, we entered into a senior secured credit facility with an international commercial bank, which we call our senior secured credit facility. Our senior secured credit facility contains covenants that impose operating and financing restrictions on us. Such restrictions affect, and in many respects limit or prohibit, among other things, our ability to pay dividends, incur additional indebtedness, create liens, sell assets, or engage in mergers or acquisitions. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. These restrictions could adversely affect our ability to finance our future operations or capital needs or to engage in other business activities which will be in our interest.

***We may not achieve sufficient earnings to pay dividends to our shareholders.***

We currently intend to pay regular cash dividends on a quarterly basis. We will make such dividend payments to our shareholders only if our board of directors, acting in its sole discretion, determines that payments of dividends would be in our best interest and in compliance with relevant legal and contractual requirements. The principal business factors that our board of directors expects to consider when determining the timing and amount of dividend payments will be our earnings, financial condition and cash requirements at the time.

***U.S. investors in our Company could suffer adverse tax consequences if we are characterized as a passive foreign investment company.***

If, for any taxable year, our passive income or our assets that produce or are held for production of passive income exceed levels provided by law, we may be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. This characterization could result in adverse U.S. tax consequences to our shareholders. If we are classified as a PFIC, a U.S. Holder of our common shares could be subject to increased tax liability upon the sale or other disposition of our common shares or upon the receipt of amounts treated as "excess distributions." Under these rules, the excess distribution and any gain upon a sale would be allocated ratably over the U.S. Holder's holding period for the common shares, and the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we were a PFIC would be taxed as ordinary income in the current taxable year. The amounts allocated to each of the other taxable years would be subject to tax at the highest marginal rates on ordinary income in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed on the resulting tax liability as if such tax liability had been due with respect to each such other taxable year. The tax liability with respect to the amount allocated to years prior to the year of the disposition or distribution cannot be offset by any net operating losses. In addition, holders of shares in a PFIC may not receive a "step-up" in basis on shares acquired from a decedent. U.S. Holders should consult with their own U.S. tax advisors with respect to the U.S. tax consequences of investing in our common shares as well as the specific application of the "excess distribution" and other rules discussed in this paragraph. For a discussion of how we might be characterized as a PFIC and related tax consequences, please see Taxation — "United States Federal Income Taxation of U.S. Holders—Passive Foreign Investment Company."

***We may not be exempt from Liberian taxation which would materially reduce our net income and cash flow.***

The Republic of Liberia enacted a revised income tax act effective as of January 1, 2001, or the New Act. In contrast to the income tax law previously in effect since 1977, or the Prior Law, which the New Act repealed in its entirety, the New Act does not distinguish between the taxation of a non-resident Liberian corporation, such as our Liberian subsidiary, Aegean Marine Petroleum S.A., or AMP, which conducts no business in Liberia and was wholly exempted from tax under the Prior Law, and the taxation of ordinary resident Liberian corporations.

In 2004, the Liberian Ministry of Finance issued regulations pursuant to which a non-resident domestic corporation, such as our Liberian subsidiary, AMP, will not be subject to tax under the New Act retroactive to January 1, 2001, or the New Regulations. In

addition, the Liberian Ministry of Justice issued an opinion that the New Regulations



were a valid exercise of the regulatory authority of the Ministry of Finance. Therefore, assuming that the New Regulations are valid, AMP will be wholly exempt from Liberian income tax as under the Prior Law.

If our Liberian subsidiary, AMP, were to be subject to Liberian income tax under the New Act, it would be subject to tax at a rate of 35% on its worldwide income. As a result, its, and consequently our, net income and cash flow would be materially reduced by the amount of the applicable tax. In addition, we, as shareholder of the Liberian subsidiary, would be subject to Liberian withholding tax on dividends paid by AMP at rates ranging from 15% to 20%.

***If we become subject to tax in the jurisdictions in which we operate, our net income and cash flow would decrease.***

Our business is affected by taxes imposed on the purchase and sale of refined marine petroleum products in various jurisdictions in which we operate from time to time. These taxes include sales, excise, goods and services taxes, value-added taxes, and other taxes. We currently do not pay a material amount of tax, including withholding taxes, in any jurisdiction in which we operate. As a result of changes in our operations, tax laws or the application by tax authorities of these laws or our failure to comply with tax laws or otherwise, we may become liable for an increased amount of tax in any jurisdiction. An increased liability for taxes would decrease our net income and cash flow.

***Our insurance policies may not be adequate to cover our losses and because we obtain some of our insurance policies through protection and indemnity associations, we may be subject to calls in amounts based not only on our own claim records, but also the claim records of other members of the protection and indemnity associations which could expose us to additional expenses.***

We carry insurance policies to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, protection and indemnity insurance, which includes pollution risks, crew insurance, and war risk insurance. We may not be adequately insured to cover losses from our operational risks. Additionally, our insurers may refuse to pay particular claims and our insurance policies may be voidable by the insurers if we take, or fail to take, certain action, such as failing to maintain certification of our vessels with applicable maritime regulatory organizations. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions.

As a result of the September 11, 2001 attacks, the United States response to the attacks and related concerns regarding terrorism, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. Accordingly, premiums payable for terrorist coverage have increased substantially and the level of terrorist coverage has been significantly reduced.

We may also be subject to calls or premiums in amounts based not only on our claim records but also the claim records of 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 expense to us, which could have a material adverse effect on our results of operations, cash flows, financial condition and ability to pay dividends. Moreover, the protection and indemnity associations and other insurance providers reserve the right to make changes in insurance coverage with little or no advance notice.

***Maritime claimants could arrest our vessels, which could disrupt our cash flow.***

Crew members, suppliers of goods and services to a vessel and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. 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 flows and require us to pay a significant amount of money to have the arrest lifted. In addition, in some jurisdictions under the "sister ship" theory of liability, a claimant may arrest both the vessel that 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 vessel in our fleet.

***Terrorist attacks, piracy, and international hostilities have previously affected the shipping industry, and any future attacks could negatively impact our results of operations, financial condition and our ability to pay dividends.***

Terrorist attacks, such as the attack on the *MT Limburg* in October 2002, could adversely affect our operations and directly impact our vessels or charterers. We conduct our marine fuel supply operations outside of the United States, and our business, results of operations, cash flows, financial condition and ability to pay dividends could suffer by changing economic, political and government conditions in the countries and regions where our vessels are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political instability, terrorist or other attacks, war, piracy, or international hostilities.

***Our principal shareholders control our Company and may not act in the best interests of our other shareholders.***

Our principal shareholders, Leveret, a company controlled by Mr. Melisanidis, and Peter C. Georgiopoulos, the Chairman of our board of directors, own 35.3% and 9.9% of our outstanding common shares, respectively. On July 19, 2006, Leveret and AMPNInvest LLC, or AMPNInvest, a Marshall Islands limited liability company that has been succeeded by Messrs. Georgiopoulos and John Tavlarios, entered into a Framework Agreement, as amended, which affects our management and governance. We refer you to the discussion in the section of this report entitled "Directors, Senior Management and Employees—Framework Agreement" for a description of the Framework Agreement. Pursuant to the Framework Agreement, Leveret and AMPNInvest agreed to identify, mutually agree on and elect seven members to serve on our board of directors effective upon the closing of our initial public offering, which took place on December 13, 2006. The Framework Agreement also provides that Leveret and Messrs. Georgiopoulos and Tavlarios, as successors to AMPNInvest, will vote in favor of our board of directors, including the independent directors and the nominees of our board, and in accordance with our board's recommendations on all matters proposed for a vote or consent of our shareholders for the duration of the Framework Agreement. The Framework Agreement expires on December 13, 2011, the fifth anniversary of the completion of our initial public offering, unless terminated earlier pursuant to its provisions. Accordingly both Mr. Melisanidis, through Leveret, and Messrs. Georgiopoulos and Tavlarios may be deemed to control our Company. Leveret and Messrs. Georgiopoulos and Tavlarios may serve their own interests, which may not be aligned with the interests of other shareholders when voting in favor of our board of directors, including its nominees, or in accordance with our board's recommendations on all matters proposed for a vote or consent of our shareholders.

***Neither our Company nor our shareholders will be able to enforce the Framework Agreement.***

The Framework Agreement between AMPNInvest and Leveret does not name any third-party beneficiaries. Leveret and Messrs. Georgiopoulos and John Tavlarios, as successors to AMPNInvest, are free to mutually terminate the Framework Agreement at any time. Upon termination, Leveret and Messrs. Georgiopoulos and Tavlarios will be free to vote for nominees not approved by our board of directors and on matters proposed for a vote or consent of the shareholders in a manner not recommended by our board. Alternatively, if either party breaches the Framework Agreement, our Company and its shareholders will not be able to enforce the Framework Agreement. We refer you to the discussion in the section of this report entitled "Directors, Senior Management and Employees—Framework Agreement" for a description of the Framework Agreement. In addition, Leveret and Messrs. Georgiopoulos and Tavlarios who together own 47.8% of our outstanding common shares are obligated to vote in favor of our board of directors, including its nominees, and in accordance with our board's recommendations on all matters proposed for a vote or consent of our shareholders even if a majority of the other shareholders vote otherwise.

***Mr. Melisanidis, through Leveret, may continue to be able to exercise effective control over our Company and may have conflicts of interest with our other shareholders.***

Leveret, a company controlled by Mr. Melisanidis, owns 35.3% of our outstanding common shares. For so long as Leveret is controlled by Mr. Melisanidis and owns a significant percentage of our outstanding common shares, Mr. Melisanidis may be able to exercise effective control over us and will be able to strongly influence the outcome of shareholder votes on other matters, including the adoption or amendment of provisions in our articles of incorporation or bylaws and approval of possible mergers, amalgamations, control transactions and other significant corporate transactions. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, merger, amalgamations, consolidation, takeover or other business combination. This concentration of ownership could also discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which could in turn have an adverse effect on the market price of our common shares.

Mr. Melisanidis, through Leveret, may not necessarily act in accordance with the best interests of other shareholders. Moreover, Mr. Melisanidis and members of Mr. Melisanidis' family hold significant interest in our related companies. For further discussion, please refer to the section of this report entitled "Major Shareholders and Related Party Transactions." We cannot assure you that the interests of Mr. Melisanidis will coincide with the interests of other holders of our common stock. To the extent that conflicts of interests may arise, Mr. Melisanidis, through Leveret, may vote in a manner adverse to us or to you or other holders of our securities.

We have entered into an employment agreement with Mr. Melisanidis. The employment agreement restricts Mr. Melisanidis' ability to compete with us during the term of the employment agreement and 12 months following its termination. If we are unable to enforce such restrictions on Mr. Melisanidis against competing with us, any direct or indirect competition from Mr. Melisanidis could be particularly damaging to us.

***Some of our directors are affiliated with other companies, which could result in conflicts of interest.***

Some of our directors also serve as directors of other public companies and are employees or have investments in companies in industries related to ours. In particular, Mr. Georgiopoulos, the Chairman of our board of directors, is Chairman of the board of directors of General Maritime Corporation, or General Maritime, and Genco Shipping & Trading Limited. Also, John Tavlarios and John O. Hatab, who serve as our directors, are also directors of General Maritime. Messrs. Georgiopoulos and Tavlarios are also executive officers of General Maritime. As such, General Maritime may be deemed one of our affiliates for United States securities laws purposes. To the extent that the other entities with which our directors may be affiliated compete with us for business opportunities, prospects or financial resources, or participate in ventures in which we may participate, our directors may face actual or apparent conflicts of interest in connection with decisions that could have different implications for us and the other companies. These decisions may relate to corporate opportunities, corporate strategies, potential acquisitions of businesses, intercompany agreements, competition, the issuance or disposition of securities, the election of new or additional directors and other matters. Such potential conflicts may delay or limit the opportunities available to us, and it is possible that conflicts may be resolved in a manner adverse to us.

***Our status as a foreign private issuer exempts us from certain of the corporate governance standards of the New York Stock Exchange, limiting the protections afforded to investors.***

We are a "foreign private issuer" within the meaning of the New York Stock Exchange corporate governance standards. Under the New York Stock Exchange rules, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain New York Stock Exchange corporate governance requirements, including the requirements that:

- a majority of the board of directors consists of independent directors;
- both a nominating and corporate governance and a compensation committee be established and composed entirely of independent directors and each committee has a written charter addressing its purpose and responsibilities;
- an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken;
- non-management directors meet in regular executive sessions without members of management in attendance;
- a company has corporate governance guidelines or a code of ethics; and
- an audit committee consists of a minimum of three independent directors.

We voluntarily comply with most of the New York Stock Exchange rules. However, investors will not have the same protections afforded to shareholders of companies that are subject to all New York Stock Exchange corporate governance requirements.

***Anti-takeover provisions in our organizational documents could have the effect of discouraging, delaying or preventing a merger, amalgamation or acquisition, which could reduce the market price of our common shares.***

Several provisions of our articles of incorporation and our bylaws could make it difficult for our shareholders to change the composition of our board of directors in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable.

These provisions include:

- authorizing our board of directors to issue "blank check" preferred stock without shareholder approval;
- providing for a classified board of directors with staggered, three-year terms;
- prohibiting cumulative voting in the election of directors;
- authorizing the removal of directors only for cause and only upon the affirmative vote of the holders of at least 70% of the outstanding shares of our capital stock entitled to vote for the directors;
- prohibiting shareholder action by written consent unless the written consent is signed by all shareholders entitled to vote on the action;
- limiting the persons who may call special meetings of shareholders; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

In addition, we may consider establishing a shareholder rights plan that will make it more difficult for a third party to acquire us without the support of our board of directors and principal shareholders. These anti-takeover provisions could substantially impede the ability of public shareholders to benefit from a change in control and, as a result, may reduce the market price of our common stock and your ability to realize any potential change of control premium.

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

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or the BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary 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 the United States. The rights of shareholders of companies incorporated in the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. The BCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions. However, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as United States courts. Thus, you may have more difficulty protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction which has developed a relatively more substantial body of case law.

### **Risk Factors Relating to Our Industry**

***Adverse conditions in the shipping industry may reduce the demand for our products and services and negatively affect our results of operations and financial condition.***

Our business is focused on the physical supply and marketing of refined marine fuel and marine lubricants to the shipping industry. Adverse economic conditions in the shipping industry, such as low charter rates or high operating costs, may have an adverse effect on our customers. In addition, any political instability, terrorist activity, piracy activity or military action that disrupts shipping operations will adversely affect our customers. Any adverse conditions in the shipping industry may reduce the demand for our products and services and negatively affect our results of operations and weaken our financial condition.



***Material disruptions in the availability or supply of oil may reduce the supply of our products and have a material impact on our operating results, revenues and costs.***

The success of our business depends on our ability to purchase, sell and deliver marine petroleum products to our customers. Material disruptions in the availability or supply of oil may have an adverse effect on our suppliers. In addition, any political instability, natural disasters, terrorist activity, military action or other similar conditions may disrupt the availability or supply of oil and consequently decrease the supply of refined marine fuel. Decreased availability or supply of marine fuel may reduce our operating results, revenues and costs.

***Changes in the market price of petroleum may increase our credit losses, reduce our liquidity and decrease our profitability.***

Increases in fuel prices can adversely affect our customers' businesses, and consequently increase our credit losses. Increases in fuel prices could also affect the credit limits extended to us by our suppliers and our working capital requirements, potentially affecting our liquidity and profitability. In addition, increases in oil prices will make it more difficult for our customers to operate and could reduce demand for our services. Conversely, a rapid decline in fuel prices could decrease our profitability because if we were to purchase inventory when fuel prices are high without having a corresponding sales contract in place, we may not be able to resell it at a profit.

***In the highly competitive marine fuel supply industry, we may not be able to successfully compete for customers with new entrants or established companies with greater resources.***

We are subject to aggressive competition in all aspects of our business. Our competitors are numerous, ranging from large multinational corporations, which have significantly greater capital resources than us, to relatively small and specialized firms. In addition to competing with fuel resellers, such as World Fuel Services Corporation and Chemoil Corporation, we also compete with the major oil producers that market fuel directly to large commercial shipping companies. We may not be able to successfully compete for customers because of increased competition from the major oil producers or our suppliers who may choose to market directly to large as well as smaller shipping companies, or to provide less advantageous price and credit terms to us. Also, due in part to the highly fragmented market, competitors with greater resources could enter the marine fuel supply industry and operate larger fleets of bunkering tankers through consolidations or acquisitions and may be able to offer better terms than we are able to offer to our customers.

***Our operations are subject to extensive environmental laws and regulations, the violation of which could result in liabilities, fines or penalties and changes of which may require increased capital expenditures and other costs necessary to operate and maintain our vessels.***

We are subject to various environmental laws and regulations dealing with the handling of fuel and fuel products. We currently store fuel inventories on our bunkering tankers and storage facilities and we may, in the future, maintain fuel inventories at several other locations in fixed or floating storage facilities. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among other things. If we are involved in a spill or other accident involving hazardous substances, if there are releases of fuel and fuel products we own, or if we are found to be in violation of environmental laws or regulations, we could be subject to liabilities that could have a materially adverse effect on our business and operating results. We are also subject to possible claims by customers, employees and others who may be injured by a fuel spill, exposure to fuel, or other accidents. If we should fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil or criminal liability.

In particular, our operations are subject to numerous laws and regulations in the form of international conventions, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These regulations include, but are not limited to, (i) the International Convention on Civil Liability for Oil Pollution Damage of 1969, (ii) the International Convention for the Prevention of Marine Pollution from Ships of 1973 and (iii) the International Convention for the Safety of Life at Sea of 1974. We refer you to the discussion in the section of this report entitled "Business—Environmental and Other Regulations" for a description of environmental laws and regulations that affect our business.

A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations. Some environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. An oil spill could result in significant liability, including fines,



penalties, criminal liability and remediation costs for natural resource damages as well as third-party damages. We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Our insurance policies covering certain environmental risks may not be sufficient to cover all such risks and any claim may have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

Compliance with applicable laws, regulations and standards, may require us to make additional capital expenditures for the installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. In order to satisfy these requirements, we may, from time to time, be required to take our vessels out of service for extended periods of time, with corresponding losses of revenues. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including costs relating to air emissions, maintenance and inspection, elimination of tin-based paint, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. These costs could reduce our results of operations and cash flows, weaken our financial condition and affect our ability to pay dividends. Also, in the future, market conditions may not justify these expenditures or enable us to operate some or all of our vessels profitably during the remainder of their economic lives.

***Our vessel operations have inherent risks that could negatively impact our results of operations, financial condition and our ability to pay dividends.***

Our vessels and fuel oils that they carry are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. All these hazards can result in death or injury to persons, loss of revenues or property, environmental damage, higher insurance rates, damage to our customer relationships, delays or rerouting.

If our vessels suffer damage, they may need to be repaired. The costs of vessel repairs are unpredictable and can be substantial. We may have to pay repair costs that our insurance policies do not cover. The loss of earnings while these vessels are being repaired, as well as the actual cost of these repairs, would decrease our results of operations. If one of our vessels were involved in an accident with the potential risk of environmental contamination, the resulting media coverage could have a material adverse effect on our business, our results of operations and cash flows, weaken our financial condition and negatively affect our ability to pay dividends.

***Our share price may be highly volatile, which could lead to a loss of all or part of an investor's investment.***

The market price of our common shares may fluctuate substantially due to a variety of factors, including:

- fluctuations in interest rates;
- fluctuations in the availability or the price of oil;
- fluctuations in foreign currency exchange rates;
- announcements by us or our competitors;
- changes in our relationships with customers or suppliers;
- changes in governmental regulation of the fuel industry;
- changes in United States or foreign tax laws;
- actual or anticipated fluctuations in our operating results from period to period;
- changes in financial estimates or recommendations by securities analysts;
- changes in accounting principles;
- a general or industry-specific decline in the demand for, and price of, shares of our common stock resulting from capital market conditions independent of our operating performance;
- the loss of any of our key management personnel; and



- our failure to successfully implement our business plan.

In addition, the stock market has experienced extreme price and volume fluctuations. This volatility has often been unrelated to the operating performance of particular companies. These broad market and industry forces may seriously harm the market price of our common shares, regardless of our operating performance.

*Future sales of our common shares could cause the market price of our common shares to decline.*

The market price of our common shares could decline due to sales, or the announcements of proposed sales, of a large number of common shares in the market, including sales of common shares by our large shareholders, or the perception that these sales could occur. These sales, or the perception that these sales could occur, could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of common shares.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

Aegean Marine Petroleum Network Inc. is a Marshall Islands holding company incorporated on June 6, 2005 under the Marshall Islands Business Corporations Act, or the BCA. On September 29, 2005, Leveret International Inc., our then sole shareholder, contributed direct and indirect ownership of companies that conduct our business operations. Prior to our initial public offering we had 28,035,000 shares of our common stock outstanding. On December 13, 2006, we consummated our initial public offering of additional 14,375,000 shares of common stock, which we refer to as the initial public offering.

We maintain our principal marketing and operating offices at 42 Hatzikyriakou Avenue, Piraeus 185 38 Athens, Greece. Our telephone number at that address is 011 30 (210) 458-6200. We also have an executive office to oversee our financial and other reporting functions in New York City at 299 Park Avenue, New York, New York 10171. Our telephone number at that address is (212) 763-5665.

##### **B. Business Overview**

We are a marine fuel logistics company that physically supplies and markets refined marine fuel and lubricants to ships in port and at sea. As a physical supplier, we purchase marine fuel from refineries, major oil producers and other sources and resell and deliver these fuels using our bunkering tankers to a broad base of end users. With service centers in Greece, Gibraltar, the United Arab Emirates, Jamaica, Singapore, Belgium, the United Kingdom and Ghana, we believe that we are one of a limited number of independent physical suppliers that owns and operates a fleet of bunkering tankers and conducts physical supply operations in multiple jurisdictions. As of March 17, 2008, we own a fleet of 18 double hull and three single hull bunkering tankers with an average cargo-carrying capacity of approximately 5,864 deadweight tons, or dwt. We provide fueling services to virtually all types of ocean-going and many types of coastal vessels, such as oil tankers, container ships, drybulk carriers, cruise ships and ferries. Our customers include a diverse group of ocean-going and coastal ship operators and marine fuel traders, brokers and other users.

We provide our customers with a service that requires sophisticated logistical operations designed to meet their strict fuel quality and delivery scheduling needs. We believe that our extensive experience, management systems and proprietary software systems allow us to meet our customers' specific requirements when they purchase and take delivery of marine fuels and lubricants around the world; this together with the capital intensive nature of our industry and the limited available shipyard capacity for new vessel construction represent a significant barrier to the entry of competitors. We have devoted our efforts to building a global brand, and believe that our customers recognize our brand as representing high quality service and products at each of our locations around the world. We use our bunkering tankers in our physical delivery operations and do not generally charter them out to others. We manage our technical ship operations in-house, which helps us maintain high levels of customer service.

We intend to continue expanding our business and marine fuel delivery capabilities. In October 2007, we have acquired a marine fuel logistics company based in Belgium with offshore operations in Northern Europe. In addition, we have recently established a service center in Ghana, West Africa, and acquired a company that operates a marine fuel terminal in the United Kingdom. In January 2008, we have commenced our physical operations in West Africa and expect to commence operations in the United Kingdom in April 2008. We plan to establish new service centers in other selected locations around the world during the next several years and to pursue acquisition opportunities as a means of expanding our service. As we increase our global presence, we plan to expand our fleet



as of March 17, 2008, by at least 26 new double hull bunkering tankers, which we have firm orders on, during the next three years and may purchase additional secondhand vessels in the future.

In addition to expanding our bunkering tanker fleet, we have entered into newbuilding contracts for the construction of two new double hull petroleum products tankers with roll-on roll-off facilities and refueling capabilities for fuel trucks, which we call specialty tankers. Our specialty tankers are scheduled for delivery in the first half of 2008, and we have options, which we plan to exercise, to build four additional specialty tankers. We plan to use these specialty tankers for the distribution of gasoline and other refined petroleum products to island economies. We view this business as complementary to our bunkering business, involving relatively complex customer requirements and requiring significant investment in management and software systems. We currently intend to deploy our specialty tankers primarily under contracts of affreightment and do not intend to charter out our specialty tankers.

In certain markets, we have deployed floating storage facilities which enable us to maintain more efficient refueling operations, have more reliable access to a supply of bunker fuel, and deliver a higher quality service to our customers. We own two double hull Panamax tankers, the Fos and Ouranos, with a cargo-carrying capacity of approximately 68,000 dwt each, which we use as floating storage facilities in Gibraltar and the United Arab Emirates, respectively. We also own one double hull Aframax tanker, the Leader, with a cargo-carrying capacity of approximately 83,900 dwt, which we have positioned in Ghana for use as a floating storage facility.

In addition to our bunkering operations, we have recently commenced the production and marketing of our own brand of marine lubricants, Alfa Marine Lubricants. Alfa Marine Lubricants can be used on most major vessels and reach the same customers as our bunkering business. Alfa Marine Lubricants are currently available in our service centers in Greece and Singapore. We plan to expand the distribution of marine lubricants throughout our other service centers and bunkering ports worldwide.

## **Our Service Centers and Markets**

### ***Greece***

We currently service our customers through our related company, Aegean Oil, in the port of Piraeus, Greece. Aegean Oil has a license, which we are not qualified to obtain, to operate as a physical supplier of refined marine petroleum products in Piraeus. For the year ended December 31, 2007, our sales of marine fuel in Piraeus amounted to approximately \$165.2 million. We currently compete here against seven other physical suppliers: Eko-Elda Abee., BP Hellas S.A., Sekavin S.A., Seka S.A., Jet Oil S.A., Eteka S.A., and Gallon Oil S.A.

In addition to Piraeus, Aegean Oil has a license to operate as a physical supplier of refined marine petroleum products in all ports in Greece, including Patras, Thessaloniki and Crete. As we expand our business, we may elect to service our customers in other Greek ports and seek a larger share of the total Greek market for supply of marine petroleum products.

We support our operations in Greece from our office in Piraeus, which we lease.

### ***Gibraltar***

We possess a license issued by the Bunkering Superintendent of the Port of Gibraltar to act as a physical supplier of marine petroleum products in Gibraltar. For the year ended December 31, 2007, our sales of marine fuel in Gibraltar amounted to approximately \$433.5 million.

We purchase our fuel in Gibraltar from a variety of different suppliers including Repsol S.A. and Lia Oil S.A. We store our fuel in our floating storage facility, double hull Panamax tanker, Fos. We currently compete here against four other physical suppliers, CESP (Gibraltar) Ltd., Vema Oil Company Ltd., Shell Company of Gibraltar Ltd. and Peninsula Petroleum Ltd.

We support our bunkering operations from our office in Gibraltar, which we lease.

### ***United Arab Emirates***

We possess a license issued by Sharjah Economic Development Department to act as a physical supplier of marine petroleum products in the port area of Fujairah. For the year ended December 31, 2007, our sales of marine fuel in Fujairah amounted to approximately \$287.3 million.

We purchase our fuel in Fujairah from a variety of different suppliers including FAL Energy Co. Ltd., which also engages in supply operations in the port, and the Vitol Group. We compete here against other physical suppliers,

including Fujairah National Bunkering Co. LLC, ENOC Bunkering (Fujairah) LLC, FAL Energy Co. Ltd., Akron Trade and Transport, International Supply, and Oil Marketing & Trading Inc.

We support our bunkering operations from two offices in Fujairah and Kohr Fakkan, which we lease.

### ***Jamaica***

We are authorized by the Port Authority of Jamaica to act as a physical supplier of marine petroleum products in Jamaica. We service our customers in the ports of Kingston and Ocho Rios, Jamaica, and may elect to service our customers in other locations in Jamaica. For the year ended December 31, 2007, our sales of marine fuel in Jamaica amounted to approximately \$212.1 million.

In Jamaica, we have a long-term contract to purchase our fuel from the state refinery, Petrojam Limited, which also engages in limited supply operations within the port. We are not aware of any other physical suppliers of marine petroleum products in Jamaica.

We support our bunkering operations from our office in Kingston, which we lease.

### ***Singapore***

We possess a license issued by the Maritime and Port Authority of Singapore to act as a physical supplier of marine petroleum products in the port of Singapore. For the year ended December 31, 2007, our sales of marine fuel in Singapore amounted to approximately \$193.7 million.

We purchase our fuel in Singapore from a variety of different suppliers including BP Singapore Pte. Ltd., which also engages in supply operations in the port. We compete here against other physical suppliers, including major oil producers, Global Energy Trading Pte. Ltd., Consort Bunkers Pte. Ltd. and Searights Maritime Services Pte. Ltd.

We support our bunkering operations from our office in Singapore, which we lease.

### ***Belgium***

We possess a license issued by the Belgian Federal Ministry of Finance to trade and supply marine petroleum products offshore and in ports. We deliver fuel offshore and service over 45 ports located throughout Northern Europe, including the North and Irish Sea, the French Atlantic, the English Channel and St. George Channel. For the year ended December 31, 2007, our sales of marine fuel in Northern Europe amounted to \$37.4 million; this represents revenue realized since October 9, 2007, the closing of the Bunker-at-Sea acquisition.

We purchase our fuel in Northern Europe from a variety of different suppliers, including Total Belgium. We are not aware of any other physical suppliers in Northern Europe with significant operations offshore. When we conduct our operations in ports, we compete here against other physical suppliers, including Chemoil Europe BV, Lukoil Benelux BV and Bominflot BV. We support our offshore bunkering operations in Northern Europe from our office in Antwerp, which we lease.

### ***Ghana***

We possess a license from Ghana's National Petroleum Authority to act as a physical supplier of marine petroleum products both off the coast and in the ports of Ghana. We commenced physical supply operation in January, 2008. We are not aware of any other competing physical suppliers of marine petroleum products in Ghana.

### ***United Kingdom***

We own a marine fuel terminal infrastructure located in Portland Harbor. Our terminal is located near the southern access of the North Sea Sulphur Emission Control Area (SECA) and provides convenient access for commercial vessels to refuel. We expect to store our marine fuel in land-based storage tanks, which we lease from Portland Port Limited. We intend to deploy two of our bunkering tankers and commence operations of the terminal, including the supply of low sulphur marine fuels, in April 2008.

## **Administrative Offices**

### ***Cyprus***

We maintain an administrative office in Cyprus, which we lease. Our office in Cyprus is responsible for, among other things, certain invoicing functions of our principal operating subsidiary, AMP.

## *New York City*

In December 2006, we established an executive office in New York City to oversee our financial and other reporting functions.

### **Sales and Marketing**

Most of our marketing, sales, ship-management and other related functions are performed at our main offices in Piraeus, Greece. We also market our marine fuel sales and services through our internal sales force located at our service centers and our marketing offices located in New York City and Miami, Florida. Our sales force interacts with our established customers and markets our fuel sales and services to large commercial shipping companies and foreign governments. We believe our level of customer service, years of experience in the industry and reputation for reliability are significant factors in retaining our customers and attracting new customers. Our sales and marketing approach is designed to create awareness of the benefits and advantages of our fuel sales and services. We are active in industry trade shows and other available public forums.

### **Customers**

We market marine fuel and related services to a broad and diversified base of customers. During the year ended December 31, 2004 sales made to the United States Navy accounted for approximately 24% of our total revenues, and none of our other customers accounted for more than 10% of our total revenues. During the years ended December 31, 2005, 2006 and 2007, none of our customers accounted for more than 10% of our total revenues. Our customers serviced during the past four years, in addition to the United States government, include Greek-owned commercial shipping companies such as Capital Maritime & Trading Corp., Neptune Line Shipping and ENESEL S.A., other international shipping companies such as A.P. Moller and Royal Caribbean Cruises Ltd., marine fuel traders and brokers such as World Fuel Services Corporation and oil majors, such as Exxon Mobil Corporation.

### **Suppliers**

We purchase our marine fuel and lubricants from refineries, oil majors or other select suppliers around the world. In the year ended December 31, 2007, we purchased marine petroleum products of approximately \$159.9 million, or approximately 12.8% of our total purchases of marine petroleum products from our related company, Aegean Oil. The majority of our purchases of marine petroleum products during the year ended December 31, 2007, were made from unrelated third-party suppliers and totaled \$1,091.8 million, or approximately 87.2% of our total purchases of marine petroleum products. Our cost of fuel is generally tied to spot pricing, market-based formulas or is governmentally controlled. We are usually extended trade credit from our suppliers for our fuel purchases, which is generally required to be secured by standby letters of credit or letters of guarantee.

### **Competition**

We compete with marine fuel traders and brokers such as World Fuel Services Corporation, Chemoil Corporation and major oil producers, such as BP Marine, Shell Marine Products and ExxonMobil Marine Fuel, for services and end customers. We also compete with physical suppliers of marine fuel products such as CESPAC (Gibraltar) Ltd. and Fujairah National Bunkering Co. LLC for business from traders and brokers as well as end customers. Our competitors include both large corporations and small, specialized firms. Some of our competitors are larger than we are and have substantially greater financial and other resources than we do. Some of our suppliers also compete against us.

### **Environmental and Other Regulations**

Government regulations and laws significantly affect the ownership and operation of our tankers and marine fuel facilities. We are subject to various international conventions, laws and regulations in force in the countries in which our fuel facilities are located, and where our vessels may operate or are registered.

A variety of governmental and private entities subject our tankers to both scheduled and unscheduled inspections. These entities include the local port authorities, national authorities, harbor masters or equivalent, classification societies, flag state and charterers, particularly terminal operators and oil companies. Some of these entities require us to obtain permits, licenses and certificates for the operation of our tankers and marine fuel facilities. Our failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend operation of our marine fuel terminal or one or more of the vessels in our fleet.

We believe that the heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all tankers and may accelerate the





scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for tankers that conform to the stricter environmental standards. We are required to maintain operating standards for all of our vessels emphasizing operational safety, quality maintenance, continuous training of our officers and crews and compliance with applicable local, national and international environmental laws and regulations. We believe that the operation of our vessels will be in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations; however, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our tankers. In addition, a future serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

### **Tanker Restrictions**

#### **International Maritime Organization**

The International Maritime Organization, or the IMO (the United Nations agency for maritime safety), has adopted the International Convention for the Prevention of Marine Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, which has been updated through various amendments, or the MARPOL Convention. The MARPOL Convention relates to environmental standards including oil leakage or spilling, garbage management, as well as the handling and disposal of noxious liquids, harmful substances in packaged forms, sewage and air emissions.

In April 2001, the IMO adopted regulations under the MARPOL Convention, which became effective in September 2002, requiring the phase-out of most single hull oil tankers by 2015 or earlier, depending on the age of the tanker and whether it has segregated ballast tanks. Under the regulations, the flag state may allow for some newer single hull ships registered in its country that conform to certain technical specifications to continue operating until the 25th anniversary of their delivery. Any port state, however, may deny entry of those single hull tankers that are allowed to operate until their 25th anniversary to ports or offshore terminals. These regulations have been adopted by over 150 nations, including many of the jurisdictions in which our tankers operate.

As a result of the oil spill in November 2002 relating to the loss of the *MT Prestige*, which was owned by a company not affiliated with us, in December 2003, the Marine Environmental Protection Committee of the IMO, or MEPC, adopted an amendment to a MARPOL Convention, which became effective in April 2005. The amendment revised an existing regulation 13G accelerating the phase-out of single hull oil tankers and adopted a new regulation 13H on the prevention of oil pollution from oil tankers when carrying heavy grade oil. Under the revised regulation, single hull oil tankers must be phased out no later than April 5, 2005 or the anniversary of the date of delivery of the ship on the date or in the year specified in the following table:

#### **Category of Oil Tankers**

*Category 1*—oil tankers of 20,000 dwt and above carrying crude oil, fuel oil, heavy diesel oil or lubricating oil as cargo, and of 30,000 dwt and above carrying other oils, which do not comply with the requirements for protectively located segregated ballast tanks

*Category 2*—oil tankers of 20,000 dwt and above carrying crude oil, fuel oil, heavy diesel oil or lubricating oil as cargo, and of 30,000 dwt and above carrying other oils, which do comply with the protectively located segregated ballast tank requirements  
and

*Category 3*—oil tankers of 5,000 dwt and above but less than the tonnage specified for Category 1 and 2 tankers.

#### **Date or Year for Phase Out**

April 5, 2005 for ships delivered on April 5, 1982 or earlier; or  
2005 for ships delivered after April 5, 1982

April 5, 2005 for ships delivered on April 5, 1977 or earlier  
2005 for ships delivered after April 5, 1977 but before January 1, 1978  
2006 for ships delivered in 1978 and 1979  
2007 for ships delivered in 1980 and 1981  
2008 for ships delivered in 1982  
2009 for ships delivered in 1983  
2010 for ships delivered in 1984 or later

Under the revised regulations, a flag state may permit continued operation of certain Category 2 or 3 tankers beyond their phase date in accordance with the above schedule. Under regulation 13G, the flag state may allow for some

newer single hull oil tankers registered in its country that conform to certain technical specifications to continue operating until the earlier of the anniversary of the date of delivery of the vessel in 2015 or the 25th anniversary of their delivery. Under regulations 13G and 13H, as described below, certain Category 2 and 3 tankers fitted only with double bottoms or double sides may be allowed by the flag state to continue operations until their 25th anniversary of delivery. Any port state, however, may deny entry of those single hull oil tankers that are allowed to operate under any of the flag state exemptions.

The MEPC, in October 2004, adopted a unified interpretation to regulation 13G that clarified the date of delivery for tankers that have been converted. Under the interpretation, where an oil tanker has undergone a major conversion that has resulted in the replacement of the fore-body, including the entire cargo carrying section, the major conversion completion date of the oil tanker shall be deemed to be the date of delivery of the ship, provided that:

- the oil tanker conversion was completed before July 6, 1996;
- the conversion included the replacement of the entire cargo section and fore-body and the tanker complies with all the relevant provisions of MARPOL Convention applicable at the date of completion of the major conversion; and
- the original delivery date of the oil tanker will apply when considering the 15 years of age threshold relating to the first technical specifications survey to be completed in accordance with MARPOL Convention.

In December 2003, the MEPC adopted a new regulation 13H on the prevention of oil pollution from oil tankers when carrying heavy grade oil, or HGO, which includes most of the grades of marine fuel. The new regulation bans the carriage of HGO in single hull oil tankers of 5,000 dwt and above after April 5, 2005, and in single hull oil tankers of 600 dwt and above but less than 5,000 dwt, no later than the anniversary of their delivery in 2008.

Under regulation 13H, HGO means any of the following:

- crude oils having a density at 15°C higher than 900 kg/m<sup>3</sup>;
- fuel oils having either a density at 15°C higher than 900 kg/m<sup>3</sup> or a kinematic viscosity at 50°C higher than 180 mm<sup>2</sup>/s; or
- bitumen, tar and their emulsions.

Under the regulation 13H, the flag state may allow continued operation of oil tankers of 5,000 dwt and above, carrying crude oil with a density at 15(degrees)C higher than 900 kg/m(3) but lower than 945 kg/m(3), that conform to certain technical specifications and, in the opinion of the such flag state, the ship is fit to continue such operation, having regard to the size, age, operational area and structural conditions of the ship and provided that the continued operation shall not go beyond the date on which the ship reaches 25 years after the date of its delivery. The flag state may also allow continued operation of a single hull oil tanker of 600 dwt and above but less than 5,000 dwt, carrying HGO as cargo, if, in the opinion of the such flag state, the ship is fit to continue such operation, having regard to the size, age, operational area and structural conditions of the ship, provided that the operation shall not go beyond the date on which the ship reaches 25 years after the date of its delivery.

The flag state may also exempt an oil tanker of 600 dwt and above carrying HGO as cargo if the ship is either engaged in voyages exclusively within an area under the its jurisdiction, or is engaged in voyages exclusively within an area under the jurisdiction of another party, provided the party within whose jurisdiction the ship will be operating agrees. The same applies to vessels operating as floating storage units of HGO.

Any port state, however, can deny entry of single hull tankers carrying HGO which have been allowed to continue operation under the exemptions mentioned above, into the ports or offshore terminals under its jurisdiction, or deny ship-to-ship transfer of HGO in areas under its jurisdiction except when this is necessary for the purpose of securing the safety of a ship or saving life at sea.

Revised Annex I to the MARPOL Convention entered into force in January 2007. Revised Annex I incorporates various amendments adopted since the MARPOL Convention entered into force in 1983, including the amendments to regulation 13G (regulation 20 in the revised Annex) and regulation 13H (regulation 21 in the revised Annex). Revised Annex I also imposes construction requirements for oil tankers delivered on or after January 1, 2010. A further amendment to revised Annex I includes an amendment to the definition of heavy grade oil that will broaden the scope of regulation 21. On August 1, 2007, regulation 12A (an amendment to Annex I) came into



oil fuel tanks to be located inside the double hull in all ships with an aggregate oil fuel capacity of 600 m<sup>3</sup> and above, which are delivered on or after August 1, 2010 including ships for which the building contract is entered into on or after August 1, 2007, or in the absence of a contract, which keel is laid on or after February 1, 2008.

## European Union

In July 2003, in response to the *MT Prestige* oil spill in November 2002, the European Union, or the EU, adopted a regulation that accelerates the IMO single hull tanker phase-out timetable. Under that regulation, no oil tanker is allowed to operate under the flag of a EU member state, nor shall any oil tanker, irrespective of its flag, be allowed to enter into ports or offshore terminals under the jurisdiction of a EU member state after the anniversary of the date of delivery of the ship in the year specified in the following table, unless that tanker is double hull:

### Category of Oil Tankers

*Category 1*—oil tankers of 20,000 dwt and above carrying crude oil, fuel oil, heavy diesel oil or lubricating oil as cargo, and of 30,000 dwt and above carrying other oils, which do not comply with the requirements for protectively located segregated ballast tanks

*Category 2*—oil tankers of 20,000 dwt and above carrying crude oil, fuel oil, heavy diesel oil or lubricating oil as cargo, and of 30,000 dwt and above carrying other oils, which do comply with the protectively located segregated ballast tank requirements  
and

*Category 3*—oil tankers of 5,000 dwt and above but less than the tonnage specified for Category 1 and 2 tankers.

### Date or Year for Phase Out

April 5, 2005 for ships delivered on April 5, 1982 or earlier; or  
2005 for ships delivered after April 5, 1982

April 5, 2005 for ships delivered on April 5, 1977 or earlier  
2005 for ships delivered after April 5, 1977 but before January 1, 1978  
2006 for ships delivered in 1978 and 1979  
2007 for ships delivered in 1980 and 1981  
2008 for ships delivered in 1982  
2009 for ships delivered in 1983  
2010 for ships delivered in 1984 or later

Furthermore, under the regulation, all oil tankers of 5,000 dwt or less must comply with the double hull requirements no later than the anniversary date of delivery of the ship in the year 2008. The regulation, however, provides that oil tankers operated exclusively in ports and inland navigation may be exempted from the double hull requirement provided that they are duly certified under inland water legislation.

The EU, following the lead of certain EU nations such as Italy and Spain, has also banned single hull tankers 5,000 dwt or above and single hull tankers 600 dwt and above but less than 5,000 dwt from carrying HGO as of October 2003 and as of the anniversary date of delivery in 2008, respectively, regardless of flag, from entering or leaving its ports or offshore terminals or anchoring in areas under its jurisdiction. Commencing in 2005, certain single hull tankers above 15 years of age will also be restricted from entering or leaving EU ports or offshore terminals and anchoring in areas under EU jurisdiction.

We plan to pursue all reasonably practicable measures to extend each of our single-hull tanker's operating life for the maximum permissible time under applicable regulations.

### ***Other Restrictions***

The IMO has also negotiated international conventions that impose liability for oil pollution in international waters and a signatory's territorial waters. In September 1997, the IMO adopted Annex VI to the MARPOL Convention, or Annex VI, to address air pollution from ships. Annex VI was ratified in May 2004, and became effective in May 2005. Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions.

In February 2007, the United States proposed a series of amendments to Annex VI regarding particulate matter, NO<sub>x</sub> and SO<sub>x</sub> emission standards. The proposed emission program would reduce air pollution from ships by establishing a new tier of performance-based standards for diesel engines on all vessels and stringent emission requirements for ships that operate in coastal areas with air-quality problems. On June 28, 2007, the World Shipping



Council announced its support for these amendments. If these amendments are implemented, we may incur costs to comply with the proposed standards.

We believe that all our vessels are currently compliant in all material respects with these regulations. Additional or new conventions, laws and regulations may be adopted that could adversely affect our business, cash flows, results of operations and financial condition.

The IMO has also adopted the International Convention for the Safety of Life at Sea, or SOLAS Convention, which imposes a variety of standards to regulate design and operational features of ships. SOLAS Convention standards are revised periodically. We believe that all our vessels are in substantial compliance with SOLAS Convention standards.

Under the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, or the ISM Code, promulgated by the IMO in 1993, 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. In 1998, the ISM Code became mandatory by the adoption of Chapter IX of SOLAS.

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 operator has been awarded a document of compliance, issued by each flag state, under the ISM Code. We have all material requisite documents of compliance for our offices and safety management certificates for vessels in our fleet for which the certificates are required by the IMO. We are required to renew these documents of compliance and safety management certificates annually.

Noncompliance with the ISM Code and other IMO regulations may subject the shipowner or bareboat charterer 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 U.S. Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and European Union ports.

Many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended in 2000, or the CLC. Under this convention and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. The limits on liability outlined in the 1992 Protocol use the International Monetary Fund currency unit of Special Drawing Rights, or SDR. Under an amendment to the 1992 Protocol that became effective on November 1, 2003, for vessels of 5,000 to 140,000 gross tons (a unit of measurement for the total enclosed spaces within a vessel), liability will be limited to approximately 4.51 million SDR plus 631 SDR for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability will be limited to 89.77 million SDR. The exchange rate between SDRs and U.S. dollars was 0.611539 SDR per U.S. dollar on April 1, 2008. The right to limit liability is forfeited under the CLC where the spill is caused by the owner's actual fault and under the 1992 Protocol where the spill is caused by the owner's intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where CLC has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

### ***United Kingdom***

Our marine fuel terminal operations involving the storage of fuel in the United Kingdom are subject to stringent laws and regulations governing the discharge of materials into the environment, otherwise relating to protection of the environment, operational safety and related matters. In particular, we are subject to the Environmental Protection Act 1990, or EPA, which governs pollution of water, land and air due to release of substances causing harm to living organisms and the Water Resources Act 1991 (as amended by the Environment Act 1995), or WRA, which is designed to protect the water environment. In addition, the Pollution Prevention and Control (England and Wales) Regulations 2000, or the Regulations, implement integrated pollution prevention and control regimes. These

regulations cover pollution of water, land and air due to emissions which may be harmful to the environment or may result in damage to property or environment.

Under EPA, WRA and the Regulations, we may be subject, among other things, to administrative, civil and criminal penalties, the imposition of investigatory and remedial remedies and issuance of injunctions that may restrict or prohibit our United Kingdom operations or even claims of damages to property or persons resulting from our operations.

In addition, general health and safety regulations are applicable to our terminals to ensure the safety of our premises and related structures.

We believe that the operations of our marine fuel terminal are in substantial compliance with applicable United Kingdom environmental laws and regulations, and that we have all material permits, licenses, certificates and other authorizations necessary for the conduct of our operations. The laws and regulations are subject to change and we cannot provide any assurance that compliance with current and future laws will not have a material effect on our operations in the United Kingdom.

### ***Vessel Security Regulations***

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. In December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the International Ship and Port Facility Security Code, or the ISPS Code. The ISPS Code is designed to protect ports and international shipping against terrorism. After July 1, 2004, to trade internationally, a vessel must attain an International Ship Security Certificate from a recognized security organization approved by the vessel's flag state. Among the various requirements are:

- on-board installation of ship security alert systems, which do not sound on the vessel but only alerts the authorities on shore;
- the development of vessel security plans;
- ship identification number to be permanently marked on a vessel's hull;
- a continuous synopsis record kept onboard showing a vessel's history including, the name of the ship and of the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and
- compliance with flag state security certification requirements.

We have implemented the various security measures addressed by SOLAS and the ISPS Code, and our fleet is in compliance with applicable security requirements.

### ***Inspection by Classification Societies***

Our tankers have been certified as being "in-class" by Lloyds Register of Shipping Germanischer Lloyd, American Bureau of Shipping, Det Norske Veritas and Bureau Veritas, all of which are members of the International Association of Classification Societies. Generally, the regulations of vessel registries accepted by international lenders in the shipping industry require that an oceangoing vessel's hull and machinery be evaluated by a classification society authorized by the country of registry. The classification society certifies 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. Each vessel is inspected by a surveyor of the classification society in three surveys of varying frequency and thoroughness: every year for the annual survey, every two to three years for intermediate surveys and every four to five years for special surveys. Should any defects be found, the classification surveyor generally issues a notation or recommendation for appropriate repairs, which have to be made by the shipowner within the time limit prescribed. Vessels may be required, as part of the annual and intermediate survey process, to be drydocked for inspection of the underwater portions of the vessel and for necessary repair stemming from the inspection. Special surveys always require drydocking.





## **Risk of Loss and Insurance Coverage**

### ***General***

The operation of any tanker vessel involves risks such as mechanical failure, physical damage, collision, property loss, inventory loss or damage and 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. While we believe that our present insurance coverage is adequate, not all risks can be insured against, 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 obtained marine hull and machinery and war risk insurance policies, which provide coverage for the risk of actual or constructive total loss, for all our vessels. Each of our vessels is covered for up to its fair market value.

We have also obtained increased value insurance policies for most of our vessels. Under the increased value insurance, we will be able to recover the sum insured under the policy in addition to the sum insured under our hull and machinery policy in the event of the total loss of the vessel. Increased value insurance policies also cover excess liabilities that are not recoverable in full by the hull and machinery policies by reason of under-insurance.

### ***Protection and Indemnity Insurance***

Protection and indemnity insurance policies, which cover our third-party liabilities in connection with our shipping activities, are provided by mutual protection and indemnity associations, or P&I Associations. These insurance policies cover third-party liability and other related expenses of 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 policies are a form of mutual indemnity insurance policies, extended by protection and indemnity mutual associations, or "clubs." Subject to the "capping" of exposure discussed below, our coverage, except for pollution, is unlimited.

Our current protection and indemnity insurance coverage for pollution is up to \$1.0 billion per vessel per incident. The 14 P&I Associations that compose the International Group insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. Each P&I Association has capped its exposure to this pooling agreement at \$4.5 billion. As a member of a P&I Association that is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations, and members of the International Group.

## **Trademarks and Licenses**

We have entered into a trademark license agreement with Aegean Oil pursuant to which Aegean Oil granted us a non-transferable, non-exclusive, perpetual (subject to termination for material breach), world-wide, royalty-free right and license to use certain trademarks related to the Aegean logo and "Aegean Marine Petroleum" in connection with marine fuel supply services.

## **Seasonality**

Our business is not seasonal.

## **Legal Proceedings**

In the ordinary course of business, we may be subject to legal proceedings and claims for damages or penalties relating to, among other things, personal injury, property casualty and environmental contamination. We expect that these claims will be covered by our insurance policies, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

On November 30, 2005, an unrelated third party initiated a civil lawsuit in the Court of First Instance in Piraeus against us seeking a payment of approximately \$10.0 million and legal expenses. The suit alleges that the plaintiff was instrumental in negotiation of our

fuel purchase agreement and is entitled to the commissions of \$1 per ton of marine petroleum sold in Jamaica during a 12-year period beginning on March 1, 2005. In 2007, the Court of First Instance ruled that the claim is maritime-related and not within its jurisdiction. Accordingly, the claim was referred

to the Maritime Disputes Division of the Court of First Instance in Piraeus. The case was re-scheduled to be heard on May 13, 2008. Although it is not possible to predict the outcome of this litigation, based on the facts known to us, we believe that this litigation will not have a material adverse effect on our financial position or results of operations. We are not involved in any other legal proceedings which may have, or have had, a significant effect on our business, financial position, results of operations or liquidity, nor are we aware of any legal proceedings that are pending or threatened which may have a significant effect on our business, financial position, results of operations or liquidity.

In the fourth quarter of 2007, the Company purchased Portland Bunkers International Ltd., the owner of a bunker supply facility in Portland, which is on the southern coast of England, at which we planned to commence operations during the first quarter of 2008. In February 2008, World Fuel Services Europe Limited, or WFS, the operator of a bunker facility in Falmouth, which is also on the southern coast of England, commenced an action in the English High Court, claiming, among other things, that the Company had received confidential information from certain WFS employees which gave the Company a “head start” in commencing operations in Portland. WFS seeks both injunctive relief and damages. On February 26, 2008, the High Court granted WFS a preliminary injunction which prohibited the Company from dealing with certain customers in the Portland operation until March 31, 2008. A trial of the issues is scheduled for July 2008. The Company intends to contest WFS’s claims vigorously, and will counterclaim for damages. The Company does not believe that the outcome of this action will have a material adverse effect on the Company’s results of operations.

### C. Organizational Structure

Aegean Marine Petroleum Network Inc. is a Marshall Islands holding company and we transact our bunkering business primarily through Aegean Marine Petroleum S.A., or AMP, a wholly-owned subsidiary incorporated in Liberia and operate our service centers through Aegean Bunkering Gibraltar Ltd., Aegean Bunkering Jamaica Ltd., Aegean Bunkering (Singapore) Pte. Ltd., Aegean Bunkering (Ghana) Limited, Bunkers at Sea NV and Portland Bunkers International Limited, separate wholly-owned subsidiaries incorporated in Gibraltar, Jamaica, Singapore, Ghana, Belgium and under the laws of England and Wales respectively, and Aegean Marine Petroleum LLC, a controlled subsidiary incorporated in the United Arab Emirates, which is 51% owned by a local nominee. We provide the management of our bunkering tankers through Aegean Bunkering Services Inc., or ABS, a wholly-owned subsidiary incorporated in the Marshall Islands, and marketing and administrative services for our operations through Aegean Oil (USA), LLC and AMPN USA, LLC, our wholly-owned subsidiaries formed in Delaware, the U.S. We hold certain of our subsidiaries through Aegean Holdings S.A. and Aegean Investments S.A., our wholly-owned subsidiaries incorporated in the Marshall Islands, and hold our vessel-owning subsidiaries through Aegean Shipholdings Inc., a wholly-owned subsidiary incorporated in the Marshall Islands.

We own our vessels through separate wholly-owned subsidiaries listed in the following table:

<b>Vessel-owning Subsidiary</b>	<b>Country of Incorporation</b>	<b>Vessel Name or Hull Number</b>
Carmel Investment Corp.	Marshall Islands	Aegean Rose
Evian Enterprises Co.	Marshall Islands	Aegean Daisy
Clyde Shipping Corp.	Marshall Islands	Aegean Tulip
Aegean Tiffany Shipping Pte. Ltd.	Singapore	Aegean Tiffany
Aegean Breeze Shipping Pte. Ltd.	Singapore	Aegean Breeze I
Aegean X Maritime Inc.	Marshall Islands	Aegean X
Aegean Marine Petroleum LLC(1)	United Arab Emirates	Aegean Flower
Aegean VII Shipping Ltd.	Malta	Aegean VII
Venus Holding Company	Marshall Islands	Aegean IX
Carnaby Navigation Inc.	Liberia	Aegean Pride I
Baltic Navigation Company	Marshall Islands	Aegean Force
Mare Vision S.A.	Marshall Islands	Aegean XI

(1) Aegean Marine Petroleum LLC is a controlled subsidiary which is 51% owned by a local nominee.

<b>Vessel-owning Subsidiary</b>	<b>Country of Incorporation</b>	<b>Vessel Name or Hull Number</b>
Milos I Maritime Inc.	Marshall Islands	Hope
Sea Breezer Marine S.A.	Marshall Islands	Aegean Princess
Milos Shipping Pte. Ltd.	Singapore	Milos
Vera Navigation S.A.	Liberia	Vera
Ouranos Tanking S.A.	Liberia	Ouranos
Pontos Navigation Inc.	Marshall Islands	Leader
Baldwin Management Co.	Marshall Islands	Sara
Aegean Tanking S.A.	Liberia	Fos
Serifos Maritime Inc.	Marshall Islands	Serifos
Kithnos Maritime Inc.	Marshall Islands	Kithnos
Amorgos Maritime Inc.	Marshall Islands	Amorgos
Kimolos Maritime Inc.	Marshall Islands	Kimolos
Syros Maritime Inc.	Marshall Islands	DN-3500-6
Mykonos Maritime Inc.	Marshall Islands	DN-3500-7
Santorini Maritime Inc.	Marshall Islands	DN-3500-8
Paros Maritime Inc.	Marshall Islands	DN-3500-9
Naxos Maritime Inc.	Marshall Islands	DN-3500-10
Andros Marine Inc.	Liberia	DN-3800-11
Dilos Marine Inc.	Liberia	DN-3800-12
Ios Marine Inc.	Liberia	DN-3800-13
Sifnos Marine Inc.	Liberia	DN-3800-14
Tinos Marine Inc.	Liberia	DN-3800-15
Kerkyra Marine S.A.	Liberia	QHS 207
Ithaki Marine S.A.	Liberia	QHS 208
Cephalonia Marine S.A.	Liberia	QHS 209
Paxoi Marine S.A.	Liberia	QHS 210
Zakynthos Marine S.A.	Liberia	QHS 215
Lefkas Marine S.A.	Liberia	QHS 216
Kythira Marine S.A.	Liberia	QHS 217
Eton Marine Ltd.	Liberia	QHS 220
Tasman Seaways Inc.	Liberia	QHS 221
Benmore Services S.A.	Liberia	QHS 222
Ingram Enterprises Co.	Liberia	QHS 223
Santon Limited	Liberia	QHS 224
Ocean Dynamic Corp.	Marshall Islands	N 2230007
Sea Global S.A.	Marshall Islands	N 222000

## D. Property, Plant and Equipment

### Real Property

The following table presents certain information on our leased and owned properties as of April 1, 2008. We consider our properties to be suitable and adequate for our present needs.

Location	Principal Use	Leased or Owned	Lease Expiration Date
Piraeus, Greece	Business coordination center and ship-management office	Leased	May 2011 and May 2012
Portland, the United Kingdom	Administrative and operations office and storage facility	Leased	April 2030
Fujairah, the United Arab Emirates	Administrative and operations office	Leased	December 2008
Khor Fakkan, the United Arab Emirates	Administrative and operations office	Leased	September 2008
Gibraltar	Administrative and operations office	Leased	April 2140
Kingston, Jamaica	Administrative and operations office	Leased	month-to-month
Singapore	Administrative and operations office	Leased	September 2010
Antwerp, Belgium	Administrative and operations office	Leased	October 2010
Edgewater, New Jersey	Sales and marketing office	Owned	
Miami, Florida	Sales and marketing office	Leased	October 2009
New York City, New York	Administrative office	Leased	December 2008
Nicosia, Cyprus	Administrative office	Leased	May 2010

### Fleet

The following table lists our fleet of owned vessels as of April 1, 2008:

Name	Double Hull	Flag	Build	Dwt
<b><i>Bunkering Tankers:</i></b>				
Kimolos	Yes	Singapore	2008	4,600
Kithnos	Yes	Liberia	2007	4,600
Amorgos	Yes	Liberia	2007	4,627
Serifos	Yes	Singapore	2007	4,664
Milos	Yes	Singapore	2007	4,626
Aegean Tiffany	Yes	Singapore	2004	2,747
Aegean Breeze I	Yes	Singapore	2004	2,747
Aegean Flower	Yes	United Arab Emirates	2001	6,523
Aegean Tulip	Yes	Liberia	1993	4,853
Aegean Princess	Yes	Liberia	1991	7,030
Sara	Yes	Malta	1990	7,389
Aegean Rose	Yes	Gibraltar	1988	4,935
Aegean Daisy	Yes	Gibraltar	1988	4,935
Aegean X	Yes	Panama	1982	6,400
Aegean Pride I	Yes	Liberia	1982	11,538

<b>Name</b>	<b>Double Hull</b>	<b>Flag</b>	<b>Build</b>	<b>Dwt</b>
<b><i>Bunkering Tankers:</i></b>				
Aegean XI	Yes	Liberia	1984	11,050
Aegean Force	Yes	Liberia	1980	6,679
Hope	Yes	Liberia	1980	10,597
Vera	No	Liberia	1985	3,720
Aegean VII	No	Liberia	1984	3,892
Aegean IX	No	Panama	1976	7,216(1)
<b><i>Panamax Tankers</i></b>				
Ouranos	Yes	Liberia	1983	67,980
Fos	Yes	Liberia	1981	67,980
<b><i>Aframax Tankers</i></b>				
Leader	Yes	Panama	1985	83,890

(1) Currently certified for use of 4,999 dwt.

We position our bunkering tankers across our existing service centers and review vessel positioning on a periodic basis and reposition them among our existing or new service centers to optimize their deployment. Our vessels operate within or outside the territorial waters of each geographical location and, under international law, usually fall under the jurisdiction of the country of the flag they carry. Generally, our bunkering tankers are not permanently located within any particular territorial waters and we are free to use all of our bunkering tankers in any geographical location. We use our double hull Panamax product tankers as floating storage facilities and had deployed our double hull Aframax tanker for hire in the international spot market before we positioned it in Ghana for use as a floating storage facility.

We intend to expand our business and marine fuel delivery capability. In furtherance of this objective, we have entered into newbuilding contracts with two shipyards located in China for the construction of new double hull bunkering tankers; we have 26 remaining vessels to take delivery on between April 2008 and December 2010. As we expand our global presence, we expect to enter into agreements with third party sellers to purchase additional double hull bunkering tankers. Following the delivery of the 26 newbuildings we have under contract, we expect to have 44 double hull vessels in our operating fleet of bunkering tankers by 2010.

The following table presents certain information concerning 26 bunkering tankers that we have contracted to build.

<b>Hull Number</b>	<b>Hull Type</b>	<b>Expected Delivery</b>	<b>Dwt</b>	<b>Shipyard</b>
<b><i>Bunkering Tankers Under Contracts:</i></b>				
DN-3500-6	Double Hull	Q2 2008	4,600	Fujian
DN-3500-7	Double Hull	Q2 2008	4,600	Fujian
DN-3500-8	Double Hull	Q2 2008	4,600	Fujian
DN-3500-9	Double Hull	Q3 2008	4,600	Fujian
DN-3500-10	Double Hull	Q3 2008	4,600	Fujian
DN-3800-11	Double Hull	Q1 2009	4,600	Fujian
DN-3800-12	Double Hull	Q2 2009	4,600	Fujian
DN-3800-13	Double Hull	Q2 2009	4,600	Fujian
DN-3800-14	Double Hull	Q3 2009	4,600	Fujian
DN-3800-15	Double Hull	Q3 2009	4,600	Fujian
QHS 207	Double Hull	Q1 2009	5,500	Hyundai

<b>Hull Number</b>	<b>Hull Type</b>	<b>Expected Delivery</b>	<b>Dwt</b>	<b>Shipyard</b>
<b><i>Bunkering Tankers Under Contracts:</i></b>				
QHS 208	Double Hull	Q1 2009	5,500	Hyundai
QHS 209	Double Hull	Q2 2009	5,500	Hyundai
QHS 210	Double Hull	Q2 2009	5,500	Hyundai
QHS 215	Double Hull	Q2 2009	5,500	Hyundai
QHS 216	Double Hull	Q3 2009	5,500	Hyundai
QHS 217	Double Hull	Q3 2009	5,500	Hyundai
QHS 220	Double Hull	Q2 2008	5,500	Hyundai
QHS 221	Double Hull	Q3 2008	5,500	Hyundai
QHS 222	Double Hull	Q3 2009	5,500	Hyundai
QHS 223	Double Hull	Q4 2009	5,500	Hyundai
QHS 224	Double Hull	Q4 2009	5,500	Hyundai
QHS 225	Double Hull	Q4 2009	5,500	Hyundai
QHS 226	Double Hull	Q1 2010	5,500	Hyundai
QHS 227	Double Hull	Q1 2010	5,500	Hyundai
QHS 228	Double Hull	Q1 2010	5,500	Hyundai

In addition to expanding our fleet with bunkering tankers, we have entered into newbuilding contracts for the construction of two specialty tankers and we have options, which we plan to exercise, to build four additional specialty tankers. We plan to use our specialty tankers to make distribution of gasoline and other refined petroleum products to island economies, including the Greek islands.

The following table presents certain information concerning our two specialty tankers under the newbuilding contracts and the option to purchase, or to have built, two specialty tankers exercisable on or before the launching of the first of two specialty tankers and on the delivery date of the first of two specialty tankers under contract for two additional specialty tankers.

<b>Hull Number</b>	<b>Hull Type</b>	<b>Expected Delivery</b>	<b>Dwt</b>
<b><i>Specialty Tankers Under Contracts:</i></b>			
N 2220000	Double Hull	Q4 2008	2,400
N 2230007	Double Hull	Q2 2008	2,400
<b><i>Specialty Tankers Under Option:</i></b>			
N/A	Double Hull	Q2 2008	2,400
N/A	Double Hull	Q3 2008	2,400
N/A	Double Hull	Q4 2008	2,400
N/A	Double Hull	Q1 2009	2,400

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

None

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following management's discussion and analysis of the results of our operations and our financial condition should be read in conjunction with the financial statements and the notes to those statements included elsewhere in this report. This discussion includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, such as those set forth in the "Risk Factors" section and elsewhere in this report.



## A. Operating Results

### General

We are a marine fuel logistics company that physically supplies and markets refined marine fuel and lubricants to ships in port and at sea. As a physical supplier, we purchase marine fuel from refineries, major oil producers and other sources and resell and deliver these fuels using our bunkering tankers to a broad base of end users.

We sell marine petroleum products to customers primarily at a margin over PLATTS prices (benchmark market prices). PLATTS prices are quoted daily by region and by terms of delivery. We have not had a significant number of long-term written agreements with customers. Under a typical sales contract, a customer requests that we quote a fixed price per metric ton for the sale and delivery of a specified volume and classification of marine fuel on a given date. The customer requests a quotation several days prior to the delivery date. We, generally, do not quote prices for periods in excess of one week. Once an agreement has been made with a customer, we are deemed to be bound to deliver the specified quantity and classification of marine fuel at the quoted fixed price on the specified delivery date to an identified vessel at a named location. We remain responsible for securing the supply of marine fuel from the supplier and for delivering the marine fuel to the customer's vessel.

We purchase marine petroleum products from reputable suppliers under either long-term supply contracts or on the spot markets at a margin over PLATTS prices. Except for our service centers in Gibraltar and the United Arab Emirates, we generally take deliveries of the products on the day of, or few days prior to, the delivery of the products to the customer's vessel. In Gibraltar and the United Arab Emirates, utilizing our storage facility, we take deliveries of the products generally more than one but less than two weeks prior to delivery of the products to our customers. The cost of our marine fuel purchases is generally fixed at the date of loading from the supplier's premises. Generally, under our long-term supply contracts, the supplier undertakes to supply us with a minimum quantity of marine fuel per month subject to a maximum. Price calculations vary from supplier to supplier in terms of the supplier's margins, the referenced PLATTS prices and the calculation of the average PLATTS price. Depending on the agreement with each supplier, the referenced PLATTS price could be the spot price or an average price over a specified period.

We deliver marine petroleum products to our customers mainly through our bunkering tankers. We are responsible for paying our tankers' operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, spares and consumable stores, tonnage taxes and other vessel-related expenses. Our bunkering tankers are not used for the transportation of petroleum products across oceans. Accordingly, a significant portion of our vessel operating expenses are fixed or semi-variable (e.g., a bunkering tanker's insurance costs, crew wages and certain other costs are incurred irrespective of the number of sales deliveries it makes during a period) and, as a group, represent the most significant operating expense for us other than the cost of marine petroleum products sold.

We incur overhead costs to support our operations. In general, the logistics of purchasing, selling and delivering marine fuel to customers are managed and coordinated by employees at our marketing and operating office in Greece, employees at our local service centers and the crew of our bunkering tankers.

### Factors Affecting Our Results of Operations

We believe that the important measures for analyzing trends in our results of operations consist of the following:

- ***Sales volume of marine fuel.*** We define the sales volume of marine fuel as the volume of sales of various classifications of marine fuel oil, or MFO, marine diesel oil, or MDO, and marine gas oil, or MGO, for the relevant period, measured in metric tons. The sales volume of marine fuel is an indicator of the size of our operations as it affects both the sales and the cost of marine petroleum products recorded during a given period. Sales volume of marine fuel does not include the sales volume of lubricants due to insignificant volumes for all periods presented.
- ***Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold.*** Gross spread on marine petroleum products represents the margin that we generate on sales of marine fuel and lubricants. We calculate gross spread on marine petroleum products by subtracting from sales of marine petroleum products the cost of marine petroleum products sold and any cargo transportation costs. For arrangements in which we physically supply marine petroleum products using our bunkering tankers, costs of marine petroleum products sold represents amounts paid by us for marine petroleum products sold in the relevant reporting period. For arrangements in which marine petroleum products are purchased from our related company, Aegean Oil S.A., or Aegean Oil, cost of marine petroleum products sold represents the



total amount paid by us to the physical supplier for marine petroleum products and their delivery to our customers. For arrangements in which we purchase cargos for our floating storage facilities, cargo transportation costs are either included in the purchase price of marine fuels that we paid to the supplier or paid separately by us to a third-party transportation provider.

Gross spread per metric ton of marine fuel sold represents the margins we generate per metric ton of marine fuel sold. We calculate gross spread per metric ton of marine fuel sold by dividing the gross spread on marine fuel by the sales volume of marine fuel. Marine fuel sales do not include sales of lubricants. The following table reflects the calculation of gross spread per metric ton of marine fuel sold for the periods presented:

	<b>For the Year Ended December 31,</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars, unless otherwise stated)</i>				
Gross spread on marine petroleum products	19,413	24,997	40,804	62,020	89,671
Less: Sales of lubricants	(1,500)	(3,471)	(3,824)	(6,628)	(7,313)
Add: Cost of lubricants sold	<u>1,300</u>	<u>3,097</u>	<u>3,560</u>	<u>6,173</u>	<u>6,777</u>
Gross spread on marine fuel	<u>19,213</u>	<u>24,623</u>	<u>40,540</u>	<u>61,565</u>	<u>89,135</u>
Sales volume of marine fuel (metric tons)	1,109,887	1,169,430	1,746,377	2,367,289	3,437,269
Gross spread per metric ton of marine fuel sold (U.S. dollars)	<u>17.3</u>	<u>21.1</u>	<u>23.2</u>	<u>26.0</u>	<u>25.9</u>

The following table reconciles our gross spread on marine petroleum products sold to the most directly comparable GAAP measure, operating income, for all periods presented:

	<b>For the Year Ended December 31,</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars)</i>				
Gross spread on marine petroleum products	19,413	24,997	40,804	62,020	89,671
Add: Voyage revenues	8,100	14,983	10,450	11,639	5,758
Add: Other revenues	1,126	593	1,275	1,516	1,266
Add: Gain on sale of vessel	-	-	-	-	2,693
Less: Salaries, wages and related costs	(3,581)	(5,052)	(8,958)	(12,871)	(24,363)
Less: Vessel hire charges	(3,390)	(2,436)	(518)	-	-
Less: Depreciation	(809)	(1,546)	(2,226)	(4,240)	(6,373)
Less: Amortization	(240)	(386)	(636)	(1,684)	(3,224)
Less: Management fees	(513)	(183)	(182)	(223)	(54)
Less: Other operating expenses	(9,043)	(12,348)	(16,629)	(25,697)	(39,042)
Add: Cargo transportation costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,466</u>
Operating income	<u>11,063</u>	<u>18,622</u>	<u>23,380</u>	<u>30,460</u>	<u>30,798</u>

The amount that we have to pay for marine petroleum products to fulfill a customer order has been the primary variable in determining the prices quoted to customers. Therefore, we evaluate gross spread per metric ton of marine fuel sold and gross spread on marine petroleum products in pricing individual transactions and in long-term strategic pricing decisions. We actively monitor our pricing and sourcing strategies in order to optimize our gross spread on marine petroleum products. We believe that this measure



is important to investors because it is an effective intermediate performance measure of the strength of our operations.

Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold should not be considered as alternatives to operating income, net income or other GAAP measures and may not be comparable to similarly titled measures of other companies. Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold do not reflect certain direct and indirect costs of delivering marine petroleum products to our customers (such as crew salaries, vessel depreciation, storage costs, other vessel operating expenses and overhead costs) or other costs of doing business.

- **Number of service centers.** The number of service centers includes our physical supply operations in the United Arab Emirates, Gibraltar, Jamaica, Singapore and Northern Europe, as well as Greece, where we conduct operations through our related company, Aegean Oil. The number of service centers is an indicator of the geographical distribution of our operations and affects both the amount of revenues and expenses that we record during a given period. We commenced physical supply operations in Singapore on June 2, 2006. We acquired our service center in Northern Europe on October 9, 2007.
- **Average number of operating bunkering tankers.** Average number of operating bunkering tankers is the number of operating bunkering tankers in our fleet for the relevant period, as measured by the sum of the number of days each bunkering tanker was used as a part of our fleet during the period divided by the cumulative number of calendar days in the period multiplied by the number of operating bunkering tankers at the end of the period. The average number of operating bunkering tankers is an indicator of the size of our fleet and operations and affects both the amount of revenues and expenses that we record during a given period.

The following table reflects our sales volume of marine fuel, gross spread on marine petroleum products, gross spread per metric ton of marine fuel sold, number of service centers and average number of operating bunkering tankers for the periods indicated.

	<u>Year Ended December 31,</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
	<i>(in thousands of U.S. dollars, unless otherwise stated)</i>		
Sales volume of marine fuel (metric tons)	1,746,377	2,367,289	3,437,269
Gross spread on marine petroleum products	40,804	62,020	89,671
Gross spread per metric ton of marine fuel sold (U.S. dollars)	23.2	26.0	25.9
Number of service centers, end of period	4.0	5.0	6.0
Average number of operating bunkering tankers	9.0	11.1	13.5

### **Sales of Marine Petroleum Products and Gross Spread on Marine Petroleum Products**

Our sales of marine petroleum products and gross spread on marine petroleum products consist of the sales revenue and gross spread that we generate on sales of marine fuel and lubricants.

Our sales of marine petroleum products are driven primarily by the number of our service centers, the number of operating bunkering tankers in our fleet, our sales prices and our credit terms and credit control process. The cost of marine petroleum products sold is driven primarily by availability of marine petroleum products, our purchasing methods, supplier cost prices and credit terms and our internal quality control processes. These drivers, in turn, are affected by a number of factors, including:

- our entrance into new markets;
- our purchasing methods of marine petroleum products;
- our marketing strategy;
- our vessel acquisitions and disposals;
- PLATTS prices;



- conditions in the international shipping and the marine fuel supply industries;
- regulation of the marine fuel supply industry;
- regulation of the tanker industry;
- levels of supply of and demand for marine petroleum products;
- levels of competition; and
- other factors affecting our industry.

The following table reflects our growth in sales of marine petroleum products in each of our service centers for the periods indicated. The sales of marine petroleum products attributed to each service center are based on the point-of-delivery geographical location of the customer vessels.

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars)</i>		
Greece (1)	125,540	167,061	165,231
Gibraltar (1)	152,372	240,412	433,524
United Arab Emirates (1)	130,459	180,453	287,347
Jamaica (1)	77,385	147,211	212,093
Singapore (1)(2)	—	39,496	193,747
Northern Europe (1)(3)	—	—	37,443
Other sales (4)	19,849	16,024	16,464
<b>Total</b>	<b>505,605</b>	<b>790,657</b>	<b>1,345,849</b>

(1) Excludes sales of lubricants which are included in other sales.

(2) We commenced physical supply operations in Singapore on June 2, 2006.

(3) We acquired our service center in Northern Europe on October 9, 2007.

(4) Includes sales of marine fuel not attributed to any of our service centers and sales of lubricants worldwide.

We sell and deliver marine petroleum products to a broad and diversified customer base, including international commercial shipping companies, governments, and marine fuel traders and brokers. For the years ended December 31, 2005, 2006 and 2007, none of our customers accounted for more than 10% of our total revenues.

The commercial shipping industry generally purchases marine fuel on a spot basis and historically we have not had any long-term sales volume contracts with customers. On March 1, 2006, however, we entered into a two-year contract to supply minimum quantities of fuel to a commercial customer in Jamaica. As we expand our global network and increase our geographical coverage, we expect some of our customers to enter into long-term sales volume contracts.

In addition to our physical supply operations, from time to time we conduct limited marine fuel trading activities, generally in locations where we do not have service centers. This business involves activities whereby we contract with third-party physical suppliers to sell us marine fuel and to deliver the marine fuel to a customer in the relevant location. Accordingly, our trading activities do not involve our physical possession of marine fuel and require less complex logistical operations, and infrastructure. As such, we typically earn a significantly lower gross spread from our trading activities than from our physical supply activities.

We purchase and take delivery of marine petroleum products from various suppliers under long-term volume contracts or on the spot market. Long-term supply contracts from third parties allow us to minimize our exposure to supply shortages. In general, at each of our service centers except for Gibraltar and the United Arab Emirates, we purchase from local supply sources.

Our cost of marine petroleum products includes purchases from related companies. In Greece, we purchase marine petroleum products under a ten-year supply contract that commenced on April 1, 2005, from our related company, Aegean Oil, which charges us its actual cost of the marine petroleum products plus a margin. We believe the



amounts we paid to our related company are comparable to amounts that we would have negotiated in arm's-length transactions with unaffiliated third parties. Prior to June 1, 2005, we also purchased marine petroleum products from Golden Sun Marine Corp., our related company. For further discussion of our marine petroleum products purchases from related companies, please refer to the section of this report entitled "Major Shareholders and Related Party Transactions."

The following table reflects our cost of marine petroleum products sold incurred from third-party suppliers and from our related company suppliers for the periods indicated.

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars)</i>		
Third-party suppliers	360,223	573,615	1,091,769
Related company suppliers	104,578	155,022	159,943
<b>Total</b>	<b>464,801</b>	<b>728,637</b>	<b>1,251,712</b>

We seek to increase our sales of marine petroleum products and our gross spread on marine petroleum products, on an integrated basis, through expansion into new markets, acquisitions of double hull bunkering tankers and the diversification and further optimization of purchasing methods. Our gross spread on marine petroleum products differs for each of our service centers, reflecting the different competitive conditions that exist in the markets served by them. Factors affecting competitive conditions in a market that we service include customer demand, availability of supplies and the strength and number of competitors that operate in the market. We believe that for any new service centers that we may establish, gross spread on marine petroleum products may be lower than for our existing service centers. We also believe that the competitive conditions in the markets served by our existing service centers may generally be more favorable to us than those in other markets that we may consider for future expansion.

### ***Voyage Revenues***

In the past, our voyage revenues were primarily derived from time and voyage charters of our only non-bunkering tanker, Aegean Hellas, which is a single hull Aframax tanker with a cargo-carrying capacity of approximately 92,000 dwt. We purchased this tanker with the initial intention of strategically positioning it as a floating storage facility at one of the ports that we serve. As of December 31, 2006, we were deploying this vessel for hire in the international spot market. Voyage revenues of Aegean Hellas were driven primarily by the number of operating days and the amount of daily charter hire rates, which, in turn, were affected by a number of factors, including the duration of the charter, the age, condition and specification of the vessel and the levels of supply and demand in the tanker shipping industry. On April 17, 2007, we sold Aegean Hellas to an unrelated third party.

Voyage revenues are also generated by tankers that we utilize in the spot market pending their deployment as storage vessels or bunkering tankers. In addition, we have entered into newbuilding contracts for the construction of two new double hull petroleum products tankers with roll-on roll-off facilities and refueling capabilities for fuel trucks, which we call specialty tankers, and we have options to build four additional specialty tankers. We currently plan to exercise these options. We currently intend to position these tankers in Greek waters and we expect to deploy them primarily under contracts of affreightment with operators of gasoline station networks in the Greek Islands, including major oil producers, state-owned refineries and independent physical suppliers of gasoline and related products. We expect that voyage revenues will increase once the first specialty tanker is delivered to us and placed into service.

### ***Salaries, Wages and Related Costs***

We employ salaried employees at our offices in Greece, New York City, and at each of our service centers. Furthermore, we employ crews for our bunkering tankers under short-term contracts. The majority of our salaries, wages and related costs are for our salaried employees and vessel crews. Costs relating to our salaried employees are mainly incurred at our office in Greece where most of our sales and marketing, operations, technical, accounting and finance departments are located and our administrative office in New York City from where we oversee our financial and other reporting functions. We maintain a minimal number of salaried employees at our service centers where we typically employ a local operations manager and staff to support the logistical aspects of our operations.



The following table reflects salaries, wages and costs related to our crews and salaried employees.

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars)</i>		
Shipboard personnel	5,962	8,319	11,509
Shoreside personnel	2,996	4,552	12,854
<b>Total</b>	<b>8,958</b>	<b>12,871</b>	<b>24,363</b>

Our salaries, wages and related costs have grown over the past several years mainly due to our expansion and the increase in crew wages as we have added bunkering tankers to our fleet. We expect that the amount of salaries, wages and related costs will continue to increase as a result of our further expansion into new markets and acquisitions of additional double hull bunkering tankers and floating storage facilities.

### ***Depreciation***

The cost of our vessels is depreciated on a straight-line basis over the expected useful life of each vessel. We expect that these charges will continue to increase primarily as a result of our planned acquisitions of additional bunkering tankers and floating storage facilities.

### ***Other Operating Expenses***

Other operating expenses primarily include the voyage costs of our recently-sold Aframax tanker, the Aegean Hellas, and the operating expenses of all our bunkering tankers, including the cost of insurance, expenses relating to repairs and maintenance (which does not include amortization of drydocking costs), the cost of spares and consumable stores, consumption of marine petroleum products and other miscellaneous expenses. Our bunkering tanker operating expenses, which generally represent fixed costs, have historically increased as a result of the enlargement of our fleet. We expect these expenses to increase further as a result of our acquisition of additional bunkering tankers and floating storage facilities.

Other operating expenses also include expenses relating to rent, communal charges, advertising, travel, public relations and auditing and legal fees. We expect these expenses to increase further as we enter new markets and as a result of our transformation from a privately-held business to a publicly-traded company.

Other operating expenses include a provision for doubtful accounts. We believe that our provision for doubtful accounts has been relatively low in the past several years due to our effective credit control process. As we expand our operations across the globe, we expect our provision for doubtful accounts to increase concurrently with our revenues.

Finally, other operating expenses include amounts relating to the storage of marine petroleum products resulting from acquisitions and use of floating storage facilities such as our tanker, the Ouranos, Fos and Leader. We believe that the ownership of floating storage facilities will allow us to mitigate the risk of supply shortages. Generally, the costs of storage have been included in the price per metric ton quoted by local suppliers of refined marine fuel. Accordingly, we expect that the ownership of floating storage facilities will allow us to convert the variable costs of this storage fee markup per metric ton quoted by suppliers into fixed costs of operating our storage facilities, allowing us to spread larger sales volumes over a fixed cost base and to decrease our refined marine fuel costs.

### ***Management Fees***

We have historically paid Aegean Shipping Management S.A., or Aegean Shipping, our former fleet manager and a related company, owned and controlled by members of Mr. Melisanidis' family, a fixed management fee per month for each vessel in our operating fleet in exchange for providing our bunkering tankers and Aframax tankers with strategic, technical and commercial management services in connection with the deployment of our fleet. On April 17, 2007, we sold the last vessel managed by Aegean Shipping, the Aegean Hellas. We believe the amounts we paid to our related company manager were comparable to amounts that we would have negotiated in arm's-length



transactions with unaffiliated third parties. For further discussion please refer to the section of this report entitled “Major Shareholders and Related Party Transactions—Related Party Transactions.”

### ***Interest and Finance Costs***

We have historically incurred interest expense and financing costs in connection with long-term debt to partially finance the acquisitions of our vessels and in connection with short-term bank borrowings obtained for working capital purposes. In connection with our initial public offering, we repaid and terminated a portion of our outstanding indebtedness. Subsequently, we have incurred and expect to continue incurring interest expense and financing costs under our (i) existing credit facilities to finance the construction of our new bunkering tankers, (ii) existing credit facilities to finance the construction of our new specialty tankers, and (iii) our senior secured credit facility. We intend to limit the amount of these expenses and costs by repaying our outstanding indebtedness from time to time from our cash flows from operations. Furthermore, if we decide to purchase other vessels or pursue other projects in the future, we may consider strategic debt or equity financing options at that time.

We believe that, in the short-term, a majority of the interest and financing costs relating to our credit facilities to finance vessel construction, will be capitalized as part of the acquisition costs of our vessels and not be incurred as interest expense in our statements of income.

### ***Income Taxes***

Our principal operating subsidiary, AMP, is incorporated in the Republic of Liberia. Under regulations promulgated by the Liberian Ministry of Finance, because AMP is considered a non-resident domestic corporation, it is not required to pay any tax or file any report or return with the Republic of Liberia in respect of income derived from its operations outside of the Republic of Liberia. The Liberian Ministry of Justice has issued an opinion that these regulations are valid. If AMP were subject to Liberian tax, it would be subject to tax at a rate of 35% on its worldwide income, and dividends it pays to us would be subject to a withholding tax at rates ranging from 15% to 20%.

AMP has established an office in Greece which provides services to AMP and AMP's office in Cyprus. Under the laws of Greece, and in particular under Greek Law 3427/2005 which amended, replaced and supplemented provisions of Law 89/1967, which expired on December 31, 2005, the income of AMP's Greek office is calculated on a cost plus basis on expenses incurred by that office. The Greek Ministry of Economy and Finance has determined that the profit margin applicable to AMP is 5%. This determination is subject to periodic review. AMP's income, as calculated by applying the 5% profit margin, is subject to Greek corporate income tax at the rate of 29% for fiscal year 2006 and 25% for fiscal years 2007 and later. All expenses to which the profit percentage applies are deducted from gross income for Greek corporate income tax purposes. Accordingly, under Greek Law 3427/2005, as currently applied to us, we expect that AMP will continue to have no liability for any material amount of Greek income tax.

Under the laws of the countries of incorporation of our vessel-owning subsidiaries and our subsidiaries that operate service centers and the laws of the countries of our vessels' registration, our vessel-owning companies are generally not subject to tax on our income that is characterized as shipping income.

Our corporate income tax exposure is in taxable jurisdictions such as Gibraltar, Jamaica, Singapore and Belgium.

Our business is affected by taxes imposed on the purchase and sale of marine petroleum products in various jurisdictions in which we operate from time to time. These taxes include sales, excise, goods and services taxes, value-added taxes, and other taxes. We do not pay a material amount of tax in any jurisdiction in which we operate.

### ***Results of Operations***

#### ***Year ended December 31, 2007 compared to the year ended December 31, 2006***

*Sales of Marine Petroleum Products.* Sales of marine petroleum products increased by \$555.1 million, or 70.2%, to \$1,345.8 million for the year ended December 31, 2007, compared to \$790.7 million for the year ended December 31, 2006. Of the total increase in sales of marine petroleum products, \$416.7 million was attributable to an increase in sales volume of marine fuel (using average prices for the year ended December 31, 2007), \$137.8



million was attributable to a 17.6% increase in the average price of marine fuel (using sales volumes for the year ended December 31, 2006), and \$0.6 million was attributable to an increase in the sales of lubricants. Sales volume of marine fuel increased by 1,069,980 metric tons, or 45.2%, to 3,437,269 metric tons for the year ended December 31, 2007, compared to 2,367,289 metric tons for the year ended December 31, 2006 due to additional volume of sales of marine fuel in Gibraltar, the United Arab Emirates, Jamaica and Singapore and due to sales of marine fuel in our service center in Northern Europe, which commenced physical supply operations on October 9, 2007. Our increased volume of sales in our service centers is mainly attributable to improved market conditions. The increase in the average price of marine fuel is primarily due to the increase in worldwide oil and gas prices.

*Gross Spread on Marine Petroleum Products.* Gross spread on marine petroleum products increased by \$27.7 million, or 44.7%, to \$89.7 million for the year ended December 31, 2007, compared to \$62.0 million for the year ended December 31, 2006. The increase in our gross spread on marine petroleum products mainly resulted from the increased sales volume of marine fuel. Our gross spread per metric ton of marine fuel sold during the year ended December 31, 2007 remained virtually unchanged at \$25.9 compared to \$26.0 for the year ended December 31, 2006. The nominal change in our gross spread per metric ton of marine fuel sold was significantly lower than the increase of 17.6% in the average price of marine fuel; gross spreads per metric ton do not generally increase or decrease proportionately with the price of marine fuel. Accordingly, gross spread on marine petroleum products, as a percentage of total revenues, decreased from 7.7% for the year ended December 31, 2006 to 6.6% for the year ended December 31, 2007. Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold are non-GAAP measures and should not be considered as alternatives to operating income, net income or other GAAP measures and may not be comparable to similarly titled measures of other companies. Please refer to section entitled "Factors Affecting Our Results of Operations" for a reconciliation of gross spread on marine petroleum products to the most directly comparable GAAP measure.

*Voyage Revenues.* Voyage revenues decreased by \$5.8 million, or 50.0%, to \$5.8 million for the year ended December 31, 2007, compared to \$11.6 million for the year ended December 31, 2006. This decrease was mainly attributable to the sale of our Aframax tanker, the Aegean Hellas, on April 17, 2007.

*Salaries, Wages and Related Costs.* Salaries, wages and related costs increased by \$11.5 million, or 89.1%, to \$24.4 million for the year ended December 31, 2007, compared to \$12.9 million for the year ended December 31, 2006. This increase was mainly due to increased full-time employees primarily at our Greek office as we hired new operational employees to manage our expanded fleet and service center network and accounting and finance staff to manage our increased reporting requirements as a public company. Furthermore, crew costs increased as the average number of operating bunkering tankers increased to 13.5 for the year ended December 31, 2007, compared to 11.1 for the year ended December 31, 2006. Furthermore, increased crew costs included salaries of our crew on the floating storage facilities, Ouranos and Leader, which were acquired during 2007, and of our crew on the Fos, which was acquired during the latter half of 2006.

*Depreciation.* Depreciation increased by \$2.2 million, or 52.4%, to \$6.4 million for the year ended December 31, 2007, compared to \$4.2 million for the year ended December 31, 2006. This increase exceeded the 21.6% increase in the average number of operating bunkering tankers due to the higher age and acquisition costs of recently-acquired bunkering tankers and floating storage facilities.

*Other Operating Expenses.* Other operating expenses increased by \$13.3 million, or 51.8%, to \$39.0 million for the year ended December 31, 2007, compared to \$25.7 million for the year ended December 31, 2006. This increase in other operating expenses was primarily attributable to the following factors: \$6.3 million of the total increase was attributable to the increase in the vessel operating costs of our bunkering tankers, which include insurance policies, repairs and maintenance, spares and consumable stores and consumption of marine petroleum products and \$6.2 million of the total increase was attributable to the increase in overhead costs, mainly general and administrative expenses of our Greek office, our New York City office and our service centers, including costs of complying with our increased compliance and reporting requirements as a public company. Furthermore, \$4.5 million of the total increase was attributable to cargo transportation costs which were not applicable during 2006. The above-mentioned increases were offset by a \$3.1 million decrease in the operating costs of our recently-sold Aframax tanker as well as a decrease in storage costs of \$0.6 million.

*Interest and Finance Costs.* Interest and finance costs declined by \$1.7 million to \$3.5 million for the year ended December 31, 2007, compared to \$5.2 million for the year ended December 31, 2006. The decrease in interest and finance costs was mainly attributable to the repayment of a material portion of our debt outstanding following our initial public offering on December 8, 2006.

*Year ended December 31, 2006 compared to the year ended December 31, 2005*

*Sales of Marine Petroleum Products.* Sales of marine petroleum products increased by \$285.1 million, or 56.4%, to \$790.7 million for the year ended December 31, 2006, compared to \$505.6 million for the year ended December 31, 2005. Of the total increase in sales of marine petroleum products, \$205.6 million was attributable to an increase in sales volume of marine fuel (using average prices for the year ended December 31, 2006), \$76.7 million was attributable to a 15.3% increase in the average price of marine fuel (using sales volumes for the year ended December 31, 2005), and \$2.8 million was attributable to an increase in the sales of lubricants. Sales volume of marine fuel increased by 620,912 metric tons, or 35.6%, to 2,367,289 metric tons for the year ended December 31, 2006, compared to 1,746,377 metric tons for the year ended December 31, 2005 due to additional volume of sales of marine fuel in Greece, Gibraltar, the United Arab Emirates and Jamaica and due to sales of marine fuel in our service center in Singapore, which commenced physical supply operations on June 2, 2006. Our increased volume of sales in our service centers is mainly attributable to improved market conditions. The increase in the average price of marine fuel is primarily due to the increase in worldwide oil and gas prices.

*Gross Spread on Marine Petroleum Products.* Gross spread on marine petroleum products increased by \$21.2 million, or 52.0%, to \$62.0 million for the year ended December 31, 2006, compared to \$40.8 million for the year ended December 31, 2005. The increase in our gross spread on marine petroleum products mainly resulted from the increased sales volume of marine fuel and from the increased gross spread per metric ton of marine fuel sold on such volumes. Our gross spread per metric ton of marine fuel sold during the year ended December 31, 2006 increased 12.1% to \$26.0 from \$23.2 during the year ended December 31, 2005. The increase in our gross spread per metric ton of marine fuel sold resulted from improved market conditions in our combined port portfolio. Furthermore, the increase in our gross spread per metric ton of marine fuel sold is also due to our increased sales volumes in locations where we generally obtain higher margins such as our service centers in Jamaica and Gibraltar. Finally, the increase of 12.1% in our gross spread per metric ton of marine fuel sold was slightly lower than the increase of 15.3% in the average price of marine fuel; gross spreads per metric ton do not generally increase or decrease proportionately with the price of marine fuel. Accordingly, gross spread on marine petroleum products, as a percentage of total revenues, decreased from 7.9% for the year ended December 31, 2005 to 7.7% for the year ended December 31, 2006. Gross spread on marine petroleum products and gross spread per metric ton of marine fuel sold are non-GAAP measures and should not be considered as alternatives to operating income, net income or other GAAP measures and may not be comparable to similarly titled measures of other companies. Please refer to section entitled "Factors Affecting Our Results of Operations" for a reconciliation of gross spread on marine petroleum products to the most directly comparable GAAP measure.

*Voyage Revenues.* Voyage revenues increased by \$1.1 million, or 10.5%, to \$11.6 million for the year ended December 31, 2006, compared to \$10.5 million for the year ended December 31, 2005. This increase was mainly attributable to an increase in the average daily charter hire rates of our Aframax tanker during 2006. Furthermore, the increase in voyage revenues was constrained by off-hire time of approximately two months in 2006 when our Aframax tanker was drydocked.

*Salaries, Wages and Related Costs.* Salaries, wages and related costs increased by \$3.9 million, or 43.3%, to \$12.9 million for the year ended December 31, 2006, compared to \$9.0 million for the year ended December 31, 2005. This increase is mainly due to increased crew costs. The average number of operating bunkering tankers increased by 23.3%, to 11.1 for the year ended December 31, 2006, compared to 9.0 for the year ended December 31, 2005. Furthermore, increased crew costs included salaries of our crew on the floating storage facility, Fos, which was acquired during 2006, and salaries of our crew on the bunkering tanker, Aegean Flower, which was not operational during the first quarter of 2005 due to an engine breakdown. The increase in salaries, wages and related costs is also attributable to additional salaried employees hired at our Greek office, including sales and marketing and operations personnel to manage our expanded network and accounting and finance staff employed in anticipation of our reporting requirements as a public company.

*Vessel Hire Charges.* We did not incur any vessel hire charges during the year ended December 31, 2006 due to the reduction of sales of marine petroleum products to the United States Navy. The reduction of sales to the United States Navy was due to decreased naval activity in Greece in 2006. During the year ended December 31, 2005, we incurred vessel hire charges of \$0.5 million to service the United States Navy vessels at Souda Bay in Crete, Greece, where we are required to deliver marine petroleum products using Greek-owned vessels which we do not own but hire from a related company.



*Depreciation.* Depreciation increased by \$2.0 million, or 90.9%, to \$4.2 million for the year ended December 31, 2006, compared to \$2.2 million for the year ended December 31, 2005. This increase exceeded the 23.3% increase in the average number of operating bunkering tankers due to the higher age and acquisition costs of the three double hull bunkering tankers, Aegean Pride I, Aegean XI and Aegean Force, acquired on December 20, 2005, May 3, 2006 and July 25, 2006, than the average age and acquisition costs of our then-existing fleet.

*Other Operating Expenses.* Other operating expenses increased by \$9.1 million, or 54.8%, to \$25.7 million for the year ended December 31, 2006, compared to \$16.6 million for the year ended December 31, 2005. Of the total increase in other operating expenses, \$2.0 million was attributable to the increase in the vessel operating costs of our bunkering tankers, which include insurance policies, repairs and maintenance, spares and consumable stores and consumption of marine petroleum products. A further \$1.7 million of the total increase was attributable to an increase in voyage and operating costs of our Aframax tanker. Furthermore, \$3.4 million of the total increase was due to our lease of shoreside storage space in Gibraltar as well as to the operating costs of our floating storage facility, the Fos, in Gibraltar. These costs were non-existent in 2005 because we were purchasing marine fuel exclusively from FAMM under a long-term supply contract. Finally, \$2.0 million of the total increase was attributable to the increase in other expenses, mainly general and administrative expenses of our Greek office and service centers including costs relating to the establishment of our service center in Singapore.

*Write-off of Deferred IPO Costs.* On November 17, 2005, we filed a registration statement on Form F-1 in connection with an initial public offering of 10,000,000 shares of our common stock. In early 2006, we postponed further activities in connection with our initial public offering. Accordingly, during the year ended December 31, 2006, we wrote off \$1.6 million, representing all deferred costs incurred in connection with the offering.

*Interest and Finance Costs.* Interest and finance costs increased by \$2.9 million to \$5.2 million for the year ended December 31, 2006, compared to \$2.3 million for the year ended December 31, 2005. The increase in interest and finance costs was mainly attributable to an increase in our total debt outstanding during 2006, mainly resulting from loan agreements signed during the latter half of 2005 all the way up to the date of our initial public offering, December 8, 2006.

### ***Inflation***

Inflation has had only a moderate effect on our expenses given recent historical economic conditions. In the event that significant global inflationary pressures appear, these pressures would increase our operating costs.

### **B. Liquidity and capital resources**

Our treasury activities are controlled centrally by our treasury department, which is located at our offices in Greece. Our treasury department administers our working capital resources including our current accounts, time deposits, overdrafts and bank loans. Our liquidity objective is to maintain an optimum daily net cash position which takes into consideration immediate working capital and operational requirements, as well as short- to medium-term capital expenditure requirements, but which would not result in an unnecessary net cash surplus. In this way we seek to maximize available cash to reinvest in our business. Our policy is to minimize the use of time deposits, financial instruments or other forms of investments which we believe generate lower levels of return than the return on our invested capital.

Our cash is primarily denominated in U.S. dollars because our sales of marine petroleum products are fully denominated in U.S. dollars. Our service centers pay their operating expenses in various currencies—primarily the Euro, the UAE dirham, the Gibraltar pound, the Jamaican dollar and the Singapore dollar. Our treasury department transfers cash to our service centers monthly on an as-needed basis and accordingly, we maintain low levels of foreign currency at our service centers.

Under the laws of jurisdictions where our subsidiaries are located, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that materially affect the remittance of dividends, loans, interest or other payments. Most of our vessel-owning subsidiaries have long-term bank loans outstanding that were obtained to partially finance the acquisition cost of their vessels. Most of these vessel-owning companies are not permitted to pay any dividends without the lender's prior consent. However, these vessel-owning companies generally do not generate third-party revenues and do not possess material amounts of excess cash. Therefore, these restrictions on our vessel-owning companies' ability to pay dividends to us should not materially



impact our ability to meet our cash obligations. Accordingly, there are no significant restrictions on our ability to access and mobilize our capital resources located around the world.

We have funded our business primarily through: (i) cash generated from operations, (ii) equity capital and short-term borrowings from our shareholders, (iii) short-term borrowings, and (iv) long-term bank debt. We have a revolving credit facility that provides for borrowings up to certain amounts for working capital purposes as well as a sublimit for the issuance of standby letters of credit. Furthermore, we have long-term debt facilities with several banks in order to partially finance the acquisition costs of several of our vessels. The credit agreements for the long-term debt facilities are secured with first priority mortgages over certain of our vessels. As of December 31, 2007, we believe that we were in compliance in all material respects with all covenants of our credit facilities.

### ***Credit Facilities***

As of December 31, 2006 and 2007, we had the following outstanding loans:

<u>Loan</u>	<u>Date</u>	<u>2006</u>	<u>2007</u>
		<i>(in millions of U.S. dollars)</i>	
Senior secured credit facility	December 20, 2007	-	133.0
Secured syndicated term loan facility with respect to five newbuildings	July 5, 2007	-	3.1
Secured syndicated term loan facility with respect to seven newbuildings	October 30, 2006	7.0	11.5
Secured term loan facility with respect to two newbuildings	October 27, 2006	1.5	4.5
Secured term loan facility with respect to three newbuildings	October 25, 2006	2.3	3.8
Secured term loan facility under the 2006 senior secured credit facility with respect to five newbuildings	December 19, 2006	-	19.3
Secured term loan facility with respect to five newbuildings	February 10, 2006	4.2	-
Secured syndicated term loan facility with respect to two newbuildings	October 26, 2005	13.5	15.1
Secured syndicated term loan facility with respect to five newbuildings	August 30, 2005	5.0	17.7
		<u>33.5</u>	<u>208.0</u>

The following is a summary of terms, including operating and financial restrictions, of our credit facilities.

*Senior secured credit facilities.* On December 20, 2007, AMP entered into a syndicated overdraft, guarantee and letter of credit facility with international commercial lenders, our senior secured credit facility, for working capital and general corporate purposes. Our senior secured credit facility replaced the guarantee and letter credit line portion of our 2006 senior secured credit facility discussed below. Our senior secured credit facility is in an amount of up to \$300.0 million, consisting of a guarantee and/or letter of credit line in an amount of up to \$150.0 million and an overdraft facility in an amount of up to \$150.0 million. Our senior secured credit facility has a term of one year which is renewable. The borrowings under the overdraft facility bear interest at a rate of LIBOR plus a margin of 1.25%. Documentary and standby letters of credit are subject to commissions of 0.25% and 0.625%, respectively.

Our senior secured credit facility is secured by, among other things:

- a first priority mortgage on our ten of our double hull bunkering tankers and three floating storage facilities, or our mortgaged vessels;
- an assignment of all earnings, requisition compensation and insurance policies of our mortgaged vessels;
- charge over AMP's operating account;
- our corporate guarantee and guarantees of our vessel-owning subsidiaries acting as guarantors;



- the general assignment of trade receivables by us and our subsidiaries; and
- corporate guarantee of our vessel-owning subsidiaries acting as supplemental guarantors and undertakings to provide first priority mortgages if the lenders so request.

Our senior secured credit facility contains certain covenants requiring us to, among other things:

- maintain our listing at the New York Stock Exchange;
- ensure that our vessels are managed by Aegean Bunkering Services Inc. and that there is no change in their management without the lenders' consent;
- obtain and maintain an interest insurance policy and additional perils pollution insurance policies for 100% of the market value of our vessels;
- indemnify the lenders against the consequences of a pollution incident;
- ensure that there is no change of AMP's or our and our subsidiaries' business;
- have direct control of and own directly or indirectly 100% of the capital stock of vessel-owning subsidiaries acting as guarantors and additional guarantors;
- maintain minimum security of 120% of the outstanding facility amount;
- ensure that Mr. Melisanidis controls at least 32% of our shares;
- inform the lenders about any actual or proposed purchases; and
- provide the lenders with financial statements on a semi-annual and annual basis and such other information that the lenders may reasonably request.

Furthermore, our senior secured credit facility contains customary financial covenants requiring us and our subsidiaries to, among other things, ensure that:

- our book net worth shall not be less than \$175.0 million;
- our ratio of total liabilities to total assets shall not exceed 0.65-to-one; and
- we maintain additional free liquidity of \$25.0 million held with the lender at the end of each month with average minimum daily free liquidity of \$10.0 million.

On December 19, 2006, we entered into our senior secured credit facility with an international commercial lender, or the 2006 senior secured credit facility. Our 2006 senior secured credit facility, as amended, is in an amount of up to \$248.4 million, consisting of a guarantee and/or letter of credit line in an amount of up to \$100.0 million, revolving overdraft facility in an amount of up to \$115.0 million and a newbuilding facility to partially finance the acquisition of five of our new bunkering tankers in an amount of up to \$33.4 million (which was used to refinance the Secured term loan facility with respect to five newbuildings, dated February 10, 2006, discussed below). The borrowings under the guarantee and/or letter of credit line portion of the 2006 senior secured credit facility bear interest at a rate of LIBOR plus a margin of 1.25% and documentary and standby letters of credit are subject to commissions of 0.25% and 0.625%, respectively. The newbuilding facility bears interest at LIBOR plus a margin of 1.15% plus additional compliance costs. On December 21, 2007, we replaced the guarantee and/or letter of credit line and the overdraft facility with the senior secured credit facility discussed above. We retained the newbuilding facility portion of the 2006 senior secured credit facility which will have a term of 12 years from approximately the delivery date of each vessel.

As of December 31, 2006, we had no amounts outstanding under our 2006 senior secured credit facility. As of December 31, 2007, we had \$133.0 million outstanding under our senior secured credit facility and \$19.3 million outstanding under our 2006 senior secured credit facility.

*Secured syndicated term loan facility with respect to five newbuildings.* On July 5, 2007, five of our vessel-owning subsidiaries, Andros Marine Inc., Dilos Marine Inc., Ios Marine Inc., Sifnos Marine Inc. and Tinos Marine Inc., as co-borrowers, jointly and severally, entered into a secured credit facility for an aggregate amount of \$37.6 million with an international commercial bank to finance the construction of five bunkering tankers, DN-3800-11, DN-3800-12, DN-3800-13, DN-3800-14 and DN-3800-15, respectively. The loan bears interest at the rate of LIBOR plus 0.90% before delivery of each vessel and at LIBOR plus 0.85% after such vessel's delivery. Under the terms of

the agreement, the borrowers may enter into interest rate swap agreements to hedge their exposure to interest rate risk.

The loan is collateralized by:

- a first priority mortgage over each of the vessels;
- assignments of earnings, insurances and requisition compensation of each of the mortgaged vessels; and
- our corporate guarantee.

Our corporate guarantee contains customary financial covenants requiring us to ensure that:

- our book net worth shall not be less than \$150.0 million;
- our ratio of total liabilities to total assets shall not exceed 0.65-to-one; and
- we maintain additional free liquidity of \$25.0 million held with the lender at the end of each month with average minimum daily free liquidity of \$10.0 million.

Furthermore, we are required to maintain the listing of our shares on the New York Stock Exchange and ensure that Mr. Melisanidis beneficially controls at least 35% of our shares.

The credit facility contains customary financial restrictions on the borrowers, including restrictions on:

- the minimum value of the collateral;
- incurrence of debt; and
- payment of dividends.

The facility is available in five tranches of \$7.5 million each. Each tranche is repayable in 40 consecutive quarterly installments in the amount of \$187,000 each. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance. As of December 31, 2007, the outstanding balance of the loan was \$3.1 million.

*Secured syndicated term loan facility with respect to seven newbuildings.* On October 30, 2006, seven of our vessel-owning subsidiaries, Kerkyra Marine S.A., Ithaki Marine S.A., Cephallonia Marine S.A., Paxoi Marine S.A., Zakynthos Marine S.A., Lefkas Marine S.A. and Kythira Marine S.A., as co-borrowers, jointly and severally entered into a syndicated secured credit facility for an aggregate amount of \$64.75 million with an international commercial bank to finance the construction of seven double hull oil tankers, QHS 207, QHS 208, QHS 209, QHS 210, QHS 215, QHS 216, and QHS 217, respectively. The loan bears interest at LIBOR plus 1.15% before delivery of each vessel and at LIBOR plus 1.05% after such vessel's delivery. Under the terms of the agreement, the borrowers may enter into interest rate swap agreements to hedge their exposure to interest rate risk.

The loan is collateralized by:

- a first priority mortgage over each of the vessels, in favor of the lenders;
- a corporate guarantee by us and ASI as the holding company of the vessel-owning subsidiaries; and
- a manager's undertaking from ABS, as the management company of the vessels.

The secured loan imposes certain operating and financial restrictions on the borrowers, including restrictions on:

- the payment of dividends and the distribution of assets;
- the incurrence of debt;
- mergers and consolidations;

- changes in the business activities that are carried on; and
- changes in legal and/or ultimate beneficial ownership, provided that after the listing of our shares on the New York Stock Exchange, at least 35% of our shares at all times shall be beneficially owned by our then beneficial owners and our then beneficial owners may not beneficially own in the aggregate fewer of our shares than any other person.



The facility is available in seven tranches of \$9.25 million each. Each tranche is repayable in 40 quarterly installments in the amount of \$125,000 each, plus a balloon payment of \$4.25 million payable together with the last installment. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance. As of December 31, 2006 and December 31, 2007, the balance on the loan was \$7.0 million and \$11.5 million, respectively.

*Secured term loan facility with respect to two newbuildings.* On October 27, 2006, two of our vessel-owning subsidiaries, Tasman Seaways Inc. and Santon Limited, as co-borrowers, jointly and severally, entered into a loan agreement with an international commercial bank for a term loan facility in an aggregate amount of \$17.6 million to partially finance the construction costs of two double hull tankers, QHS 221 and QHS 224, respectively. The facility bears interest at LIBOR plus 1.15% on 70% of the principal amount and at LIBOR plus 1.25% on 30% of the principal amount.

The loan is collateralized by:

- a first priority or first preferred ship mortgage over each of the vessels, in favor of the lenders;
- our corporate guarantee; and
- a manager's undertaking from ABS, as the management company of the vessels.

The secured loan imposes certain operating and financial restrictions on the borrowers, including restrictions on:

- the payment of dividends and the distribution of assets;
- the incurrence of debt;
- mergers and consolidations;
- changes in the business activities that are carried on; and
- changes in legal and/or ultimate beneficial ownership, provided that after the listing of our shares on the New York Stock Exchange, at least 35% of our shares at all times shall be beneficially owned by our then beneficial owners.

The facility is available in two tranches of \$8.8 million each. Each tranche is repayable in 40 consecutive quarterly installments in the amount of \$154,000 each, plus a balloon payment of \$2.64 million payable together with the last installment. The first installment of each tranche is repayable three months after the date of delivery of the respective vessel. As of December 31, 2006 and December 31, 2007, the balance on the loan was \$1.5 million and 4.5 million, respectively.

*Secured term loan facility with respect to three newbuildings.* On October 25, 2006, three of our vessel-owning subsidiaries, Eton Marine Ltd., Benmore Services S.A. and Ingram Enterprises Co., as co-borrowers, jointly and severally entered into a syndicated secured credit facility for an aggregate amount of \$26.25 million to partially finance the construction costs of three double hull tankers, QHS 220, QHS 222 and QHS 223, respectively. This facility bears interest at LIBOR plus 1.30% before delivery of each vessel and at LIBOR plus 1.1875% after such vessel's delivery.

The loan is collateralized by:

- a first priority or first preferred ship mortgage over each of the vessels, in favor of the lenders;
- a corporate guarantee by us and Aegean Shipholdings Inc., or ASI, as the holding company of the vessel-owning subsidiaries;
- a manager's undertaking from ABS, as the management company of the vessels; and
- personal guarantee by a personal guarantor to be agreed upon by the lenders.

The credit facility imposes certain operating and financial restrictions on the borrowers, including restrictions on:

- the payment of dividends and the distribution of assets;

- the incurrence of debt;
- mergers and consolidations;

- changes in the business activities that are carried on; and
- changes in legal and/or ultimate beneficial ownership, provided that after the listing of our shares on the New York Stock Exchange, at least 35% of our shares at all times shall be beneficially owned by our then beneficial owners and our then beneficial owners may not beneficially own in the aggregate fewer of our shares than any other person.

The facility is available in three tranches of \$8.75 million each. Each tranche is repayable in 40 quarterly installments in the amount of \$125,000 each, plus a balloon payment of \$3.75 million payable together with the last installment. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance. As of December 31, 2006 and December 31, 2007, the balance on the loan was \$2.3 million and \$3.8 million, respectively.

*Secured term loan facility with respect to five newbuildings.* On February 10, 2006, five of our vessel-owning subsidiaries, Milos Maritime Inc., Amorgos Maritime Inc., Kimolos Maritime Inc., Mykonos Maritime Inc. and Syros Maritime Inc., entered into a secured loan facility with an international commercial bank for an aggregate amount of \$33.4 million to partially finance the construction costs of five double hull tankers, DN-3500-1, DN-3500-4, DN-3500-5, DN-3500-6 and DN-3500-7, respectively. The loan bears interest at LIBOR plus 1.15% plus additional compliance costs. The loan is collateralized by a first priority mortgage over each of the vessels.

Upon the lender's demand, this facility may be collateralized by:

- a second priority mortgage over one of our vessels, Aegean Flower;
- a second priority undertaking and assignment to be executed by ABS in favor of the lender; and
- a corporate guarantee by one of our vessel-owning subsidiaries, Pontos Navigation Inc.

The secured loan imposes certain operating and financial restrictions on the borrowers, including restrictions on:

- payment of dividends and the distribution of assets;
- incurrence of debt;
- the change in legal and/or ultimate beneficial ownership of shares of the five vessel-owning subsidiaries borrowing under this facility, Pontos Navigation Inc. and ABS;
- merger and consolidation;
- the acquisition of additional vessels; and
- changes in the business activities that are carried on.

The facility is available in five tranches of \$6.68 million each. Each tranche is repayable in 48 quarterly installments, first 47 in the amount of \$140,000 and the last in the amount of \$100,000. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance. As of December 31, 2006, the balance on this facility was \$4.2 million. As of December 31, 2007, no amounts were outstanding under this credit facility, as it was replaced with the newbuilding facility of our 2006 senior secured credit facility.

*Secured syndicated term loan facility with respect to two newbuildings.* On October 26, 2005, as amended, two of our vessel-owning subsidiaries, Ocean Dynamic Corp. and Sea Global S.A., as co-borrowers, jointly and severally, entered into a syndicated secured credit facility for an aggregate amount of Euro 13.3 million with an international commercial bank to finance the construction of two specialty tankers. The loan bears interest at LIBOR plus 1.40% during each vessel's pre-delivery period and at LIBOR plus 1.30% during each vessel's post-delivery period. Under the terms of the agreement, the borrowers may enter into interest rate swap agreements to hedge their exposure to interest rate risk.

The loan is collateralized by:

- a first priority mortgage over each of the vessels;

- assignments of earnings, insurances and requisition compensation of each of the mortgaged vessels; and
- corporate guarantees of AMP, ABS and ASI and our corporate guarantee.

Our corporate guarantee contains customary financial covenants requiring us to ensure that:

- our book net worth shall not be less than \$100.0 million;
- our ratio of total liabilities to total assets shall not exceed 0.65-to-one;
- our ratio of current assets to current liabilities shall not be less than 1.25-to-one; and
- our cash and cash equivalents exceed 50% of the debt service being due in the succeeding annual period.

Furthermore, the loan agreement requires that we maintain the listing of our shares on the New York Stock Exchange and under our corporate guarantee we are required to ensure that Messrs. Melisanidis and Georgiopoulos and their families control at least 35% of our shares and no other party holds a larger share.

The credit facility contains customary financial restrictions on the borrowers, including restrictions on:

- the minimum value of the collateral;
- incurrence of debt; and
- payment of dividends.

The facility is available in two tranches of Euro 6.65 million each. Each tranche is repayable in 40 quarterly installments, first 12 in the amount of Euro 150,000 and the remaining 28 in the amount of Euro 110,000, plus a balloon payment at the end of the term in the amount of Euro 1.77 million. As of December 31, 2006 and December 31, 2007, the balance on the loan was \$13.5 million (Euro 10.25 million) and \$15.1 million (Euro 10.25 million), respectively.

*Secured letter of credit facility with respect to two newbuildings.* Also on October 26, 2005, two of our vessel-owning subsidiaries, Ocean Dynamic Corp. and Sea Global S.A., as co-borrowers, jointly and severally, entered into a secured letter of credit facility for an aggregate amount of Euro 12.3 million with an international commercial bank for the issuance of standby letters of credit to the shipyard as a payment guarantee.

This facility is collateralized by:

- a first priority charge on an interest bearing cash collateral account of the borrowers; and
- a corporate guarantee of AMP.

As of December 31, 2006 and December 31, 2007, the balance on this letter of credit facility was \$12.3 million and \$10.2 million, respectively.

*Secured syndicated term loan facility with respect to five newbuildings.* On August 30, 2005, as amended, five of our vessel-owning subsidiaries, Kithnos Maritime Inc., Naxos Maritime Inc., Paros Maritime Inc., Santorini Maritime Inc. and Serifos Maritime Inc., as co-borrowers, jointly and severally, entered into a syndicated secured credit facility for an aggregate amount of \$35.5 million with an international commercial bank to finance the construction of five bunkering tankers DN-3500-3, DN-3500-10, DN-3500-9, DN-3500-8 and DN-3500-2, respectively. The loan bears interest at LIBOR plus 1.40% during each vessel's pre-delivery period and at LIBOR plus 1.30% during each vessel's post-delivery period.. Under the terms of the agreement, the borrowers may enter into interest rate swap agreements to hedge their exposure to interest rate risk.

The loan is collateralized by:

- a first priority mortgage over each of the vessels;
- assignments of earnings, insurances and requisition compensation of each of the mortgaged vessels; and
- corporate guarantees of ASI and ABS and our corporate guarantee.

Our corporate guarantee contains customary financial covenants requiring us to ensure that:

- our book net worth shall not be less than \$100.0 million;
- our ratio of total liabilities to total assets shall not exceed 0.65-to-one;
- our ratio of current assets to current liabilities shall not be less than 1.25-to-one; and

- our cash and cash equivalents exceed 50% of the debt service being due in the succeeding annual period.

Furthermore, as corporate guarantor we are required to maintain the listing of our shares on the New York Stock Exchange and ensure that Messrs. Melisanidis and Georgiopoulos and their families control at least 35% of our shares and no other party holds a larger share.

The credit facility contains customary financial restrictions on the borrowers, including restrictions on:

- the minimum value of the collateral;
- incurrence of debt; and
- payment of dividends.

The facility is available in five tranches of \$7.1 million each. Each tranche is repayable in 40 quarterly installments, first 30 in the amount of \$120,000 and the remaining 10 in the amount of \$110,000, plus a balloon payment at the end of the term in the amount of \$2.4 million. As of December 31, 2006 and December 31, 2007, the balance on the loan was \$5.0 million and \$17.7 million, respectively.

### ***Liquidity and Uses of Cash***

Cash and cash equivalents, as of December 31, 2006 and 2007 amounted to \$82.4 million and \$2.0 million, respectively. The table below illustrates our working capital and working capital excluding cash and debt as of December 31, 2006 and 2007. Working capital is defined as current assets less current liabilities.

The marine fuel supply industry is capital intensive. The timing and levels of operational cash flows are important aspects of our business. Our periodic cash flows from operations are mainly dependent on our periodic working capital excluding cash and debt. Accordingly, we use working capital excluding cash and debt to monitor changes in our operational working capital accounts such as trade receivables, inventories and trade payables, and to assess the current strength and to predict the future state of our cash flows from operations. Our periodic working capital excluding cash and debt is partly driven by our sales volume growth rates for the relevant periods. As a result, the higher the sales volume growth rates are, the larger the working capital investment needed to purchase and sell the increased quantities of fuel. A larger working capital investment decreases our operational cash flows for the relevant periods. Furthermore, significant period-on-period movement in the average outstanding days of our trade receivables, inventories and trade payables considerably impacts our periodic working capital excluding cash and debt positions and our operational cash flows. Finally, significant fluctuations in marine fuel prices materially affect our periodic working capital excluding cash and debt. A period-on-period increase in marine fuel prices increases the level of working capital investment needed to purchase the same quantity of marine fuel. Accordingly, we would have to increase our working capital investment at a multiple of the increase in marine fuel prices in order to increase our sales volumes.

	<b><u>Year Ended December 31,</u></b>	
	<b><u>2006</u></b>	<b><u>2007</u></b>
	<i>(in thousands of U.S. dollars)</i>	
Working capital	115,723	63,529
Working capital excluding cash and debt	33,381	190,212

During the year ended December 31, 2007, the significant increase in our sales of marine petroleum products coupled with a decline in the average outstanding days of our trade payables propelled our working capital excluding cash and debt position to \$190.2 million as of December 31, 2007, as compared to \$33.4 million as of December 31, 2006. At the same time, our working capital position as of December 31, 2007 declined to \$63.5 million from \$115.7 million a year ago, as a direct result of financing our increased working capital requirements with short-term bank debt. While we do expect to incur additional debt to fund working capital requirements and capital commitments, we would not expect significant working capital deficits in the future.

We primarily use our cash to fund marine petroleum product purchases for resale to our customers. Except for transactions with our related company, Aegean Oil, in which we usually had been extended unsecured trade credit,





we are usually extended secured trade credit from our suppliers for our marine petroleum product purchases and our suppliers usually require us to provide a standby letter of credit. In certain cases, we purchase quality marine petroleum products from certain suppliers at discounted prices with cash on or near delivery. Our ability to fund marine petroleum product purchases, obtain trade credit from our suppliers, and provide standby letters of credit is critical to the success of our business. Increases in oil prices negatively impact our liquidity by increasing the amount of cash needed to fund marine petroleum product purchases as well as reducing the volume of marine petroleum products which can be purchased on a secured credit basis from our suppliers.

We also use our cash to fund the acquisition or construction costs of vessels as well as to fund the maintenance cost of these vessels. The following table illustrates the cash paid for the acquisition and construction of vessels and the cash paid for drydocking of our vessels, for the years ended December 31, 2005, 2006 and 2007.

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(in thousands of U.S. dollars)</i>		
Payments for net vessel acquisitions	8,175	21,995	66,217
Payments for vessel construction	11,228	35,396	55,529
Payments for drydocking	154	10,637	3,186

Payments for vessel acquisitions will increase in the coming years due to our existing commitments on our newbuilding contracts. As of December 31, 2007, six of the 23 bunkering tankers on order have a total construction cost of \$8.4 million each, seven have a total construction cost of \$11.6 million each, five have a total construction cost of \$11.0 million each, and the remaining five have a construction cost of \$7.9 million. Except for the last five mentioned above (whose supervision contracts have not been signed yet), these costs include newbuilding contracts with the shipyards as well as supervision contracts. Each of the two specialty tankers has an estimated total construction cost of Euro 8.3 million, which includes a newbuilding contract with the shipyard as well as a supervision contract. The construction costs of both the bunkering tankers and the specialty tankers are payable in milestones over the duration of the construction of these vessels. The payment schedules for these newbuilding contracts are presented below. The payment schedules for the specialty tankers have been calculated assuming a \$/Euro exchange rate of 1.4721, the rate prevailing on December 31, 2007.

	<b>Bunkering Tanker</b>	<b>Specialty Tankers</b>	<b>Total</b>
	<i>(in thousands of U.S. dollars)</i>		
2008	105,418	12,932	118,350
2009	67,529	—	67,529
Total	<u>172,947</u>	<u>12,932</u>	<u>185,879</u>

Furthermore, payments for vessel acquisitions are expected to increase if we exercise our options to purchase four specialty tankers. Currently, we intend to purchase only secondhand double hull bunkering tankers, which are generally more costly than secondhand single hull bunkering tankers. Payments for drydocking are also expected to increase, mainly due to the increased number of vessels in our fleet.

It is our intention to fund the remaining capital commitments on our newbuilding contracts using cash on hand and existing long-term bank debt and using cash flow from operations. Furthermore, we intend to use cash flow from operations as well as new long-term debt to fund the purchase of vessels under newbuilding contracts if we exercise our options to purchase nine bunkering tankers and four specialty tankers. We intend to fund our growth strategy, which may include further acquisitions of additional vessels or investments in other energy-related projects using either cash on hand and cash flow from operations or new long-term bank debt.

We anticipate that assuming market conditions are consistent with our historical experience, cash on hand, internally generated cash flow and borrowings under our credit facilities will be sufficient to fund our business, including our



working capital requirements. While we do not currently intend to do so, in the future we may consider raising funds through additional equity or debt offerings, depending on our future business plans.

Our beliefs, intentions, plans and expectations concerning liquidity and our ability to obtain financing are based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of trade credit or other sources of financing may be reduced and our liquidity would be adversely affected. Factors that may affect the availability of trade credit, or other financing, include our performance, the state of worldwide credit markets, and our levels of outstanding debt. In addition, we may decide to raise additional funds to respond to competitive pressures or changes in market conditions, to fund future growth, or to acquire vessels. We cannot guarantee that financing will be available when needed or desired, or on terms favorable to us.

### ***Cash Flow***

#### **Net Cash Provided By Operating Activities**

Net cash used in operating activities was \$128.1 million for the year ended December 31, 2007 as compared to net cash provided by operating activities of \$17.1 million for the year ended December 31, 2006. This decrease in period-over-period cash flow was primarily attributable to changes in working capital during the year ended December 31, 2007. Net income, as adjusted for non-cash items, was \$37.6 million for the year ended December 31, 2007. However the net positive change in working capital accounts utilized \$162.5 million in cash during that period, and we made drydocking payments of \$3.2 million during the period. The increase in working capital excluding cash and debt during the year ended December 31, 2007 was due to a significant increase in sales of marine petroleum products during the period.

Net cash provided by operating activities increased by \$15.6 million to \$17.1 million for the year ended December 31, 2006 compared to \$1.5 million for 2005. This increase was primarily attributable to our net income for the year as changes in working capital were not substantial. Working capital excluding cash and debt increased by \$2.9 million, to a surplus of \$33.4 million as of December 31, 2006 compared to a surplus of \$30.5 million as of December 31, 2005. The change in trade receivables was minimal as increased sales of marine petroleum products were offset by a decrease in the average outstanding days of trade receivables. The growth in trade payables provided cash to operations and resulted from increased purchases during the year. On the other hand, cash from operations was utilized to increase our inventories in Gibraltar.

#### **Net Cash Used In Investing Activities**

Net cash used in investing activities was \$124.7 million for the year ended December 31, 2007. During the period, we paid \$55.5 million as milestone payments under our newbuilding and engineering contracts and we paid \$66.2 million to acquire the second hand tankers, Ouranos, Aegean Princess, Hope, Leader, Vera and Sara. Furthermore, we paid net cash consideration of \$5.7 million for our acquisitions of Bunkers at Sea and Portland Bunkers International Limited. During 2007, we received \$8.3 million in net proceeds upon the sale of Aegean Hellas to an unrelated third party. Finally, during 2007, our restricted cash balance increased by \$5.1 million which reduced our cash flows by the same amount.

Net cash used in investing activities was \$55.2 million for the year ended December 31, 2006. During the year ended December 31, 2006, we paid \$35.4 million as milestone payments under our newbuilding and engineering contracts. We paid \$34.9 million to acquire the tankers, Aegean XI, Omega Af Donso, Trapper and Aegean Force and we received \$12.9 million upon the sale of the Omega Af Donso and the Trapper to companies owned and controlled by members of Mr. Melisanidis' family and related to Aegean Shipping Management S.A. Net cash used in investing activities was \$35.0 million for the year ended December 31, 2005. During the year ended December 31, 2005, we paid \$11.2 million as partial advance payments under our newbuilding contracts with Fujian and a Romanian shipyard for ten double hull tankers and two specialty tankers. We paid \$6.7 million to acquire the bunkering tanker, Aegean Pride I, from Bonaire Shipholding Co., a vessel-owning company owned and controlled by members of Mr. Melisanidis' family and related to Aegean Shipping Management; and we purchased other fixed assets of \$1.1 million, including \$0.8 million for the acquisition of our marketing office in the United States. Furthermore, during the year ended December 31, 2005, we placed a portion of our loan proceeds in an interest-bearing cash collateral account which we used as security for standby letters of credit issued by the same bank to the above-mentioned Romanian shipyard.



## Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$172.4 million for the year ended December 31, 2007 mainly due to additional drawdowns of \$41.8 million under our term loan facilities to finance a portion of the construction costs of our new vessels, and we drew down \$133.0 million under our senior secured credit facility primarily to finance working capital requirements. Furthermore, during the year ended December 31, 2007, we declared and paid dividends of \$1.7 million to our shareholders.

Net cash provided by financing activities was \$112.9 million for the year ended December 31, 2006. Regarding sources of financing, during the year ended December 31, 2006, we obtained new long-term bank loans of \$41.7 million and we received net proceeds of \$185.2 million from our initial public offering. Furthermore, during the year ended December 31, 2006, we made principal repayments of \$42.9 million on our long-term bank loans and we repaid a net amount of \$66.6 million under our short-term credit facilities. Finally, during the year ended December 31, 2006, we declared and paid dividends of \$4.0 million to our shareholders.

Net cash provided by financing activities was \$37.8 million for the year ended December 31, 2005. During the year ended December 31, 2005, we obtained new long-term bank loans of \$15.5 million and we made principal repayments of \$3.6 million on our existing long-term bank loans. Furthermore, during the year ended December 31, 2005, we obtained a short-term loan facility from Leveret totaling \$23.6 million, and we borrowed \$39.0 million under short-term bank facilities, of which a short-term loan of \$35.0 million was used to finance the repurchase of 8% of our common stock. Finally, during the year ended December 31, 2005, we declared and paid dividends of \$1.5 million to our shareholders.

### C. Research and development, patents and licenses, etc.

Not applicable.

### D. Trend information.

Not applicable.

### E. Off-balance sheet arrangements.

We do not have any off-balance sheet arrangements.

### F. Tabular disclosure of contractual obligations.

#### *Contractual Obligations and Commercial Commitments*

The following table sets forth our contractual obligations and commercial commitments as of December 31, 2007:

	<u>Within One Year</u>	<u>One to Three Years</u>	<u>Three to Five Years</u>	<u>More than Five Years</u>	<u>Total</u>
	<i>(in millions of U.S. dollars)</i>				
Long-term bank debt (excluding interest)	3.6	10.8	10.8	49.8	75.0
Interest on long-term bank debt (1)	4.5	12.1	9.4	7.6	33.6
Minimum purchase commitments (2)	64.6	129.1	129.1	145.3	468.1
Newbuilding contracts—bunkering tankers	105.4	67.5	-	-	172.9
Newbuilding contracts—specialty tankers	13.0	-	-	-	13.0
Total	<u>191.1</u>	<u>219.5</u>	<u>149.3</u>	<u>202.7</u>	<u>762.6</u>

(1) Our long-term bank debt outstanding as of December 31, 2007 bears variable interest at margin over LIBOR. The calculation of variable rate interest payments is based on an actual weighted average rate of 6.06% for the year ended December 31, 2007, adjusted upward by 10 basis points for each year thereafter.

(2)

In the normal course of business, we have entered into long-term contracts with reputable suppliers such as government refineries or major oil producers. The contractual commitments set forth in the above table include the minimum purchase requirements in our contract with Aegean Oil. The minimum purchase

requirements provided for in our contract with Aegean Oil have been calculated by multiplying the minimum monthly volumes of marine fuel specified in the contract by an indicative market price based on quoted PLATTS prices as of December 31, 2007.

### **Critical Accounting Policies**

The discussion and analysis of our financial condition and results of operations is based upon our combined and consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of such financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe to be our most critical accounting policies, because they generally involve a comparatively higher degree of judgment in their application. For a description of all our significant accounting policies, see Note 2 to our combined and consolidated financial statements included herein.

#### ***Trade Receivables and Allowance for Doubtful Accounts***

We extend credit on an unsecured basis to many of our customers. There is uncertainty over the level of uncollectibility of customer accounts. Our management is responsible for approving credit limits above certain amounts, setting and maintaining credit standards, and managing the overall quality of our credit portfolio. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current credit worthiness. Accounts receivable are deemed past due based on contractual terms agreed with our customers.

We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience with our customers, current market and industry conditions of our customers, and any specific customer collection issues that we have identified. Accounts and notes receivable are reduced by an allowance for amounts that may become uncollectible in the future. At the end of each reporting period, we calculate an allowance for doubtful accounts based on an aging schedule where we apply set percentages to categories of overdue trade receivables (*i.e.*, 30 to 60 days, 60 to 90 days, etc.). These set percentages are based on historical experience and currently available management information on customer accounts. Furthermore, we provide appropriate allowances for any specific customer collection issue we identify which allowance is calculated on a case-by-base basis. Trade receivables are written off when it becomes apparent based upon age or customer circumstances that such amounts will not be collected.

We believe the level of our allowance for doubtful accounts is reasonable based on our experience and our analysis of the net realizable value of our trade receivables during each reporting period. The estimates driving the calculation of our allowance for doubtful accounts have not changed in the past periods and we do not expect these estimates to change in the foreseeable future because they have resulted and we believe that they will continue to result in accurate calculations of our allowance for doubtful accounts. We cannot guarantee that we will continue to experience the same credit loss rates that we have experienced in the past, since adverse changes in the marine industry or changes in the liquidity or financial position of our customers could have a material adverse effect on the collectability of our trade receivables and our future operating results. If credit losses exceed established allowances, our results of operations and financial condition may be adversely affected.

#### ***Depreciation***

We record the value of our vessels at their cost (which includes acquisition costs directly attributable to the vessel and expenditures made to prepare the vessel for its initial voyage) less accumulated depreciation. We depreciate our vessels on a straight-line basis over their estimated useful lives. Depreciation is based on cost less the estimated residual scrap value.

We estimate the useful lives for our bunkering tankers to be 30 years from date of initial delivery from the shipyard and for our Aframax tanker, to be 25 years from date of initial delivery from the shipyard. Furthermore, we estimate the useful life of our floating storage facilities to be 30 years from the date of acquisition. We estimate the residual





scrap values of our vessels to be \$175 per light-weight ton. We form these estimates based on our experience and the prevailing practices of other companies in the bunkering and shipping industries.

An increase in the estimated useful life of a tanker or in its estimated residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the estimated useful life of a tanker or in its estimated residual value would have the effect of increasing the annual depreciation charge. A 20% decrease in the remaining estimated useful lives of our vessels would increase our depreciation charge for the year ended December 31, 2007 by \$1.5 million.

Estimates may need to be changed if new regulations place limitations over the ability of a vessel to trade on a worldwide basis. This would cause us to adjust the vessel's useful life to end at the date such regulations become effective.

Our estimates of the useful lives of our vessels and of the residual scrap values of our vessels have not changed in the past periods. We do not expect these estimates to change in the foreseeable future because we believe they will continue to accurately represent the useful lives of tanker vessels and the long-term scrap values of steel.

### ***Impairment of Long-lived Assets***

We evaluate the carrying amounts of our long-lived assets to determine if events have occurred which would require modification to their carrying values. In evaluating useful lives and carrying values of long-lived assets, we review certain indicators of potential impairment, such as vessel sale and purchase prices in the marketplace, business plans and overall market conditions. If an indicator of impairment exists, we determine undiscounted projected net operating cash flow for each vessel or group of vessels and compare it to the relevant carrying value. In the event that undiscounted projected net operating cash flows were less than carrying value, we would estimate the fair value of the related asset and record a charge to operations calculated by comparing the asset's carrying value to the estimated fair value. When performing impairment assessments, management would generally consider vessel valuation reports obtained from third-party valuation specialists.

### ***Deferred Drydock Cost***

Our vessels are generally required to be drydocked approximately every 30 to 60 months for major repairs and maintenance that cannot be performed while the vessels are operating. We capitalize the costs associated with drydockings as they occur and amortize these costs on a straight-line basis over the period between drydockings. Costs capitalized as part of the drydocking include actual costs incurred at the drydock yard and parts used in making such repairs that are reasonably made in anticipation of reducing the duration or cost of the drydocking; cost of travel, lodging and subsistence of our personnel sent to the drydocking site to supervise; and the cost of hiring a third party to oversee a drydocking. We believe that these types of capitalized costs are consistent with practice among other companies in our industry that apply this method of accounting and that our policy of capitalization reflects the economics and market values of the vessels.

Although many companies in our industry apply this method of accounting for deferred drydock costs, some companies apply other methods of accounting, such as expensing drydock costs as incurred. If we were to adopt that method of accounting as our accounting policy, our drydock costs would have been as disclosed under the heading "As Incurred" in the table below, for the periods presented therein.

<u>Year Ended December 31,</u>	<u>Average Number of Tankers</u>		<u>Drydock costs</u>	
	<u>Bunkering</u>	<u>Non-bunkering</u>	<u>As Reported</u>	<u>As Incurred</u>
			<i>(in thousands of U.S. dollars)</i>	
2005	9.0	1.0	636	154
2006	11.1	1.3	1,684	10,637
2007	13.5	1.7	3,172	3,186

The table above discloses the average number of tankers that we have owned in each of the periods presented and the drydock costs that we have reported. In the future, depending on the date a newly-purchased secondhand vessel is drydocked prior to its delivery to us, we may pay drydocking costs and incur subsequent amortization expense of



these costs sooner after delivery than if the vessel had been owned by us throughout its life. This would increase our average drydocking expenses in periods immediately following the acquisition.

Following acquisition of vessels under newbuilding contracts, we would expect to first pay drydocking costs and incur subsequent amortization expense of these costs approximately 30 months after the delivery of the vessel from the shipyard. This would decrease our average drydocking expenses in periods immediately following the acquisition since we would have no such costs to amortize in respect of these vessels until they were first drydocked.

#### **G. Safe harbor**

Forward-looking information discussed in this Item 5 includes assumptions, expectations, projections, intentions and beliefs about future events. These statements are intended as "forward-looking statements." We caution that assumptions, expectations, projections, intentions and beliefs about future events may and often do vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements" in this report.

### **ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

#### **A. Directors and senior management**

Set forth below are the names, ages and positions of our current directors and executive officers. Our board of directors is elected annually on a staggered basis, and each director holds office until his successor has been duly elected, except in the event of his death, resignation, removal or the earlier termination of his office.

<b><u>Name</u></b>	<b><u>Age</u></b>	<b><u>Position</u></b>
Peter C. Georgiopoulos	47	Chairman of the Board, Class B Director
Spyridon Fokas	53	Class B Director, General Counsel and Corporate Secretary
E. Nikolas Tavlarios	45	President
John O. Hatab	64	Class A Director
Yiannis N. Papanicolaou	56	Class A Director
Abel L. Rasterhoff	67	Class C Director
John P. Tavlarios	46	Class B Director
Dimitris Melisanidis	57	Head of Corporate Development
Ziad Nakhleh	35	Treasurer and Chief Financial Officer
Gregory Robolakis	49	General Manager, Aegean Marine Petroleum S.A.
Nikolas Hondos	54	General Manager, Aegean Bunkering Services Inc.

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The business address of each of our executive officers and directors is 42 Hatzikyriakou Avenue, Piraeus 185 38 Athens, Greece.

Our board of directors is divided into three classes, as nearly equal in number as possible, with each director serving a three-year term and one class being elected at each year's annual meeting of shareholders. Class A Directors' term expires in 2010. Class B Directors' term expires in 2008. Class C Directors' term expires in 2009.

Certain biographical information about each of these individuals is set forth below.

*Peter C. Georgiopoulos* has been the Chairman of our board of directors since December 2006. Since 1997, Mr. Georgiopoulos has served as Chairman, President, Chief Executive Officer of General Maritime, a publicly-traded tanker company with shares listed on the New York Stock Exchange. Mr. Georgiopoulos is also Chairman of the Board of Genco Shipping & Trading Limited, a public drybulk shipping company whose shares are listed on the New York Stock Exchange, and a member of the Board of Directors of Atlantis Deepwater Technology Holding AS, a Norwegian offshore drilling technology company. From 1991 to 1997, Mr. Georgiopoulos was the principal of Maritime Equity Management, a vessel-owning and investment company which he founded in 1991.

Mr. Georgiopoulos is a member of the American Bureau of Shipping. Mr. Georgiopoulos holds a master's degree in business administration from the Tuck School of Business at Dartmouth College, and is a member of the Board of Overseers of the Tuck School.

*Spyridon Fokas* has been a member of our board of directors since June 2005. Mr. Fokas has also served as our General Counsel and as our Corporate Secretary since June 2005. Mr. Fokas currently is an attorney at S. Fokas – B. Koumbiadou Law Offices. Mr. Fokas has been practicing maritime law since 1982 and has represented our Company since 1998. Mr. Fokas is a member of the Greek Maritime Law Association and the Hellenic Society of Maritime Lawyers. Mr. Fokas holds a law degree from the University of Athens School of Law and has undertaken post-graduate studies in shipping law at the University College London.

*E. Nikolas Tavlarios* has served as our President since December 2006. From 2003 to 2006, Mr. Tavlarios served as Vice President of General Maritime Management LLC, a tanker operating subsidiary of General Maritime where he has overseen business development and maintained relationships with commercial representatives of major oil companies. From 2000 to 2003, Mr. Tavlarios was Vice President of Sales and Administration at Universal Services Group. From 1998 to 2000, Mr. Tavlarios served as Executive Director of Rockefeller Center for Tishman Speyer Properties. Prior to 1998, Mr. Tavlarios was a Surveyor for the American Bureau of Shipping. Mr. Tavlarios holds a bachelor's degree in marine transportation from State University of New York Maritime College and a master's degree in business administration from St. John's University. Mr. Tavlarios is the brother of John P. Tavlarios.

*John O. Hatab* has served as a member of our board of directors and as the chairman of the audit committee since December 2006. Mr. Hatab has also served as a member of the compensation committee since February 2007. He is a Principal of Gotham Capital Associates LLC. From 2001 to 2004, Mr. Hatab was Managing Partner of Business Development of the PricewaterhouseCoopers LLP Metro Region. From 1990 to 2001, Mr. Hatab was CEO of the PricewaterhouseCoopers LLP Metro Region tax services practice and served as Managing Partner of the firm's New York office tax practice. He previously served as Managing Partner of the Price Waterhouse LLP Washington, DC area tax services practices. Mr. Hatab serves as a director of General Maritime. Mr. Hatab also serves as a director of Papa John's International, Inc., an operator and franchisor of restaurants, which is also a publicly traded company with securities registered under the Securities Act of 1934. Mr. Hatab is a Certified Public Accountant and holds a bachelor's degree in business administration from Lehigh University and a master's degree in business administration from the Seton Hall University Graduate School of Business.

*Yiannis N. Papanicolaou* has served as a member of our board of directors and the chairman of the compensation committee and a member of the audit committee since December 2006. Since 2004, Mr. Papanicolaou has been an independent consultant to various companies. From 1998 to 2004, Mr. Papanicolaou has served as Director General of the International Center for Black Sea Studies and from 1997 to 2005 as Alternate Governor of Greece at the Black Sea Trade and Development Bank. Between 1989 and 1996, Mr. Papanicolaou was employed as an independent consultant to various companies. Prior to that, Mr. Papanicolaou had a career in government where he served, among other positions, as Chief Economic Advisor to the Prime Minister of Greece, Chairman of the Council of Economic Advisors to the Ministry of National Economy and Special Advisor to the Minister of Foreign Affairs of the Hellenic Republic. Mr. Papanicolaou has studied economics at the National University of Athens, the London School of Economics and the London Graduate School for Business Studies.

*Abel L. Rasterhoff* has served as a member of our board of directors and as the chairman of our nominating and corporate governance committee and a member of our audit committee since December 2006. Mr. Rasterhoff has also served as a member of the compensation committee since February 2007. Mr. Rasterhoff is also a director of Capital Product Partners, L.P., a company quoted on the Nasdaq Global Market, a member of the board of directors of Capital Maritime & Trading Corp., and President of the national Netherlands-England Society. From 2004 to 2005, Mr. Rasterhoff served on the supervisory board of Stichting Garantiefonds Reisgelden in the Netherlands and as an advisor to the TUI Nederland Pension Fund. Mr. Rasterhoff was a Member of the Executive Board and Chief Financial Officer of TUI Nederland, the largest Dutch tour operator, from 2001 to 2004 and from 1998 to 2000. He also served on the Executive Board of Connexxion, the government owned public transport company, on an interim basis for six months in 2001. From 1991 to 1997, Mr. Rasterhoff was a Director and Vice President, Finance and Planning, for Shell International Trading and Shipping Company Limited. During this period he also served as a Board Member of the Securities and Futures Authority (SFA) in London. In 1997, Mr. Rasterhoff retired after a 30-year career at various Royal Dutch Shell companies, where he was extensively involved in the shipping industry. From 1981 to 1984, Mr. Rasterhoff was Managing Director of Shell Tankers B.V., Vice Chairman and Chairman-elect of the Dutch Council of Shipping and a Member of the Dutch Government Advisory Committee on the North

Sea. Mr. Rasterhoff holds a graduate business degree in business economics from the University of Groningen in the Netherlands.

*John P. Tavlarios* has served as a member of our board of directors since December 2006. Mr. Tavlarios served as Executive Vice President of General Maritime from its inception in 1997 until January 2000, and President and Chief Operating Officer of General Maritime from May 2001 until December 31, 2002. Following an internal reorganization of General Maritime, which took effect at the close of business on December 31, 2002, he became Chief Executive Officer of its tanker operating subsidiary, General Maritime Management LLC. From 1995 to 1997, he was affiliated with Maritime Equity Management, a vessel-owning and investment company, where Mr. Tavlarios served as Director of Marine Operations. From 1992 to 1995, Mr. Tavlarios was President and founder of Halcyon Trading Company, a consulting firm specializing in international business development with a particular emphasis on the international oil industry. From 1984 to 1992, he was employed by Mobil Oil Corporation, spending most of his tenure in the Marine Operations and the Marketing and Refining divisions. Prior to 1984, Mr. Tavlarios was involved in his family's shipping business, assisting in marine operations. Mr. Tavlarios is a member of the American Bureau of Shipping, the Det Norske Veritas North American Committee, the Skuld board of directors, the Directors Committee and the North American Panel of INTERTANKO, the organization of independent tank owners and on the Board of Trustees of the Seaman's Church Institute. Mr. Tavlarios is also a director of General Maritime. Mr. Tavlarios holds a master's degree in business administration from St. John's University. Mr. Tavlarios is the brother of Mr. E. Nikolas Tavlarios.

*Dimitris Melisanidis* is our founder and has served as our Head of Corporate Development since December 2006. Prior to that Mr. Melisanidis was our President and Chief Executive Officer since June 2005, and served as a director and Chairman of our board of directors until July 2006. In 1995, Mr. Melisanidis founded and has since managed the group of companies that form our Company. Mr. Melisanidis has also been involved historically with our related companies and had a leadership role with respect to the promotion of their products and services. Mr. Melisanidis is a member of the Greek Committee of the classification society Bureau Veritas, the Committee on Petroleum Policy of the Hellenic Petroleum Marketing Companies Association and is involved in a number of other institutions, including the Hellenic-American Chamber of Commerce, the Propeller Club of The United States, the Union of European Shipowners with Cyprus Flag and The Yacht Club of Greece. Mr. Melisanidis is a founding member and President of the Athens Club of Black Sea and a Vice President of the World Fraternity for Hellenism and Orthodoxy as well as the Association for Greek-American Friendship. From 1992 to 1995, Mr. Melisanidis was the co-owner and served as President and Managing Director of soccer club AEK Athens.

*Ziad Nakhleh* has been our Treasurer and Chief Financial Officer since January 2005 and served as a member of our board of directors from June 2005 to December 2006. Prior to joining us, Mr. Nakhleh worked as an external audit manager at Ernst & Young from October 2002 to December 2004. From January 2000 to September 2002, Mr. Nakhleh was employed at Arthur Andersen as an audit manager. Prior to that, Mr. Nakhleh worked as a financial officer at a private international company. Mr. Nakhleh is a member of the American Institute of Certified Public Accountants and holds a bachelor's degree in Accounting from the University of Richmond.

*Gregory Robolakis* has been the General Manager of our subsidiary Aegean Marine Petroleum S.A. from June 2005 and served as a member of our board of directors from July 2006 to December 2006. In 1998, Mr. Robolakis joined our subsidiary, AMP, and served as lubricants and claim manager and from 2001 to 2005 as Chief Operating Officer and Sales and Marketing Director. From 1994 to 1998, Mr. Robolakis worked at Agip Petroli SpA as Director of Marine Sales. He began his career at Shell Company (Hellas) Ltd. where he was employed in the sales and marketing department from 1988 to 1994. Mr. Robolakis holds a bachelor's degree and a master's degree in chemical engineering from the City University of New York.

*Nikolas Hondos* has been the General Manager of our subsidiary Aegean Bunkering Services Inc. from January 2007 and is responsible for the operations of our bunkering tanker fleet. Prior to joining our Company, Mr. Hondos served as Chief Executive Officer of tanker operators Athenian Sea Carriers Ltd, a position he held since 1999. From 1994 to 1999 Mr. Hondos was Director of Business Development at American Bureau of Shipping Marine Services, in charge of Europe and Middle East. Prior to this engagement, Mr. Hondos was a Production Manager at NEORION Shipyards (Syros Island) in Greece

### ***Framework Agreement***

On July 19, 2006, Leveret and AMPNInvest, entered into a Framework Agreement which, as amended, affects our management and governance. Pursuant to the Framework Agreement, Leveret and AMPNInvest agreed to identify, mutually agree and elect seven members to serve on our board of directors effective upon the closing of the initial

public offering. Under the Framework Agreement, the majority of the members of our board of directors are required to meet the independence standards established by the New York Stock Exchange. Leveret and AMPNInvest agreed that Mr. Georgiopoulos would serve as the Chairman of our board and Mr. Melisanidis would refrain from serving on our board of directors during the term of the Framework Agreement. Leveret and AMPNInvest also agreed that AMPNInvest would name the chairs of our audit committee and our nominating and corporate governance committee and propose and agree with Leveret on the identities of our executive officers and that Leveret and AMPNInvest would cause our board of directors to appoint such officers. The Framework Agreement also provides that Leveret and AMPNInvest will vote in favor of our board, including the independent directors, and the nominees of our board for the duration of the Framework Agreement. The Framework Agreement further provides that during its term, Leveret and AMPNInvest will vote on all matters in accordance with our board's recommendations and will cause our board of directors to appoint independent members to our board committees. Leveret and AMPNInvest have also agreed to approve an equity incentive plan covering our directors, officers, employees and consultants and to cause our Company to enter into an employment or a consulting agreement with Mr. Melisanidis.

The Framework Agreement provides that it shall remain in effect so long as Mr. Georgiopoulos or his successor designated by AMPNInvest serves on our board of directors and AMPNInvest or Mr. Georgiopoulos owns at least 1% of then issued and outstanding shares of our common stock. The Framework Agreement expires in December 2011, on the fifth anniversary of the completion of the initial public offering, unless terminated earlier pursuant to its provisions. In August 2007, AMPNInvest was dissolved and the shares of our common stock held by AMPNInvest were distributed to Messrs. Georgiopoulos and John Tavlarios, respectively. Messrs. Georgiopoulos and John Tavlarios are the successors-in-interest to AMPNInvest under the Framework Agreement.

## **B. Compensation**

The aggregate annual compensation paid to our executive officers was \$1.6 million for the year ended December 31, 2007. Furthermore, we paid \$0.3 million to our non-executive directors during the year ended December 31, 2007. In addition, each director is reimbursed for out-of-pocket expenses incurred attending any meeting of the board of directors or any committee of the board of directors. We do not maintain a medical, dental or retirement plan for our directors. Officers who also serve as directors do not receive additional compensation for their services as directors.

## **C. Board Practices**

### ***Committees of the Board of Directors***

The standing committees of our board of directors consist of an audit committee, a compensation committee and a nominating and corporate governance committee. Each of our standing committees is comprised of independent members of our board of directors. In addition, special committees may be established under the direction of the board of directors when necessary to address specific issues.

#### *Audit Committee*

Our audit committee is comprised of three independent members of our board of directors. The committee is responsible for, among other things, making recommendations concerning the engagement of our independent public accountants, reviewing with the independent public accountants the plans and results of the audit engagement, approving professional services provided by the independent public accountants, reviewing the independence of the independent public accountants, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. Our audit committee is comprised of Messrs. Hatab, Rasterhoff and Papanicolaou. Mr. Hatab serves as the chairman of the audit committee.

#### *Compensation Committee*

Our compensation committee is comprised of three independent members of our board of directors. The committee is responsible for determining compensation for our executive officers and other employees and administering our compensation programs. Our compensation committee is comprised of Messrs. Papanicolaou, Hatab and Rasterhoff. Mr. Papanicolaou serves as the chairman of the compensation committee.

#### *Nominating and Corporate Governance Committee*

Our nominating and corporate governance committee is comprised of two independent members of our board of directors. The committee is responsible for identifying and recommending qualified candidates for board membership to the board of directors. Our

nominating and corporate governance committee is comprised of



Messrs. Rasterhoff and Hatab. Mr. Rasterhoff serves as the chairman of the nominating and corporate governance committee.

### **Exemptions from NYSE corporate governance rules**

Pursuant to an exception for foreign private issuers, we, as a Marshall Islands company, are not required to comply with the corporate governance practices followed by U.S. companies under the NYSE listing standards. We believe that our established practices in the area of corporate governance are in line with the spirit of the NYSE standards and provide adequate protection to our shareholders. In fact, we have voluntarily adopted NYSE required practices, such as (a) having a majority of independent directors, (b) establishing audit, compensation and nominating committees and (c) adopting a Code of Ethics.

There are two significant differences between our corporate governance practices and the practices required by the NYSE. The NYSE requires that non-management directors meet regularly in executive sessions without management. The NYSE also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law and our bylaws, our non-management directors do not regularly hold executive sessions without management and we do not expect them to do so in the future. The NYSE requires companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

### **D. Employees**

As of December 31, 2007, we had approximately 530 employees, including approximately 144 shoreside personnel, and approximately 386 shipboard personnel employed on our vessels. Our Greek shoreside employees are subject to Greek national collective bargaining agreements, which set minimum standards of their employment. Our Greek shipboard personnel is also subject to these standards. Our Filipino crew members are also subject to a collective bargaining agreement with the Philippine Government that sets their minimum standards of employment. We consider our employee relations to be satisfactory.

Our full-time Greek shoreside employees are covered by state-sponsored pension funds for which we are required to contribute a portion of the monthly salary of these employees. Upon retirement of these employees, the state-sponsored pension funds are responsible for paying the employee's retirement benefits and we have no obligation to pay these benefits. Our crew members are employed under short-term contracts and we are not liable for any of their pension or post-retirement benefits.

### **E. Share ownership**

The common shares beneficially owned by our directors and senior managers are disclosed in "Item 7. Major Shareholders and Related Party Transactions" below.

### **Equity Incentive Plan**

We have adopted an equity incentive plan, which we refer to as the Plan, under which our officers, key employees and directors may be eligible to receive options to acquire shares of common stock. We have reserved a total of 4,053,500 shares of common stock for issuance under the Plan. The compensation committee of our board of directors administers the Plan. Under the terms of the Plan, the compensation committee of may grant new options exercisable at a price per common share to be determined by our board of directors but in no event less than fair market value as of the date of grant. The Plan also permits our compensation committee to award restricted stock, restricted stock units, non-qualified stock options, stock appreciation rights, dividend equivalent rights, unrestricted stock, and performance shares. The Plan expires in December 2016, or ten years from the completion of our initial public offering. As of December 31, 2007, we granted an aggregate of 255,910 restricted shares pursuant to the Plan to certain of our employees, executive officers and directors.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

### A. Major shareholders.

The following table presents certain information regarding (1) the beneficial owner of more than 5% of the shares of common stock and (2) the total amount of common stock beneficially owned by all of our directors and executive officers, other than Messrs. Melisanidis, Georgiopoulos and John Tavlarios, as a group in each case as of April 1, 2008.

<u>Name</u>	<u>Number</u>	<u>Percentage</u>
Leveret International Inc. (1)	15,088,031	35.3%
Peter C. Georgiopoulos	4,205,250	9.9%
Trafelet Capital Management, L.P. (2)	3,781,100	8.9%
John P. Tavlarios (3)	1,119,444	2.6%
Other directors and executive officers as a group	*	*

\* Less than 1%

- (1) Leveret International Inc. is controlled by Mr. Melisanidis.
- (2) The beneficial ownership is based on latest available filing on Schedule 13G made or other relevant filings made with the U.S. Securities and Exchange Commission.
- (3) John P. Tavlarios owns 1,119,444 shares with his wife as joint tenants.

Our principal shareholders will have the same voting rights as other holders of our shares of common stock.

As of April 1, 2008, there were 10 record holders in the United States holding approximately 64.3% of the issued and outstanding shares of our common stock.

### B. Related party transactions.

#### *Aegean Oil S.A.*

*Marine Fuel Supply Service Agreement.* On April 1, 2005, we entered into a new marine fuel supply service agreement with Aegean Oil, a related company owned and controlled by members of Mr. Melisanidis' family. Mr. Melisanidis may also be deemed a control person of Aegean Oil for United States securities law purposes, but Mr. Melisanidis disclaims such control. Aegean Oil is engaged in the downstream gasoline market in Greece and is licensed as a trader and physical supplier of marine petroleum products in Greece. Aegean Oil is managed by a full-time executive team and has no common management with us. Under the terms of this agreement, Aegean Oil sells and delivers marine petroleum products to our customers within Greek territorial waters. We must purchase and Aegean Oil must sell to us a minimum quantity of marine petroleum products but neither party is required to transact for more than a maximum quantity. Aegean Oil sells the marine petroleum products at an amount equal to its purchase costs from select Greek refineries plus a margin that is reviewed and negotiated with us annually. Payments are made within 30 calendar days from the date of receipt of the invoices, with a penalty of 10% imposed on late payments. Under this agreement, we are required to provide security by way of a standby letter of credit or other mutually acceptable guarantee in relation to any outstanding balance. This agreement terminates on March 31, 2015 unless any of the following situations occur prior to the termination date: (i) Aegean Oil's petroleum trading license terminates or is revoked by the Greek authorities, in which case Aegean Oil may elect to terminate the agreement (ii) upon the breach by any party in the performance of any of its obligations, as defined in the agreement, in which case the non-breaching party may elect to terminate the agreement, or (iii) upon the liquidation or bankruptcy of any party, in which case the agreement terminates automatically. We have a unilateral right to terminate the agreement by serving 12 months written notice upon our decision to cease supply activities in the territory.

Prior to entering into the new marine fuel supply service agreement, we were a party to a bunkering supply and representation agreement with Aegean Oil, which we entered into on December 30, 1999, as amended on September 25, 2000. Pursuant to the bunkering supply and representation agreement, Aegean Oil sold and delivered

marine petroleum products to our customers within Greek territorial waters. Under the terms of the agreement, we paid Aegean Oil an amount equal to its purchase costs of marine petroleum products from select Greek refineries plus a margin which was reviewed and negotiated monthly. During the years ended December 31, 2005, 2006 and 2007 we purchased marine petroleum products from Aegean Oil in the amount of \$99.4 million, \$155.0 million and \$159.9 million, respectively.

*License Agreement.* On December 8, 2006, we have entered into a trademark license agreement with Aegean Oil pursuant to which Aegean Oil granted us a non-transferable, non-exclusive, perpetual (subject to termination for material breach), world-wide, royalty-free right and license to use certain trademarks related to the Aegean logo and "Aegean Marine Petroleum" in connection with marine fuel supply services.

#### ***Aegean Shipping Management S.A. and certain vessel-owning companies***

We conduct transactions with Aegean Shipping Management and certain vessel-owning companies, or collectively Aegean Shipping, which are related companies owned and controlled by members of Mr. Melisanidis' family. Mr. Melisanidis may also be deemed a control person of Aegean Shipping for United States securities law purposes, but Mr. Melisanidis disclaims such control. Aegean Shipping is the owner and operator of an international shipping fleet including Aframax and Panamax product tankers which are chartered out in the international spot markets. Aegean Shipping is managed by a full-time executive team and has no common management with us. Our material transactions with Aegean Shipping are as follows:

*Management of Vessels.* Prior to January 1, 2004, Aegean Shipping provided us with a wide range of shipping services such as technical support and maintenance, insurance arrangement and handling, financial and accounting services, in exchange for a management fee. Effective January 1, 2004, our subsidiary, Aegean Bunkering Services Inc. assumed the role of fleet manager for all of our bunkering tankers. However, Aegean Shipping had managed our Aframax tanker prior to its sale. We incurred management fees which for the years ended December 31, 2005, 2006 and 2007 amounted to \$0.2 million, \$0.2 million and \$0.1 million, respectively.

*Charter of Vessels.* We charter certain vessels from Aegean Shipping in order to satisfy increased levels of demand for our services at a time when our own vessels are operating at full capacity, or for special situations such as service of U.S. naval vessels in Greece. Vessel hire charges paid to Aegean Shipping for the year ended December 31, 2005 amounted to \$0.5 million. We did not incur any vessel hire charges for the years ended December 31, 2006 and 2007.

*Sale of Marine Petroleum Products.* Aegean Shipping purchases marine fuel and lubricants from us. Our sales of marine petroleum products to Aegean Shipping for the years ended December 31, 2005, 2006 and 2007 amounted to \$8.2 million, \$13.1 million and \$13.5 million, respectively.

*Purchases and Sales of Secondhand Bunkering Tankers.* On December 20, 2005, we purchased a secondhand double hull bunkering tanker with a cargo-carrying capacity of 11,538 dwt, Aegean Pride I, from Aegean Shipping for the price of \$6.7 million which was paid in full. The price included Aegean Shipping's initial purchase price of the vessel from an unrelated third party plus additional costs incurred by Aegean Shipping to convert the vessel into a bunkering tanker.

On January 17, 2006, the date of delivery of a newly-purchased secondhand double hull bunkering tanker with a cargo-carrying capacity of 11,538 dwt, Omega Af Donso, we sold this vessel to Aegean Shipping for its purchase price of \$6.2 million. On May 5, 2006, the date of delivery of a newly-purchased secondhand double hull bunkering tanker with a cargo-carrying capacity of 14,329 dwt, the Trapper, we sold this vessel to Aegean Shipping for its purchase price of \$6.7 million. We did not recognize any gain or loss on the sale of these two bunkering tankers to Aegean Shipping.

#### ***Golden Sun Marine Corp.***

Prior to June 1, 2005, we conducted business with Golden Sun Marine Corp., or Golden Sun, a related company owned in part and controlled by Mr. Melisanidis. Golden Sun, acting as a trader, sold marine petroleum products to us, which for the year ended December 31, 2005 amounted to \$5.2 million. Effective June 1, 2005, we ceased purchasing marine petroleum products from Golden Sun.

#### ***Leveret International Inc. and AMPNInvest LLC***

*Short Term Financing Agreements.* We have entered into 14 short-term financing agreements with Leveret dated July 25, 2006, March 23, 2006, March 13, 2006, February 10, 2006, December 19, 2005, December 13, 2005,



December 12, 2005, November 28, 2005, November 25, 2005, October 10, 2005, October 7, 2005, July 1, 2005, June 10, 2005 and June 6, 2005 for \$5.0 million, \$4.7 million, \$0.43 million, \$0.67 million, \$6.7 million, \$0.8 million, \$1.7 million, \$0.26 million, \$4.1 million, \$2.4 million, \$0.6 million, \$4.0 million, \$0.8 million and \$5.9 million, respectively. We entered into these agreements mainly to (i) partially finance the construction costs of our new bunkering tankers and specialty tankers, (ii) to finance the acquisition costs associated with certain secondhand bunkering tankers, and (iii) to finance working capital requirements. These loans were unsecured, bear no interest and were payable upon demand. On December 18, 2006, the then-outstanding cumulative balance under these facilities was fully repaid and the agreements were terminated.

*Stock Purchase Agreements.* On October 3, 2005, we entered into a stock purchase agreement with Leveret for the acquisition from Leveret of 80 shares of our common stock, constituting 8% of our then-issued and outstanding capital stock, representing the beneficial interest of the siblings of Mr. Melisanidis, and enabling Leveret to repurchase 8% of Leveret's issued and outstanding capital stock from Grady Properties Corp., a company owned by the siblings of Mr. Melisanidis. We paid Leveret \$35.0 million in consideration for the 80 shares of our common stock.

*Registration Rights Agreement.* On December 13, 2006, we entered into a registration rights agreement with Leveret and AMPNInvest, our then-existing shareholders, pursuant to which we granted Leveret and AMPNInvest, and certain of its transferees, the right, under certain circumstances and subject to certain restrictions, including restrictions included in the lock-up agreements, to require us an aggregate of three times to register under the Securities Act shares of our common stock held by Leveret and Messrs. Georgiopoulos and Tavlarios, AMPNInvest's successor-in-interest. Under the registration rights agreement, Leveret and Messrs. Georgiopoulos and Tavlarios have the right to request us an aggregate of three times to register the sale of shares held by each of them on their behalf and may require us to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, Leveret and Messrs. Georgiopoulos and Tavlarios have the ability to exercise certain piggyback registration rights. All expenses relating to registration will be borne by the Company. Currently, Leveret owns 15,088,031 shares and Messrs. Georgiopoulos and John Tavlarios own respectively 4,205,250 and 1,119,444 shares entitled to these registration rights.

#### ***Other Related Parties***

*Sale of Marine Petroleum Products to General Maritime Corporation.* General Maritime Corporation, or General Maritime, a tanker company, purchases marine fuel and lubricants from us. Mr. Georgiopoulos, our Chairman of the Board and shareholder, serves as Chairman of the Board, President, Chief Executive Officer of General Maritime, Mr. Tavlarios, our director and shareholder, is a member of the board of directors of General Maritime and Mr. Hatab, our director, is a member of the board of directors of General Maritime. Our sales of marine petroleum products to General Maritime for the years ended December 31, 2006 and 2007 amounted to \$1.7 million and \$1.2 million, respectively.

*Office Lease.* We lease an office at 299 Park Avenue, New York, New York 10171, from General Maritime. Our lease currently expires on December 31, 2008. We pay an average monthly rental, which includes services that General Maritime provides for us, of approximately \$2,000.

*Legal Services.* We have retained Mr. Spyridon Fokas, our director, general counsel and corporate secretary to provide legal services from time to time. The legal services rendered by Mr. Fokas's firm included advice on general corporate formation matters as well as ship and corporate financings.

*Restricted Share Grant.* In connection with the retirement of Apostolos Tsitsirakis from our board of directors in November 2007, Mr. Tsitsirakis was awarded 2,600 shares of our common stock and 7,400 restricted shares previously granted under the Plan were immediately vested.

#### **C. Interests of experts and counsel.**

Not applicable.

## ITEM 8. FINANCIAL INFORMATION

### A. Consolidated Statements and Other Financial Information

See Item 18.

#### *Dividend Distribution Policy*

Our policy is to pay regular cash dividends on a quarterly basis on shares of our common stock so long as we have sufficient capital or earnings to do so. While we cannot assure you that we will do so, and subject to, among other things, legal requirements, our ability to obtain financing on terms acceptable to us and our ability to satisfy financial covenants contained in our financing arrangements, we paid dividends of \$0.01 per share in March, June, September and December 2007 for the fourth quarter of 2006 and the first, second and third quarters of 2007, respectively. We anticipate retaining most of our future earnings, if any, for use in our operations and the expansion of our business. Any further determination as to dividend policy will be made by our board of directors and will depend on a number of factors, including the requirements of Marshall Islands law, our future earnings, capital requirements, financial condition and future prospects and such other factors as our board of directors may deem relevant.

Marshall Islands law generally prohibits the payment of dividends other than from surplus, when a company is insolvent or if the payment of the dividend would render the company insolvent.

In addition, we may incur expenses or liabilities, including extraordinary expenses, which could include costs of claims and related litigation expenses, or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends or for which our board of directors may determine requires the establishment of reserves. Our board of directors may determine to finance our growth with cash from operations, which would reduce or even eliminate the amount of cash available for the payment of dividends.

Our ability to pay dividends is also subject to our ability to satisfy financial covenants contained in our financing arrangements. Under our senior secured credit facility we are prohibited from paying dividends if, among other things, (i) an event of default has occurred or will occur as a result of the payment of the dividend; (ii) our book net worth is less than \$150.0 million; (iii) our ratio of total liabilities to total assets exceeds 0.65-to-one; or (iv) we fail to maintain free liquidity of \$25.0 million in an account at our lender's bank.

### B. Significant Changes.

Not applicable.

## ITEM 9. THE OFFER AND THE LISTING

### A. Offer and Listing Details.

Shares of our common stock commenced trading on the New York Stock Exchange on December 8, 2006 under the symbol "ANW".

The high and low market prices of shares of our common stock on the New York Stock Exchange since December 8, 2006 are as follows:

	<b>For the Period</b>	<b>Low</b>	<b>High</b>
	December 8 to December 31, 2006	\$ 14.53	\$ 17.44
	Year ended December 31, 2007	\$ 13.70	\$ 48.63
	First Quarter 2007	\$ 13.70	\$ 17.70
	Second Quarter 2007	\$ 14.97	\$ 19.89
	Third Quarter 2007	\$ 17.96	\$ 37.00
	Fourth Quarter 2007	\$ 32.87	\$ 48.63
	First Quarter 2008	\$ 22.23	\$ 40.18
	October 2007	\$ 33.75	\$ 48.63
	November 2007	\$ 32.87	\$ 43.98

December 2007	\$	34.45	\$	43.90
January 2008	\$	22.23	\$	40.18
February 2008	\$	27.08	\$	35.81
March 2008	\$	27.00	\$	36.00



**B. Plan of Distribution**

Not applicable

**C. Markets.**

Shares of our common stock are trading on the New York Stock Exchange on under the symbol "ANW".

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share capital.**

Not applicable.

**B. Memorandum and Articles of Association.**

Our amended and restated articles of incorporation and bylaws have been filed as exhibits 3.1 and 3.2, respectively, to the Registration Statement on Form F-1 (Registration No. 333-129768). Information regarding the rights, preferences and restrictions attaching to each class of our common shares is described in section "Description of Capital Stock" in our Registration Statement and is incorporated by reference herein.

**C. Material contracts.**

As of December 31, 2007, we had debt obligations under our credit facilities. We refer you to the discussion in the section of this report entitled "Operating and Financial Review and Prospects—Liquidity and capital resources—Credit Facilities" for a description of our credit facilities. Other than our credit facilities, there were no material contracts, other than contracts entered into in the ordinary course of business, to which the Company was a party during the two year period immediately preceding the date of this report.

**D. Exchange controls.**

Under Marshall Islands, Greek law and the law of jurisdictions where our service centers and marketing offices are located, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that materially affect the remittance of dividends, interest or other payments to non-resident holders of our common stock.

**E. Taxation.**

The following is a discussion of the material Greek, Marshall Islands, Liberian and United States federal income tax consequences of beneficially owning our common shares to a U.S. Holder or a Non-U.S. Holder, as each term is defined below. This discussion does not purport to deal with the tax consequences of owning common shares to all categories of investors, some of which, such as dealers in securities, investors whose functional currency is not the United States dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of our common shares, may be subject to special rules. This discussion deals only with holders who hold the common shares as a capital asset. Moreover, this discussion is based upon laws, regulations and other authorities in effect as of the date of this filing, all of which are subject to change, possibly with retroactive effect. You are



encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under United States federal, state, local or foreign law of the ownership of common shares.

### **Greek Tax Considerations**

AMP has established an office in Greece which provides services to AMP and AMP's office in Cyprus. Under the laws of Greece, and in particular under Greek Law 3427/2005 which amended, replaced and supplemented provisions of Law 89/1967, which expired on December 31, 2005, the income of AMP's Greek office is calculated on a cost plus basis on expenses incurred by that office. The Greek Ministry of Economy and Finance has determined that the profit margin applicable to AMP is 5%. This determination is subject to periodic review. AMP's income, as calculated by applying the 5% profit margin, is subject to Greek corporate income tax at the rate of 29% for fiscal year 2006 and 25% for fiscal years after 2007. All expenses to which the profit percentage applies are deducted from gross income for Greek corporate income tax purposes. Accordingly, under Greek Law 3427/2005, as currently applied to us, we expect that AMP will continue to have no liability for any material amount of Greek income tax.

### **Marshall Islands Tax Considerations**

In the opinion of Reeder & Simpson P.C., our Marshall Islands counsel, the following are the material Marshall Islands tax consequences of our activities to us and to our shareholders of ownership of our common shares. We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax or income tax will be imposed upon payments of dividends by us to our shareholders or proceeds from the disposition of common shares, provided such shareholders are not residents in the Marshall Islands. There is no tax treaty between the United States and the Republic of the Marshall Islands.

### **Liberian Tax Considerations**

The Republic of Liberia enacted a revised income tax act effective as of January 1, 2001, or the New Act. In contrast to the income tax law previously in effect since 1977, or the Prior Law, which the New Act repealed in its entirety, the New Act does not distinguish between the taxation of a non-resident Liberian corporation, such as our Liberian subsidiary, AMP, which conducts no business in Liberia and was wholly exempted from tax under the Prior Law, and the taxation of ordinary resident Liberian corporations.

In 2004, the Liberian Ministry of Finance issued regulations pursuant to which a non-resident domestic corporation, such as our Liberian subsidiary, AMP, will not be subject to tax under the New Act retroactive to January 1, 2001, or the New Regulations. In addition, the Liberian Ministry of Justice issued an opinion that the New Regulations were a valid exercise of the regulatory authority of the Ministry of Finance. Therefore, assuming that the New Regulations are valid, our Liberian subsidiary, AMP, will be wholly exempt from Liberian income tax as under the Prior Law.

### **United States Federal Income Tax Considerations**

In the opinion of Seward & Kissel LLP, our United States counsel, the following are the material United States federal income tax consequences to us of our activities and to U.S. Holders and Non-U.S. Holders, as defined below, of investing in our common shares. The following discussion of United States federal income tax matters is based on the United States Internal Revenue Code of 1986, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States Department of the Treasury, all of which are subject to change, possibly with retroactive effect. References in the following discussion to "we" and "us" are to Aegean Marine Petroleum Network Inc. and its subsidiaries on a consolidated basis.

### **United States Federal Income Taxation of Our Company**

A foreign corporation is subject to United States federal income tax on a net basis only if it is engaged in a trade or business in the United States. A foreign corporation which is engaged in a trade or business in the United States will be subject to corporate income tax and branch profits tax at a combined rate of up to 54.5% on its income which is effectively connected with its United States trade or business, or Effectively Connected Income.

Income from the sale of inventory property outside the United States by a foreign corporation will be treated as Effectively Connected Income if the corporation has a fixed place of business in the United States to which such income is attributable, unless (1) the property is sold for use, consumption or disposition outside the United States, and (2) the taxpayer has a fixed place of business in a foreign country which materially participates in the sale.



While we have a place of business in the United States, we believe that none of our income would be treated as Effectively Connected Income under the rules discussed above. Specifically, we anticipate that (1) all of our sales of petroleum products will occur outside the United States; (2) such products will be sold for use, consumption or disposition outside the United States, and (3) one of our foreign offices will materially participate in such sales. Therefore, we anticipate that none of our income will be subject to United States federal income tax on a net basis.

If any portion of our income is treated as Effectively Connected, then such income will be subject to corporate income tax and branch profits tax at a combined rate of 54.5%.

### **United States Federal Income Taxation of U.S. Holders**

As used herein, the term "U.S. Holder" means a beneficial owner of common shares that is a United States citizen or resident, United States partnership or other United States entity treated as a partnership, United States corporation or other United States entity taxable as a corporation, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership holds our common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common shares, you are encouraged to consult your tax advisor.

### ***Distributions***

Subject to the discussion under the heading "Passive Foreign Investment Company," any distributions made by us with respect to our common shares to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or "qualified dividend income" as described in more detail below, to the extent of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of our earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in our common shares on a dollar-for-dollar basis and thereafter as capital gain. Because we are not a United States corporation, U.S. Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common shares will generally be treated as "passive category income" or, in the case of certain types of U.S. Holders, "general category income", for purposes of computing allowable foreign tax credits for United States foreign tax credit purposes.

Dividends paid on our common shares to a U.S. Holder who is an individual, trust or estate, or a U.S. Individual Holder, will generally be treated as "qualified dividend income" that is taxable to such U.S. Individual Holders at preferential tax rates (through 2010) provided that (1) the common shares are readily tradable on an established securities market in the United States (such as the New York Stock Exchange on which our common shares are traded); (2) we are not a passive foreign investment company for the taxable year during which the dividend is paid or the immediately preceding taxable year (which we do not believe we are, have been or will be); (3) the U.S. Individual Holder has owned the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. There is no assurance that any dividends paid on our common shares will be eligible for these preferential rates in the hands of a U.S. Individual Holder. Any dividends paid by us that are not eligible for these preferential rates (including dividends paid to U.S. Holders other than U.S. Individual Holders) will be taxed as ordinary income. Legislation has recently been introduced in the U.S. Congress which, if enacted in its present form, would preclude dividends received on our common shares after the date of enactment from qualifying for such preferential rates.

Special rules may apply to any "extraordinary dividend," generally a dividend in an amount which is equal to or in excess of ten percent of a shareholder's adjusted basis (or fair market value in certain circumstances) in a common share. If we pay an "extraordinary dividend" on our common shares that is treated as "qualified dividend income," then any loss derived by a U.S. Individual Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

### ***Sale, Exchange or Other Disposition of Common Shares***

A U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale,



exchange or other disposition and the U.S. Holder's tax basis in such stock. Subject to the discussion under the heading "Passive Foreign Investment Company," such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

### ***Passive Foreign Investment Company***

A foreign corporation will be treated as a "passive foreign investment company," or a PFIC, for U.S. federal income tax purposes, if 75% or more of its gross income consists of certain types of passive income or 50% or more of its assets produce or are held for the production of passive income. If a corporation owns at least 25% by value of the shares of another corporation, it is treated for purposes of these tests as owning a proportionate share of the assets of the other corporation and as receiving directly a proportionate share of the other corporation's income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. We presently believe that we are not, a PFIC and do not anticipate becoming a PFIC. This is, however, a factual determination made on an annual basis based on our income, assets and market capitalization, among other factors, and is subject to change. If we are classified as a PFIC, a U.S. Holder of our common shares could be subject to increased tax liability upon the sale or other disposition of our common shares or upon the receipt of amounts treated as "excess distributions."

The effect of the PFIC rules on a U.S. Holder may be mitigated if the U.S. Holder makes a valid and timely election. Results may be avoided if a "mark-to-market" election or "qualified electing fund" election. We will notify U.S. Holders in the event we conclude that we will be treated as a PFIC for any taxable year. U.S. Holders are encouraged to consult their tax advisors regarding the application of the PFIC rules, including eligibility for and the manner and advisability of making certain elections with respect to our PFIC status.

### **United States Federal Income Taxation of "Non-U.S. Holders"**

A beneficial owner of common shares that is not a U.S. Holder is referred to herein as a "Non-U.S. Holder."

#### ***Dividends on Common shares***

Non-U.S. Holders generally will not be subject to United States federal income tax or withholding tax on dividends received from us with respect to our common shares, unless such dividend is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of a United States income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States or, in the case of an individual, such income is attributable to a fixed place of business in the United States.

#### ***Sale, Exchange or Other Disposition of Common Shares***

Non-U.S. Holders generally will not be subject to United States federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our common shares, unless:

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met; or
- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. If the Non-U.S. Holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

If the Non-U.S. Holder is engaged in a United States trade or business for United States federal income tax purposes, the income from the common shares, including dividends and the gain from the sale, exchange or other disposition of the common shares that is effectively connected with the conduct of that trade or business will generally be subject to regular United States federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, earnings and profits of a corporate Non-U.S. Holder that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.





**F. Dividends and paying agents.**

Not applicable.

**G. Statement by experts.**

Not applicable.

**H. Documents on display.**

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements we file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, may be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330, and you may obtain copies at prescribed rates from the Public Reference Section of the Commission at its principal office in Washington, D.C. 20549. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information that we and other registrants have filed electronically with the SEC. Our filings are also available on our website at [www.ampni.com](http://www.ampni.com).

Shareholders may also request a copy of our filings at no cost, by writing or telephoning us at the following address:

Aegean Marine Petroleum Network Inc.  
42 Hatzikyriakou Avenue  
Piraeus 185 38 Athens  
Greece  
Telephone: 011 30 210 458-6200

**I. Subsidiary Information**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

***Price Risk***

Our price risk has been minimal because we have generally purchased inventory for which we have already had a binding sales contract in place. We generally do not fix future prices for delivery of fuel in excess of one week and our suppliers generally use average PLATTS pricing in their calculation of cost prices to us. Accordingly, our exposure to price risk has covered a period of only a few days. In Gibraltar and the UAE, we own floating storage facilities and we currently import and store cargos of marine fuel prior to resale to customers. Accordingly, in Gibraltar and the UAE, we purchased fuel before entering into a binding sales contract with a customer. We believe that our exposure to price risk in these locations covers a period of one to two weeks. In view of our minimal price risk, we have not entered into derivative contracts, swaps or futures to mitigate the risk of market price fluctuations in marine fuel. Our policy is to not use fuel related derivative financial instruments for speculative purposes.

In the future, we may enter into long-term fixed price sales commitments, which fix the prices of future fuel sales. Furthermore, we may use cargo storage in our other service centers, such as Ghana and the United Kingdom or we might import larger cargos of fuel for storage, which would increase our oil price risk. Furthermore, in the future, we might execute cargo trading transactions to arbitrage the price of marine fuel, which method would increase our oil price risk. Finally, we may enter into derivative contracts in the forms of swaps or futures in order to mitigate the risk of market price fluctuations in marine fuel.

***Interest Rate Risk***

Historically, we have been subject to market risks relating to changes in interest rates because we have had significant amounts of floating rate long-term debt and short-term borrowings outstanding. During the year ended December 31, 2007, we paid interest on this debt based on LIBOR plus an average spread of 1.21% on our bank loans. A one percent increase in LIBOR would have increased

our interest expense for the year ended December 31, 2007 from \$4.0 million to \$5.0 million. We have considerable exposure to interest rate changes because we expect to have long-term bank debt outstanding in order to partially finance the construction of our bunkering and specialty

tankers as well as short-term borrowings outstanding in the form of a line of credit under our new senior secured credit facility for working capital purposes which will be used to cover any periodic working capital requirements. We expect to repay these borrowings on a periodic basis using cash flows from operations.

At any time and from time to time, we may enter into derivative contracts, including interest rate swaps, to hedge a portion of our exposure to variability in our floating rate long-term debt.

### ***Exchange Rate Risk***

We have conducted the vast majority of our business transactions in U.S. dollars. We have purchased marine petroleum products in the international oil and gas markets and our vessels have operated in international shipping markets; both these international markets transact business primarily in U.S. dollars. Accordingly, our total revenues have been fully denominated in U.S. dollars and our cost of marine petroleum products, which, for the year ended December 31, 2007, comprised approximately 96% of our total operating expenses have been denominated in U.S. dollars. Our balance sheet is mainly comprised of dollar-denominated assets including trade receivables, inventories and the cost of vessels, and liabilities including trade payables, short-term borrowings and long-term loans. Our foreign exchange losses in recent periods have mainly arisen from the translation of assets and liabilities of our service centers that are denominated in local currency. Accordingly, the impact of foreign exchange fluctuations on our combined and consolidated statements of income has been minimal.

In 2005, we signed two newbuilding contracts for the construction of two specialty tankers. These contracts are denominated in Euros. Apart from these Euro-denominated contracts, we do not expect the impact of foreign exchange fluctuations on our combined and consolidated statements of income to materially differ from recent periods. Should we enter certain markets where payments and receipts are denominated in local currency or should either the international oil and gas markets or the international shipping markets change their base currency from the U.S. dollar to another international currency such as the Euro, the impact on our dollar-denominated combined and consolidated statements of income may be significant.

Due to the minimal historic impact of foreign exchange fluctuations on us, it is our policy to not enter into hedging arrangements in respect of our foreign currency exposures.

## **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

## **PART II**

## **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

None.

## **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

None.

## **ITEM 15. CONTROLS AND PROCEDURES**

### **(a) Disclosure of controls and procedures.**

We evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934) as of December 31, 2007. Based on that evaluation, our President and the Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company believes that a system of controls, no matter how well designed and operated, cannot provide assurance that the objectives of the controls are met, and no evaluation of



controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

**(b) Management's annual report on internal control over financial reporting.**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) promulgated under the Securities Exchange Act of 1934.

Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of Company's management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted the evaluation of the effectiveness of the internal controls over financial reporting using the control criteria framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published in its report entitled Internal Control-Integrated Framework.

Management with the participation of our President and Chief Financial Officer assessed the effectiveness of the design and operation of the Company's internal controls over financial reporting pursuant to Rule 13a-15 of the Securities Exchange Act of 1934, as of December 31 2007. Based upon that evaluation, our President and Chief Financial Officer concluded that the Company's internal controls over financial reporting are effective as of December 31 2007.

The effectiveness of the Company's internal control over financial reporting as of December 31 2007 has been audited by Deloitte Hadjipavlou Sofianos & Cambanis S.A, an independent registered public accounting firm.

**(c) Attestation report of the registered public accounting firm.**

The registered public accounting firm that audited the consolidated financial statements, Deloitte Hadjipavlou Sofianos & Cambanis S.A, has issued an attestation report on the Company's internal control over financial reporting, appearing under Item 18, and is incorporated herein by reference.

**(d) Changes in internal control over financial reporting.**

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially effected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

In accordance with the rules of the New York Stock Exchange, the exchange on which our common stock is listed, the Company has appointed an audit committee whose members as of December 31, 2007 are Messrs. Hatab, Rasterhoff and Papanicolaou. Mr. Hatab has been determined to be a financial expert by our board of directors and independent, as that term is defined in the listing standards.



**ITEM 16B. CODE OF ETHICS**

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. A copy of our code of ethics has been filed as an exhibit to the Company's annual report on Form 20-F for the fiscal year ended December 31, 2006 and is also available on our website at [www.ampni.com](http://www.ampni.com). We will also provide a hard copy of our code of ethics free of charge upon written request of a shareholder.

Shareholders may also request a copy of our code of ethics at no cost, by writing or telephoning us at the following address:

Aegean Marine Petroleum Network Inc.  
42 Hatzikyriakou Avenue  
Piraeus 185 38 Athens  
Greece  
Telephone: 011 30 210 458-6200

**ITEM 16C. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Our principal accountants for the years ended December 31, 2005, 2006 and 2007 were Deloitte Hadjipavlou Sofianos & Cambanis S.A. The aggregate audit fees billed to us for the years ended December 31, 2005, 2006 and 2007 were \$0.4 million, \$0.3 million, and \$0.6 million, respectively. There were no audit-related, tax or other fees billed to us during 2005, 2006 and 2007.

**ITEM 16D. EXEMPTIONS FROM LISTING STANDARDS FOR AUDIT COMMITTEES**

None.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASES**

None.

**PART III**

**ITEM 17. FINANCIAL STATEMENTS**

See Item 18.

**ITEM 18. FINANCIAL STATEMENTS**

The following financial statements, together with the report of Deloitte Hadjipavlou Sofianos & Cambanis S.A. thereon, are set forth on pages F-1 through F-35 and are filed as a part of this report.

**ITEM 19. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
1.1	Amended and Restated Articles of Incorporation of Aegean Marine Petroleum Network Inc.*
1.2	Amended and Restated Bylaws of Aegean Marine Petroleum Network Inc.*
2.1	Form of common share certificate of Aegean Marine Petroleum Network Inc.*
4.1	Form of Registration Rights Agreement*





<b>Exhibit Number</b>	<b>Description</b>
4.2	Amended and Restated 2006 Stock Incentive Plan**
4.3	Form of shipbuilding contract for construction of one 3,500 dwt product oil tanker with Fujian Southeast Shipyard, as amended*
4.4	Form of contract for design, building supervision, representation, procurement of machines and supplies, and turn-key delivery of a 3,500 dwt product tanker with IOTA Corporation*
4.5	Option Agreement, dated March 31, 2005, by and between Aegean Bunkering Services Inc. and Fujian Southeast Shipyard, as amended*
4.6	Form of shipbuilding contract for the design, construction, sale and purchase of a 2,400 dwt double hull product oil tanker with ro-ro facility with Severnav S.A.*
4.7	Option Agreement, dated June 3, 2005, by and between Aegean Bunkering Services Inc. and Severnav S.A.*
4.8	Marine Fuel Supply Service Agreement, dated April 1, 2005, by and between Aegean Marine Petroleum S.A. and Aegean Oil S.A.*
4.9	Form of License Agreement by and between Aegean Oil S.A. and Aegean Marine Petroleum Network Inc.*
4.10	Amendment Agreement, dated September 19, 2006, by and between Aegean Marine Petroleum S.A., as Borrower, and The Royal Bank of Scotland plc, as Lender*
4.11	Short Term Financing Agreement, dated June 6, 2005, by and among Leveret International Inc., as Lender, and certain borrowers listed therein, as amended*
4.12	Short Term Financing Agreement, dated June 10, 2005, by and among Leveret International Inc., as Lender, and Aegean Investments S.A., as Borrower, as amended*
4.13	Short Term Financing Agreement, dated July 1, 2005, by and among Leveret International Inc., as Lender, and Aegean Marine Petroleum S.A., as Borrower*
4.14	Loan Agreement, dated August 30, 2005, by and among Aegean Baltic Bank S.A. and HSH Nordbank AG, as Lenders, and Kithnos Maritime, Inc., Naxos Maritime Inc., Paros Maritime Inc. and Serifos Maritime Inc., as Borrowers*
4.15	Credit Facility dated October 3, 2005 by and between Royal Bank of Scotland plc, as Lender, and Aegean Marine Petroleum Network Inc., as Borrower*
4.16	Short Term Financing Agreement, dated October 7, 2005, by and among Leveret International Inc., as Lender, and Baltic Navigation Company, as Borrower*
4.17	Short Term Financing Agreement, dated October 10, 2005, by and among Leveret International Inc., as Lender, and Milos Maritime Inc. and Serifos Maritime Inc., as Borrowers*
4.18	Form of shipbuilding contract for construction of one 5,500 dwt product oil tanker with Qingdao Hyundai Shipbuilding Co. Ltd., as amended*
4.19	Form of contract for design, building supervision, representation, procurement of machines and supplies, and turn-key delivery of a 5,500 dwt product tanker with IOTA Corporation*



Exhibit Number	Description
4.20	Option Agreement, dated January 13, 2006, by and between Aegean Bunkering Services Inc. and Qingdao Hyundai Shipbuilding Co. Ltd., as amended*
4.21	Short Term Financing Agreement, dated December 25, 2005, by and among Leveret International Inc., as Lender, and certain borrowers listed therein, as amended*
4.22	Short Term Financing Agreement, dated December 12, 2005, by and among Leveret International Inc., as Lender, and certain borrowers listed therein, as amended*
4.23	Short Term Financing Agreement, dated December 13, 2005, by and between Leveret International Inc., as Lender, and Mare Vision S.A., as Borrower*
4.24	Short Term Financing Agreement, dated December 19, 2005, by and between Leveret International Inc., as Lender, and Carnaby Navigation Inc., as Borrower*
4.25	Short Term Financing Agreement, dated February 10, 2006, by and among Leveret International Inc., as Lender, and Baltic Navigation Company, as Borrower*
4.26	Short Term Financing Agreement, dated March 23, 2006, by and between Leveret International Inc., as Lender, and Aegean Bunkering Services Inc., as Borrower *
4.27	Short Term Financing Agreement, dated July 25, 2006, by and between Leveret International Inc., as Lender, and Aegean Marine Petroleum S.A., as Borrower*
4.28	Financial Agreement, dated October 26, 2005, by and among Aegean Baltic Bank S.A. and HSH Nordbank AG, as Lenders, and Dynamic Corp. and Sea Global S.A., as Borrowers*
4.29	Loan Agreement, dated February 10, 2006, by and among The Royal Bank of Scotland plc, as Lender, and Amorgos Maritime Inc., Kimolos Maritime Inc., Milos Maritime Inc., Mykonos Maritime Inc. and Syros Maritime Inc., as Borrowers*
4.30	Framework Agreement, dated July 19, 2006, by and between Leveret International Inc. and AMPNInvest LLC, as amended*
4.31	Form of shipbuilding contract for construction of one 5,500 dwt product oil tanker with Qingdao Hyundai Shipbuilding Co. Ltd.*
4.32	Loan Agreement, dated October 27, 2006, by and among National Bank of Greece S.A., as Lender, and Tasman Seaways Inc. and Santon Limited, as Borrowers*
4.33	Loan Agreement, dated October 25, 2006, by and among Aegean Baltic Bank S.A. and HSH Nordbank AG, as Lenders, and Eton Marine Ltd., Benmore Services S.A. and Ingram Enterprises Co., as Borrowers*
4.34	Loan Agreement, dated October 30, 2006, by and among Aegean Baltic Bank S.A. and HSH Nordbank AG, as Lenders, and Kerkyra Marine S.A., Ithaki Marine S.A., Cephallonia Marine S.A., Paxoi Marine S.A., Zakynthos Marine S.A., Lefkas Marine S.A. and Kythira Marine S.A., as Borrowers*
4.35	Loan Agreement, dated December 19, 2006, by and among The Royal Bank of Scotland plc, as Lender, and Aegean Marine Petroleum Network Inc. and Aegean Marine Petroleum S.A., as Borrowers, as amended***

Exhibit Number	Description
4.36	Supplemental Agreement, dated June 8, 2007 relating to loan agreement dated August 30, 2005, by and among Aegean Baltic Bank S.A. and HSH Nordbank AG, as Lenders, and Kithnos Maritime, Inc., Naxos Maritime Inc., Paros Maritime Inc. and Serifos Maritime Inc., as Borrowers***
4.37	Supplemental Agreement, dated June 13, 2007 relating to a loan agreement, dated October 30, 2006, by and among Aegean Baltic Bank S.A. and HSH Nordbank AG, as Lenders, and Kerkyra Marine S.A., Ithaki Marine S.A., Cephallonia Marine S.A., Paxoi Marine S.A., Zakyntos Marine S.A., Lefkas Marine S.A. and Kythira Marine S.A., as Borrowers***
4.38	Loan Agreement, dated July 5, 2007, by and among The Royal Bank of Scotland Plc, as Lender, and Andros Marine Inc., Dilos Marine Inc., Ios Marine Inc., Sifnos Marine Inc. and Tinos Marine Inc., as Borrowers***
4.39	Form of shipbuilding contract for construction of one 3,800 dwt product oil tanker with Fujian Southeast Shipyard, as amended***
4.40	Loan Agreement, dated December 20, 2007, by and among The Royal Bank of Scotland Plc, as Lender, and Aegean Marine Petroleum S.A., as Borrower
8.1	List of Subsidiaries
11.1	Code of Ethics****
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
13.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
13.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350

\* Filed as an exhibit to the Company's Registration Statement on Form F-1, Registration No. 333-129768 and incorporated by reference herein.

\*\* Incorporated by reference to Exhibit 1 to the Company's Report on Form 6-K furnished on September 14, 2007.

\*\*\* Filed as an exhibit to the Company's Registration Statement on Form F-1, Registration No. 333-146918 and incorporated by reference herein.

\*\*\*\* Incorporated by reference to Exhibit 11.1 to the Company's Annual Report on Form 20-F filed on May 25, 2007.

**AEGEAN MARINE PETROLEUM NETWORK INC.**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Aegean Marine Petroleum Network Inc.

We have audited the accompanying consolidated balance sheets of Aegean Marine Petroleum Network Inc. and subsidiaries (the "Company") as of December 31, 2007 and 2006, and the related combined and consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined and consolidated financial statements present fairly, in all material respects, the financial position of Aegean Marine Petroleum Network Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 7, 2008 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte.,  
Hadjipavlou, Sofianos & Cambanis S.A.  
Athens, Greece  
April 7, 2008

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Stockholders of Aegean Marine Petroleum Network Inc.

We have audited the internal control over financial reporting of Aegean Marine Petroleum Network Inc. and subsidiaries (the "Company") as of December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2007 and 2006, and the related combined and consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 and our report dated April 7, 2008 expressed an unqualified opinion on those financial statements.

/s/ Deloitte.,  
Hadjipavlou, Sofianos & Cambanis S.A.  
Athens, Greece  
April 7, 2008



**AEGEAN MARINE PETROLEUM NETWORK INC.  
CONSOLIDATED BALANCE SHEETS**

**AS OF DECEMBER 31, 2006 AND 2007**

*(Expressed in thousands of U.S. dollars – except for share and per share data)*

	<b>December 31,</b>	
	<b>2006</b>	<b>2007</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 82,425	\$ 1,967
Trade receivables, net of allowance for doubtful accounts of \$1,106 and \$1,603, as of December 31, 2006 and 2007, respectively	66,803	191,654
Due from related companies (Note 4)	469	3,686
Inventories (Note 5)	30,634	97,140
Prepayments and other current assets (Note 10)	2,661	12,417
Restricted cash (Note 2)	750	8,000
<b>Total current assets</b>	<b>183,742</b>	<b>314,864</b>
<b>FIXED ASSETS:</b>		
Advances for vessels under construction and acquisitions (Note 6)	46,779	84,378
Vessels, cost (Notes 7, 12 and 21)	70,943	149,866
Vessels, accumulated depreciation (Notes 7, 12 and 21)	(9,662)	(14,312)
<b>Vessels' net book value</b>	<b>61,281</b>	<b>135,554</b>
Other fixed assets, net (Notes 8 and 21)	1,206	1,431
<b>Total fixed assets</b>	<b>109,266</b>	<b>221,363</b>
<b>OTHER NON-CURRENT ASSETS:</b>		
Restricted cash (Notes 2 and 12)	12,336	10,171
Deferred charges, net (Note 9)	10,519	8,869
Concession Agreement (Note 3)	-	7,720
Goodwill (Note 3)	-	3,943
Other non-current assets	14	27
<b>Total assets</b>	<b>\$ 315,877</b>	<b>\$ 566,957</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings (Note 11)	-	133,000
Current portion of long-term debt (Note 12)	833	3,650
Trade payables to third parties	42,872	77,862
Trade payables to related companies (Note 4)	19,203	27,193
Other payables to related companies	125	160
Accrued and other current liabilities (Note 12)	4,986	9,470
<b>Total current liabilities</b>	<b>68,019</b>	<b>251,335</b>
<b>LONG-TERM DEBT, net of current portion (Note 12)</b>	<b>32,663</b>	<b>71,381</b>
<b>OTHER NON-CURRENT LIABILITIES</b>	<b>196</b>	<b>516</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 13)</b>	<b>-</b>	<b>-</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value; 25,000,000 shares authorized, none issued	-	-
Common stock, \$0.01 par value; 100,000,000 shares authorized at December 31, 2006 and 2007; 42,410,000 and 42,461,428 shares, issued and outstanding at December 31, 2006 and 2007, respectively (Note 18)	424	425
Additional paid-in capital (Note 18)	185,103	187,795
Retained earnings	29,472	55,505
<b>Total stockholders' equity</b>	<b>214,999</b>	<b>243,725</b>

**Total liabilities and stockholders' equity**

\$ 315,877    \$ 566,957

The accompanying notes are an integral part of these combined and consolidated financial statements

**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**COMBINED AND CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007**

*(Expressed in thousands of U.S. dollars – except for share and per share data)*

	<b>For the Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>REVENUES:</b>			
Sales of marine petroleum products – third parties (Note 21)	\$ 497,443	\$ 775,816	\$ 1,331,144
Sales of marine petroleum products – related companies (Notes 4 and 21)	8,162	14,841	14,705
Voyage revenues	10,450	11,639	5,758
Other revenues	1,275	1,516	1,266
<b>Total revenues</b>	<b>517,330</b>	<b>803,812</b>	<b>1,352,873</b>
<b>OPERATING EXPENSES:</b>			
Cost of marine petroleum products sold – third parties	360,223	573,615	1,091,769
Cost of marine petroleum products sold – related companies (Note 4)	104,578	155,022	159,943
Salaries, wages and related costs	8,958	12,871	24,363
Vessel hire charges (Note 4)	518	-	-
Depreciation (Notes 7 and 8)	2,226	4,240	6,373
Amortization of drydocking costs (Note 9)	636	1,684	3,172
Amortization of concession agreement (Note 3)	-	-	52
Management fees (Note 4)	182	223	54
Gain on sale of vessel (Note 7)	-	-	(2,693)
Other operating expenses (Note 14)	16,629	25,697	39,042
<b>Total operating expenses</b>	<b>493,950</b>	<b>773,352</b>	<b>1,322,075</b>
<b>Operating income</b>	<b>23,380</b>	<b>30,460</b>	<b>30,798</b>
<b>OTHER INCOME/(EXPENSE):</b>			
Write-off of deferred IPO costs (Note 16)	-	(1,588)	-
Interest and finance costs (Notes 11, 12 and 15)	(2,347)	(5,207)	(3,473)
Interest income	70	976	1,990
Foreign exchange gains (losses), net	396	(414)	(1,569)
	(1,881)	(6,233)	(3,052)
<b>Income before income taxes</b>	<b>21,499</b>	<b>24,227</b>	<b>27,746</b>
Income taxes (Note 20)	(24)	(2)	(8)
<b>Net income</b>	<b>\$ 21,475</b>	<b>\$ 24,225</b>	<b>\$ 27,738</b>
<b>Basic earnings per common share</b>	<b>\$ 0.72</b>	<b>\$ 0.84</b>	<b>\$ 0.65</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.72</b>	<b>\$ 0.84</b>	<b>\$ 0.65</b>
<b>Weighted average number of shares, basic</b>	<b>29,878,398</b>	<b>28,954,521</b>	<b>42,417,111</b>
<b>Weighted average number of shares, diluted</b>	<b>29,878,398</b>	<b>28,954,622</b>	<b>42,505,704</b>

The accompanying notes are an integral part of these combined and consolidated financial statements

**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**COMBINED AND CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007**

*(Expressed in thousands of U.S. dollars – except for share and per share data)*

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u># of Shares</u>	<u>Par Value</u>			
<b>BALANCE, December 31, 2004</b>	30,472,827	\$ 305	\$ 14,454	\$ 9,702	\$ 24,461
- Net income	-	-	-	21,475	21,475
- Contribution to additional paid-in capital	-	-	100	-	100
- Dividends declared and paid (\$0.05 per share)	-	-	-	(1,509)	(1,509)
- Repurchase and cancellation of shares (Note 18)	(2,437,827)	(25)	(14,554)	(20,421)	(35,000)
<b>BALANCE, December 31, 2005</b>	28,035,000	\$ 280	-	\$ 9,247	\$ 9,527
- Net income	-	-	-	24,225	24,225
- Dividends declared and paid (\$0.14 per share)	-	-	-	(4,000)	(4,000)
- Issuance of common stock (par value \$0.01, at \$14.00)	14,375,000	144	185,065	-	185,209
- Share-based compensation (Note 17)	-	-	38	-	38
<b>BALANCE, December 31, 2006</b>	42,410,000	\$ 424	\$ 185,103	\$ 29,472	\$ 214,999
- Net income	-	-	-	27,738	27,738
- Dividends declared and paid (\$0.01 per share)	-	-	-	(1,705)	(1,705)
- Issuance of common stock in connection with an acquisition	20,000	-	773	-	773
- Share-based compensation (Note 17)	31,428	1	1,919	-	1,920
<b>BALANCE, December 31, 2007</b>	42,461,428	\$ 425	\$ 187,795	\$ 55,505	\$ 243,725

The accompanying notes are an integral part of these combined and consolidated financial statements

**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005, 2006 AND 2007**

*(Expressed in thousands of U.S. dollars)*

	<b>For the Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Cash flows from operating activities:</b>			
Net income	\$ 21,475	\$ 24,225	\$ 27,738
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	2,226	4,240	6,373
Provision for doubtful accounts	129	412	497
Share-based compensation	-	38	1,920
Amortization	654	1,855	3,457
Gain on sale of vessel	-	-	(2,693)
Other non-cash charges	14	88	320
(Increase) decrease in:			
Trade receivables	(42,088)	(985)	(115,707)
Due from related companies	409	6,346	(3,217)
Insurance claims	900	-	-
Inventories	(4,509)	(24,250)	(65,205)
Prepayments and other current assets	185	(1,836)	(9,414)
Increase (decrease) in:			
Trade payables	22,166	12,897	27,213
Other payables to related companies	56	18	35
Accrued and other current liabilities	882	3,783	3,751
Decrease (increase) in other non-current assets	(870)	870	(10)
Payments for drydocking	(154)	(10,637)	(3,186)
<b>Net cash provided by (used in) operating activities</b>	<b>1,475</b>	<b>17,064</b>	<b>(128,128)</b>
<b>Cash flows from investing activities:</b>			
Advances for vessels under construction	(11,228)	(35,396)	(55,529)
Advances for vessel acquisitions	(8,175)	(34,895)	(66,217)
Corporate acquisitions, net of cash acquired	-	-	(5,728)
Net proceeds from sale of vessels	-	12,900	8,276
Purchase of other fixed assets	(1,072)	(83)	(409)
Decrease (increase) in restricted cash	(14,498)	2,284	(5,085)
<b>Net cash used in investing activities</b>	<b>(34,973)</b>	<b>(55,190)</b>	<b>(124,692)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from long-term debt	15,539	41,714	41,815
Repayment of long-term debt	(3,587)	(42,866)	(280)
Net change in short-term borrowings	39,000	(42,993)	133,000
Net change in short-term related company borrowings	23,595	(23,595)	-
Financing costs paid	(218)	(520)	(468)
IPO proceeds, net of issuance costs	-	185,209	-
Share repurchase (Note 18)	(35,000)	-	-
Dividends paid	(1,509)	(4,000)	(1,705)
<b>Net cash provided by financing activities</b>	<b>37,820</b>	<b>112,949</b>	<b>172,362</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,322</b>	<b>74,823</b>	<b>(80,458)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,280</b>	<b>7,602</b>	<b>82,425</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 7,602</b>	<b>\$ 82,425</b>	<b>\$ 1,967</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Cash paid during the year for interest:	\$ 1,636	\$ 5,777	\$ 3,935
Cash paid during the year for income taxes:	\$ 8	\$ 18	\$ 8
Shares issued to acquire a business:	-	-	\$ 773
Other non-cash financing activities:	\$ 100	-	-

The accompanying notes are an integral part of these combined and consolidated financial statements



**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

*(Expressed in thousands of U.S. dollars –  
except share and per share data, unless otherwise stated)*

**1. Basis of Presentation:**

The accompanying combined and consolidated financial statements include the accounts of Aegean Marine Petroleum Network Inc. (hereinafter referred to as “Aegean”) and its subsidiaries (Aegean and its subsidiaries are hereinafter collectively referred to as the “Company”). The Company is an independent physical supplier and marketer of refined marine fuel and lubricants to ships in port and at sea.

Aegean was formed on June 6, 2005, under the laws of the Republic of the Marshall Islands, for the purpose of acquiring all outstanding common shares of companies owned, directly and indirectly, by Leveret International Inc. (“Leveret”), which is a personal holding company owned and controlled by Aegean’s founder and Head of Corporate Development, Mr. Dimitris Melisanidis. The transaction described above constitutes a reorganization of companies under common control, and has been accounted for in a manner similar to a pooling of interests. Accordingly, the combined and consolidated financial statements of the Company have been presented giving retroactive effect to the transaction described above, using combined and consolidated historical carrying costs of the assets and liabilities.

In December 2006, Aegean completed its initial public offering of 14,375,000 common shares on the New York Stock Exchange (“2006 IPO”) under the United States Securities Act of 1933, as amended.

Material Subsidiaries

- (a) *Aegean Marine Petroleum S.A. (“AMP”)*, incorporated in the Republic of Liberia on January 4, 1995, is engaged in the commercial purchase and sale of marine petroleum products and is the principal operating entity of the Company.
- (b) *Service Centers*, which monitor and support the logistical aspects of each order in their respective geographical locations.

<u>Company Name</u>	<u>Country of Incorporation</u>	<u>Date of Incorporation</u>
Aegean Marine Petroleum LLC (the “UAE Service Center”)*	United Arab Emirates	07/26/2000
Aegean Bunkering Gibraltar Ltd. (the “Gibraltar Service Center”)	Gibraltar	08/07/1997
Aegean Bunkering Jamaica Ltd. (the “Jamaica Service Center”)	Jamaica	11/25/2004
Aegean Bunkering (Singapore) Pte. Ltd. (the “Singapore Service Center”)	Singapore	06/07/2005
Aegean Bunkering (Ghana) Limited (the “West Africa Service Center”)	Ghana	05/18/2007
Bunkers at Sea NV (the “NW Europe Service Center”)	Belgium	12/16/1999
Portland Bunkers International Ltd. (the “UK Service Center”)	United Kingdom	12/13/1999

\* Also, the owner of the Aegean Flower, a 6,523 dwt (built in 2001) oil products tanker purchased on January 5, 2004

- (c) *Aegean Bunkering Services Inc. (the “Manager”)* was incorporated in the Marshall Islands on July 11, 2003 and provides all the vessel-owning companies listed below with a wide range of shipping services such as technical support and maintenance, insurance arrangement and handling, financial administration and accounting services.

**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

*(Expressed in thousands of U.S. dollars –  
except share and per share data, unless otherwise stated)*

**1. Basis of Presentation: (Continued)**

*(d) Vessel-owning companies with operating vessels:*

Company Name	Date of Incorporation	Vessel Details			
		Vessel Name	Year Built	Size (dwt)	Date Acquired
Aegean VII Shipping Ltd. ("Aegean VII")	01/20/1998	Aegean VII	1984	3,892	02/04/1998
Venus Holding Company ("Venus")	10/13/1999	Aegean IX	1976	7,216	06/14/2001
Carmel Investment Corp. ("Carmel")	12/02/2002	Aegean Rose	1988	4,935	01/21/2003
Evian Enterprises Co. ("Evian")	12/02/2002	Aegean Daisy	1988	4,935	01/21/2003
Clyde Shipping Corp. ("Clyde")	05/10/2004	Aegean Tulip	1993	4,853	05/20/2004
Aegean Tiffany Shipping Pte. Ltd. ("Tiffany")	05/10/2004	Aegean Tiffany	2004	2,747	07/07/2004
Aegean Breeze Shipping Pte. Ltd. ("Breeze")	03/27/2006	Aegean Breeze I	2004	2,747	07/07/2004
Aegean X Maritime Inc. ("Aegean X")	08/31/2004	Aegean X	1982	6,400	08/31/2004
Carnaby Navigation Inc. ("Carnaby")	12/14/2005	Aegean Pride I	1982	11,538	12/20/2005
Baltic Navigation Company ("Baltic")	09/19/2005	Aegean Force	1980	6,679	07/25/2006
Mare Vision S.A. ("Mare")	11/01/2005	Aegean XI	1984	11,050	05/03/2006
Aegean Tanking S.A. ("Tanking")	07/12/2006	Fos	1981	67,980	09/05/2006
Vera Navigation S.A. ("Vera")	09/14/2007	Vera	1985	3,720	10/09/2007
Milos I Maritime Inc. ("Milos I")	01/28/2005	Hope	1980	11,910	08/24/2007
Ouranos Tanking S.A. ("Ouranos")	02/09/2007	Ouranos	1983	67,980	02/20/2007
Sea Breezer Marine S.A. ("Sea Breezer")	04/02/2004	Aegean Princess	1991	7,030	05/25/2007
Milos Shipping Pte. Ltd. ("Milos")	11/23/2006	Milos	2007	4,626	06/29/2007
Serifos Shipping Pte. Ltd. ("Serifos")	11/23/2006	Serifos	2007	4,664	11/20/2007
Pontos Navigation Inc. ("Pontos")	09/09/2002	Leader	1985	83,890	09/21/2007
Baldwin Management Co. ("Baldwin")	09/25/2002	Sara	1990	7,389	10/09/2007

*(e) Vessel-owning companies with vessels under construction:*

Company Name	Date of Incorporation	Vessel Details	
		Hull Number	Size (dwt)
Kithnos Maritime Inc. ("Kithnos")	01/28/2005	DN-3500-3	4,600
Amorgos Maritime Inc. ("Amorgos")	01/28/2005	DN-3500-4	4,600
Kimolos Maritime Inc. ("Kimolos")	01/28/2005	DN-3500-5	4,600
Syros Maritime Inc. ("Syros")	01/28/2005	DN-3500-6	4,600
Mykonos Maritime Inc. ("Mykonos")	01/28/2005	DN-3500-7	4,600
Santorini Maritime Inc. ("Santorini")	01/28/2005	DN-3500-8	4,600
Paros Maritime Inc. ("Paros")	01/28/2005	DN-3500-9	4,600
Naxos Maritime Inc. ("Naxos")	01/28/2005	DN-3500-10	4,600
Andros Marine Inc. ("Andros")	02/21/2007	DN-3800-11	4,600
Dilos Marine Inc. ("Dilos")	02/21/2007	DN-3800-12	4,600
Ios Marine Inc. ("Ios")	02/21/2007	DN-3800-13	4,600
Sifnos Marine Inc. ("Sifnos")	02/21/2007	DN-3800-14	4,600
Tinos Marine Inc. ("Tinos")	02/21/2007	DN-3800-15	4,600
Ocean Dynamic Corp. ("Ocean")	05/27/2005	N 2230007	2,400
Sea Global S.A. ("Sea Global")	05/27/2005	N 2220000	2,400
Kerkyra Marine S.A. ("Kerkyra")	09/26/2006	QHS 207	5,500
Ithaki Marine S.A. ("Ithaki")	09/26/2006	QHS 208	5,500
Cephalonia Marine S.A. ("Cephalonia")	09/26/2006	QHS 209	5,500
Paxoi Marine S.A. ("Paxoi")	09/26/2006	QHS 210	5,500
Zakynthos Marine S.A. ("Zakynthos")	09/27/2006	QHS 215	5,500
Lefkas Marine S.A. ("Lefkas")	09/26/2006	QHS 216	5,500
Kythira Marine S.A. ("Kythira")	09/26/2006	QHS 217	5,500
Eton Marine Ltd. ("Eton")	12/21/2005	QHS 220	5,500
Tasman Seaways Inc. ("Tasman")	12/21/2005	QHS 221	5,500
Benmore Services S.A. ("Benmore")	12/21/2005	QHS 222	5,500



Ingram Enterprises Co. ("Ingram")	01/10/2006	QHS 223	5,500
Santon Limited ("Santon")	01/10/2006	QHS 224	5,500

**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

*(Expressed in thousands of U.S. dollars –  
except share and per share data, unless otherwise stated)*

**1. Basis of Presentation: (Continued)**

*(f) Other companies with material assets and/or liabilities:*

<u>Company Name</u>	<u>Date of Incorporation</u>	<u>Country of Incorporation</u>	<u>Activity</u>
Aegean Investments S.A. (“Aegean Investments”)	11/05/2003	Marshall Islands	Holding company
Aegean Oil (USA), LLC (“Aegean USA”)	04/07/2005	United States	Marketing office

As of December 31, 2006 and 2007, Aegean’s ownership interest in all the above subsidiaries, except for the UAE Service Center, amounted to 100%.

During the years ended December 31, 2005, 2006 and 2007, no one customer individually accounted for more than 10% of the Company’s total revenues.

**2. Significant Accounting Policies:**

**Principles of Combination and Consolidation:** The accompanying combined and consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include for each of the three years in the period ended December 31, 2007, the accounts and operating results of the Company. Intercompany balances and transactions have been eliminated in combination and consolidation.

**Use of Estimates:** The preparation of combined and consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined and consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Other Comprehensive Income:** The provisions of Statement of Financial Accounting Standards (“SFAS”) No. 130, “Reporting Comprehensive Income,” require separate presentation of certain transactions that are recorded directly as components of stockholders’ equity. The Company has no such transactions in the periods presented and, accordingly, comprehensive income equals net income for all periods presented.

**Foreign Currency Transactions:** The functional currency of Aegean and its material subsidiaries is the U.S. dollar because the Company purchases and sells marine petroleum products in the international oil and gas markets and because the Company’s vessels operate in international shipping markets; both of these international markets transact business primarily in U.S. dollars. The Company’s accounting records are maintained in U.S. dollars. Transactions involving other currencies during the year are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities denominated in other currencies are adjusted to reflect the year-end exchange rates. Resulting gains or losses are reflected separately in the accompanying combined and consolidated statements of income.

**Cash and Cash Equivalents:** The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

**Restricted Cash:** Restricted cash consists of interest-bearing deposits with certain banks as cash collateral against outstanding short-term facilities and retention accounts that can only be used for the purposes of repayment of current portions of long-term loans. Restricted cash also includes interest-bearing deposits with an international bank as cash collateral against standby letters of credit issued by the same bank to a shipyard (Note 12). Restricted cash is classified as non-current when the funds are to be used to acquire non-current assets.



**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

*(Expressed in thousands of U.S. dollars –  
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**2. Significant Accounting Policies: (Continued)**

**Trade Receivables, net:** Management is responsible for approving credit to customers, setting and maintaining credit standards, and managing the overall quality of the credit portfolio. The Company performs ongoing credit evaluations of its customers based upon payment history and the assessments of customers' credit worthiness. The Company generally provides payment terms of approximately 30 days. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience with its customers, current market conditions of its customers, and any specific customer collection issues. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. The Company had accounts receivable of \$67,909 and \$193,257, before allowances for bad debts of \$1,106 and \$1,603, as of December 31, 2006 and 2007, respectively.

**Insurance Claims:** Insurance claims are recorded on the accrual basis once there remain no contingencies relating to the claim. Insurance claims represent the claimable expenses, net of deductibles, incurred through December 31 of each year, which are expected to be recovered from insurance companies. Any remaining costs to complete the claims are included in accrued liabilities.

**Inventories:** Inventories comprise marine fuel oil ("MFO"), marine gas oil ("MGO"), lubricants and victualling stores, which are stated at the lower of cost or market. Cost is determined by the first in, first out method.

**Vessel Cost:** Vessels are stated at cost, which consists of the contract price and any material expenses incurred upon acquisition (initial repairs, improvements and delivery expenses, interest and on-site supervision costs incurred during the construction periods). Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels; otherwise these amounts are charged to expense as incurred.

Advances and milestone payments made to shipyards during construction periods are classified as "Advances for vessels under construction and acquisitions" until the date of delivery and acceptance of the vessel, at which date they are reclassified to "Vessels, cost". Advances for vessels under construction also include supervision costs, amounts paid under engineering contracts, capitalized interest and other expenses directly related to the construction of the vessels.

Amounts of interest to be capitalized during the asset acquisition period are determined by applying an interest rate to the average amount of accumulated expenditures for the asset during the period. The interest rate used is the average cost of borrowing for the Company.

**Vessel Depreciation:** Depreciation is computed using the straight-line method over the estimated useful life of the vessels, after considering the estimated salvage value. Each vessel's estimated salvage value is equal to the product of its light-weight tonnage and the estimated scrap rate. Management estimates the useful life of the Company's bunkering and non-bunkering tankers to be 30 years and 25 years, respectively, from the date of initial delivery from the shipyard. Management estimates the useful life of the Company's floating storage facilities to be 30 years from the date of acquisition. Secondhand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. However, when regulations place limitations on the ability of a vessel to trade, its useful life is adjusted to end at the date such regulations become effective.

**Intangible Assets:** Intangible assets consist of a concession agreement in the United Kingdom and goodwill. In connection with the acquisition of Portland Bunkers International Limited, the Company recorded an identifiable intangible asset, a concession agreement which conveys to the Company an exclusive right to perform bunkering operations in the port of Portland over a specified period of time. This asset is being amortized over its useful life.

Goodwill is not amortized, but reviewed at least annually for impairment. The Company tests for goodwill impairment using the two-step process described in SFAS No. 142. The first step is a screen for potential impairment, while the second step measures the amount of impairment. Fair values are derived using discounted cash flow analysis.



**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

*(Expressed in thousands of U.S. dollars –  
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**2. Significant Accounting Policies: (Continued)**

***Impairment of Long-Lived Assets:*** SFAS No. 144, “Accounting for the Impairment or Disposal of Long-lived Assets,” requires that long-lived assets and certain identifiable intangible assets held and used or to be disposed of by an entity, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset and its eventual disposal is less than its carrying amount, the asset should be evaluated for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset as provided by third parties. The Company regularly reviews the carrying amount of its vessels. The Company had no impairment losses in any of the periods presented.

***Accounting for Drydocking Costs:*** The Company’s vessels are generally required to be drydocked every 30 to 60 months for major repairs and maintenance that cannot be performed while the vessels are in operation. The Company follows the deferral method of accounting for drydocking costs whereby actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next drydocking is scheduled to become due. Unamortized drydocking costs of vessels that are sold are written off against income in the year of the vessel’s sale.

***Financing Costs:*** Fees incurred for obtaining new loans or refinancing existing loans are deferred and amortized to interest expense over the life of the related debt using the effective interest method. Unamortized fees relating to loans repaid or refinanced are generally expensed in the period the repayment or refinancing is made.

***Pension and Retirement Benefit Obligations:*** The vessel-owning companies included in the combination and consolidation employ the crew on board under short-term contracts (usually up to nine months) and accordingly, they are not liable for any pension or post retirement benefits. The Company’s full-time Greek employees are covered by state-sponsored pension funds for which the Company is required to contribute a portion of the monthly salary of these employees to the fund (i.e., a defined contribution plan). Upon retirement of these employees, the state-sponsored pension funds are responsible for paying the employees’ retirement benefits and accordingly, the Company has no obligation for these benefits.

***Accounting for Revenues and Expenses:*** Revenues are principally earned from the physical supply of marine petroleum products via the Company’s bunkering tankers. In this respect, sales of marine petroleum products and cost of sales of marine petroleum products are recorded in the period when the marine petroleum products are loaded onto the customer’s vessel. In Greece, revenues are earned from the sale of marine petroleum products through a related party physical supplier (refer to Note 4). These sales and the respective cost of sales are recorded in the period when the related party physical supplier delivers the marine petroleum products to the customer.

For arrangements in which the Company physically supplies marine petroleum products via its own bunkering tankers, cost of marine petroleum products sold represents amounts paid by the Company for marine petroleum products sold in the period being reported on. For arrangements in which marine petroleum products are purchased from the Company’s related party physical supplier, cost of marine petroleum products sold represents the total amount paid by the Company to the physical supplier for marine petroleum products and the delivery thereof to the Company’s customer.

Revenues are also generated from voyage and time charter agreements of the Company’s vessels. Time charter revenues are recorded over the term of the charter as service is provided. Under a voyage charter the revenues and associated voyage costs are recognized on a pro-rata basis over the duration of the voyage. Probable losses on voyages are provided for in full, at the time such losses can be estimated. A voyage is deemed to commence upon the completion of discharge of the vessel’s previous cargo and is deemed to end upon the completion of discharge of the current cargo.

Operating expenses are accounted for on the accrual basis.

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**2. Significant Accounting Policies: (Continued)**

**Repairs and Maintenance:** All vessel repair and maintenance expenses, including major overhauls (which are non-scheduled repairs and maintenance work undertaken on a vessel's engine) and underwater inspections are expensed in the year incurred. Such costs are included in other operating expenses in the accompanying combined and consolidated statements of income.

**Income Taxes:** The Company accounts for income taxes using the liability method in accordance with SFAS No. 109. SFAS No. 109 requires the provision of deferred income taxes for the tax effects of temporary differences between financial reporting and tax bases of assets and liabilities, using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are required to be recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Generally, Aegean and its subsidiaries are involved in non-taxable activities and, as such, no material deferred tax assets or liabilities arose in any of the periods presented (refer to Note 20).

**Earnings per Common Share:** Basic earnings per common share are computed by dividing net income available to common stockholders by the weighted average number of common shares deemed outstanding during the year. Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

**Derivatives:** SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value, with changes in the derivatives' fair value recognized currently in earnings unless specific hedge accounting criteria are met. During the three-year period ended December 31, 2007, the Company did not engage in any transaction involving derivative instruments or have any hedging activities.

**Contingencies:** The Company accrues for a loss if the Company deems it probable that an asset has been impaired or that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated. If the Company deems it reasonably possible that an asset has been impaired or that a liability has been incurred, the nature of the contingency and an estimate of the amount of loss is disclosed in the notes to the financial statements.

**Fair Value of Financial Instruments:** The carrying values of cash, trade receivables, trade payables and short-term borrowings are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair values of long-term bank loans bearing interest at variable interest rates approximate the recorded values. The Company has no long-term loans bearing interest at fixed rates.

**Recent Accounting Pronouncements:**

**Non Controlling Interests.** In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 160, "Non controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51". This Statement establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective as of the beginning of the first fiscal year that begins after December 15, 2008. The Company is currently evaluating the potential effect on the consolidated financial statements of adopting SFAS No. 160.

**Business Combinations.** In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations" ("SFAS 141R"). SFAS 141R supersedes SFAS No. 141 and establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquired. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The Company is currently evaluating the effect, if any; this statement may have on future financial statements.





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**2. Significant Accounting Policies: (Continued)**

**Fair Value of Financial Instruments.** In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (“SFAS 159”). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value, with changes in fair value recognized in earnings. SFAS 159 is effective as of the beginning of the first fiscal year that begins after November 15, 2007. The adoption of SFAS 159 is not expected to have a material impact on the Company’s financial statements.

**Fair Value Measurements.** In September 2006, the FASB issued SFAS No. 157 "Fair Value Measurements" (“SFAS 157”). This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement does not require any new fair value measurements, but applies under other accounting pronouncements that require or permit fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The adoption of SFAS 157 is not expected to have a material impact on the Company’s financial statements.

**Hybrid Financial Instruments.** In February 2006, the FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments—an amendment of FASB Statements No. 133 and 140” (“SFAS 155”). SFAS 155 amends SFAS 133 and SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities”. SFAS 155 resolves issues addressed in SFAS 133 Implementation Issue No. D1, “Application of Statement 133 to Beneficial Interests in Securitized Financial Assets.” SFAS 155 was effective for the Company for all financial instruments acquired or issued after January 1, 2007 and did not have a material impact on the Company’s financial statements.

**3. Significant Acquisitions:**

On October 9, 2007, the Company acquired all of the outstanding share capital of Bunkers at Sea NV (“BAS”), a marine fuel logistics company incorporated in Belgium, for a total consideration of \$4,764 (excluding direct acquisition costs). BAS purchases, sells and delivers marine fuel to end users such as shipping companies (which complements Aegean’s business) and performs these functions in Northwestern Europe where Aegean previously had no presence. The Company entered into this transaction on the premise that Aegean would increase its market share in Northwestern Europe where BAS has a presence.

The following table presents the purchase accounting adjustments as of the acquisition date. The Company believes that the resulting balance sheet reflects the fair value of the assets and liabilities at the acquisition date.

<b>Adjusted Purchase Price</b>	
Cash consideration to sellers	3,991
Equity consideration to sellers	773
Acquisition costs	<u>76</u>
Adjusted purchase price	4,840
<b>Fair Value of Assets and Liabilities Acquired</b>	
Cash and cash equivalents, net of overdrafts	5,818
Trade receivables	9,639
Inventories	1,301
Trade payables	(15,767)
Other current assets/liabilities, net	(97)
Non current assets	<u>3</u>
Total fair value of assets and liabilities acquired	<u>897</u>
<b>Goodwill</b>	<b><u><u>3,943</u></u></b>

No acquired identifiable intangible assets were recognized as part of the purchase price allocation.

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**3. Significant Acquisitions: (Continued)**

The following table presents the unaudited proforma results as if the acquisition had occurred at the beginning of each of the years ended December 31, 2006 and 2007:

	<b>Year Ended December 31,</b>	
	<b>2006</b>	<b>2007</b>
Total revenues	915,919	1,471,189
Net income	24,367	28,301
Basic earnings per share	0.84	0.67
Diluted earning per share	0.84	0.67

On October 31, 2007, the Company acquired all of the outstanding share capital of Portland Bunkers International Limited (“PBIL”), a company incorporated in the United Kingdom, for a total consideration of \$7,774 (excluding direct acquisition costs). PBIL is the exclusive operator of the port of Portland (United Kingdom). The Company entered into this transaction on the premise that Aegean’s financial strength, logistics expertise and fleet of double-hull tankers, coupled with the exclusive bunkering license, will be accretive to earnings and cash flows.

The following table presents the purchase accounting adjustments as of the acquisition date. The Company believes that the resulting balance sheet reflects the fair value of the assets and liabilities at the acquisition date.

**Adjusted Purchase Price**

Cash consideration to sellers	7,774
Acquisition costs	235
Adjusted purchase price	<u>8,009</u>

**Fair Value of Assets and Liabilities Acquired**

Cash and cash equivalents	530
Other current assets/liabilities, net	(293)
Concession agreement	7,772
Total fair value of assets and liabilities acquired	<u>8,009</u>

An identifiable intangible asset was recognized consisting of an exclusive 30 year concession agreement with the port of Portland which gives Aegean an exclusive right to perform bunkering operations at that port. This asset is being amortized on a straight-line basis over the remaining contractual life of the agreement (from November 1, 2007 to October 1, 2032). Amortization expense of \$52 was recognized for the year ended December 31, 2007.

The annual aggregate amortization expense expected to be recognized after December 31, 2007, are as follows:

	<b>Amount</b>
2008	312
2009	312
2010	312
2011	312
2012	312

The following table presents the unaudited proforma results as if the acquisition had occurred at the beginning of each of the years ended December 31, 2006 and 2007:

**Year Ended December 31,**

	<u>2006</u>	<u>2007</u>
Total revenues	806,095	1,354,187
Net income	24,172	25,947
Basic earnings per share	0.83	0.61
Diluted earning per share	0.83	0.61

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**4. Transactions with Related Parties:**

**(a) Aegean Oil S.A. (the “Greek Subcontractor”):** The Greek Subcontractor, owned and controlled by relatives of Mr. Dimitris Melisanidis, is a diversified energy group principally engaged in the downstream gasoline industry in Greece where it manages a network of approximately 450 service stations. The Greek Subcontractor is managed by a full-time executive team and has no common management with the Company. In addition to its principal operations, the Greek Subcontractor is also a licensed trader and physical supplier of marine petroleum products in Greece. On December 30, 1999 and as amended on September 25, 2000, the Company signed a Bunkering Supply and Representation Agreement with the Greek Subcontractor whereby the Greek Subcontractor undertakes to sell and deliver marine petroleum products in transit to the Company’s nominated customer vessels within Greek territorial waters. Under the contract, the Greek Subcontractor sells the marine petroleum products to the Company at an amount equal to the Greek Subcontractor’s purchase cost of the marine petroleum products from select Greek refineries, plus a margin.

On April 1, 2005, this contract was terminated and superceded by a ten-year Marine Fuel Supply Service Agreement with the Greek Subcontractor. This contract stipulates that the Company and the Greek Subcontractor must transact for a minimum quantity of marine fuel per month, however neither party is required to transact for more than a maximum quantity of marine fuel per month. Under the contract, the Greek Subcontractor undertakes to sell the marine petroleum products to the Company at an amount equal to the Greek Subcontractor’s purchase cost of the marine petroleum products from select Greek refineries, plus a margin. The margin will be reviewed and renegotiated annually between the parties. Payment of the Greek Subcontractor’s invoices will be made within 30 calendar days from the date of receipt of the invoice. Penalties of 10% will be imposed on late payments. If requested, the Company undertakes to provide security to the Greek Subcontractor by way of a standby letter of credit or other mutually acceptable guarantee in relation to any outstanding balance from time to time. The agreement terminates on March 31, 2015 unless any of the following situations occur prior to the termination date: (i) The Greek Subcontractor’s petroleum trading license terminates or is revoked by the Greek authorities, (ii) upon the breach by any party in the performance of any of its obligations, as defined in the agreement, (iii) upon the liquidation or bankruptcy of any party. The Company has a unilateral right to terminate the agreement by serving 12 months’ written notice.

During the years ended December 2005, 2006 and 2007, the Company purchased from the Greek Subcontractor marine petroleum products of \$99,417, \$155,022 and \$159,943, respectively, all of which are included under cost of marine petroleum products sold in the accompanying combined and consolidated statements of income. As of December 31, 2006 and 2007, the amounts due to the Greek Subcontractor were \$19,203 and \$27,193, respectively, and are included under trade payables to related companies in the accompanying consolidated balance sheets.

**(b) Aegean Shipping Management S.A. and certain vessel-owning companies (hereinafter collectively referred to as “Aegean Shipping”):** Aegean Shipping is owned by relatives of Mr. Dimitris Melisanidis and is the owner and operator of an international shipping fleet including Aframax and Panamax product tankers which are chartered out in the international spot markets. Aegean Shipping is managed by a full-time executive team and has no common management with the Company. The Company’s material transactions with Aegean Shipping are described as follows:

(i) Aegean Shipping provided two of the Company’s vessels, Aegean Hellas and Fos, with a wide range of shipping services such as technical support and maintenance, insurance arrangement and handling, financial administration and accounting services, in exchange for a management fee. Management fees incurred by the Company for the years ended December 31, 2005, 2006 and 2007, amounted to \$182, \$223 and \$54, respectively, and are separately disclosed in the accompanying combined and consolidated statements of income.

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**4. Transactions with Related Parties:**

- (ii) Prior to January 1, 2006, the Company time chartered (short-term) certain vessels of Aegean Shipping in order to meet increased levels of demand for its services at times when its own vessels were operating at full capacity, or for special situations. Vessel hire charges for the year ended December 31, 2005 amounted to \$518 and are separately disclosed in the accompanying combined and consolidated statements of income.
- (iii) Aegean Shipping is a customer of the Company. It purchases marine fuel and lubricants, which it consumes during the voyages of its vessels. The Company's sales of marine fuel and lubricants to Aegean Shipping for the years ended December 31, 2005, 2006 and 2007, amounted to \$8,162, \$13,146 and \$13,509, respectively, and are included under sales of marine petroleum products in the accompanying combined and consolidated statements of income.
- (iv) On December 20, 2005, the Company purchased an 11,538 dwt (built in 1982) double hull bunkering tanker Aegean Pride from Aegean Shipping for a price of \$6,700, which was fully paid on that date. The price includes Aegean Shipping's initial purchase price of the vessel from an unrelated third party plus additional costs incurred by Aegean Shipping to convert the vessel into a bunkering tanker. The cost of this vessel is included under vessels, cost, in the accompanying consolidated balance sheets.
- (v) During the year ended December 31, 2006, the Company sold two newly-acquired second-hand tankers, Omega Af Donso and Trapper, to Aegean Shipping. These vessels were previously acquired by the Company from third-party sellers. No gain or loss was recognized by the Company on the sale of the vessels to Aegean Shipping.

As of December 31, 2006 and 2007, the amounts due from Aegean Shipping were \$162 and \$3,438, respectively, and are included in due from related companies in the accompanying consolidated balance sheets.

- (c) **Golden Sun Marine Corp. ("Golden Sun"):** Prior to June 1, 2005, the Company conducted business with Golden Sun, an investment and trading company in which Mr. Dimitris Melisanidis holds a controlling interest. During the year ended December 31, 2005, the Company purchased from Golden Sun marine petroleum products of \$5,161, which are included under cost of marine petroleum products sold in the accompanying combined and consolidated statements of income. Effective June 1, 2005, the Company ceased purchasing marine petroleum products from Golden Sun and accordingly, during the years ended December 31, 2006 and 2007, the Company did not purchase marine petroleum products from Golden Sun. As of December 31, 2006 and 2007, no amounts were due to Golden Sun.
- (d) **General Maritime Corporation ("General Maritime"):** Aegean's Chairman of the Board, Mr. Peter C. Georgiopoulos, also serves as Chairman, President and Chief Executive Officer of General Maritime which is a publicly-traded tanker company with shares listed on the New York Stock Exchange. During the years ended December 31, 2006 and 2007, the Company's sales to General Maritime amounted to \$1,695 and \$1,196, respectively, which are included under sales of marine petroleum products in the accompanying combined and consolidated statements of income. As of December 31, 2006 and 2007, the amounts due from General Maritime were \$12 and \$45, respectively, which are included in due from related companies in the accompanying consolidated balance sheets.

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**5. Inventories:**

The amounts shown in the accompanying consolidated balance sheets are analyzed as follows:

	<b>December 31,</b>	
	<b>2006</b>	<b>2007</b>
Held for sale:		
Marine Fuel Oil	21,535	72,255
Marine Gas Oil	7,972	22,950
	<u>29,507</u>	<u>95,205</u>
Held for consumption:		
Marine fuel	654	1,195
Lubricants	394	646
Victuals	79	94
	<u>1,127</u>	<u>1,935</u>
<b>Total</b>	<b><u>30,634</u></b>	<b><u>97,140</u></b>

**6. Advances for Vessels Under Construction and Acquisitions:**

On February 6, 2005, as amended, the Company signed ten separate shipbuilding contracts with the Fujian Southeast Shipyard (“Fujian”) for ten 4,600 dwt, double skin, double bottom, product oil tankers (Hull Numbers DN-3500-1 to 10). The construction price of each contract is \$6,800 which is payable 10% in advance, 15% upon steel cutting, 15% upon keel-laying, 15% upon launching and 45% upon delivery and acceptance. Furthermore, on February 10, 2005, the Company signed ten separate contracts with an engineering firm for the design, building supervision, representation, procurement of machineries and supplies, and turn-key delivery of the ten product oil tankers. The price of each such contract is \$1,550 which is payable 5% in advance, 10% upon steel cutting, 40% upon launching and 45% upon delivery and acceptance.

On June 3, 2005, as amended, the Company signed two separate shipbuilding contracts with the Severnav Shipyard (“Severnav”) for two 2,400 dwt, double skin, double bottom, product oil tankers with roll-on roll-off facilities for fuel trucks. The construction price of each contract is Euro 6,835,000 which is payable 10% upon effectiveness of the contract, 15% upon steel cutting, 15% upon keel-laying, 20% upon launching and 40% upon delivery and acceptance. Furthermore, on August 30, 2005, the Company signed two separate contracts with an engineering firm for the design, building supervision, representation, procurement of machineries and supplies, and turn-key delivery of the two product oil tankers. The price of each such contract is Euro 1,500,000 which is payable 5% in advance, 10% upon steel cutting, 40% upon launching and 45% upon delivery and acceptance.

On January 13, 2006, the Company signed five separate shipbuilding contracts with the Qingdao Hyundai Shipbuilding Co. Ltd. (“Qingdao Hyundai”) for five double skin, double bottom, 5,500 dwt class oil tankers (Hull Numbers QHS-220 to 224). The construction price of each contract is \$9,400 which is payable 10% in advance, 20% upon steel cutting, 20% upon keel-laying, 25% upon launching and 25% upon delivery and acceptance. Furthermore, on February 24, 2006, the Company signed five separate contracts with an engineering firm for the design, building supervision, representation, procurement of machineries and supplies, and turn-key delivery of the five 5,500 dwt class oil tankers. The price of each such contract is \$1,600, which is payable 5% in advance, 10% upon keel-laying, 40% upon launching and 45% upon delivery and acceptance.

On October 18, 2006, the Company signed seven separate shipbuilding contracts with Qingdao Hyundai for seven double skin, double bottom, 5,500 dwt class oil tankers (Hull Numbers QHS-207 to 210 and QHS-215 to 217). The construction price of each contract is \$10,000 which is payable 20% in advance, 20% upon steel cutting, 20% upon keel-laying, 20% upon launching and 20% upon delivery and acceptance. Furthermore, on October 19, 2006, the Company signed seven separate contracts with an engineering firm for the design, building supervision, representation, procurement of machineries and supplies, and turn-key delivery of the seven 5,500 dwt class oil tankers. The price of each such contract is \$1,600, which is payable 5% upon steel cutting, 10% upon keel-laying, 40% upon launching and 45% upon delivery and acceptance.





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**6. Advances for Vessels Under Construction and Acquisitions: (Continued)**

On May 25, 2007, the Company signed five separate shipbuilding contracts with Fujian for five 4,600 dwt, double skin, double bottom, product oil tankers (Hull Numbers DN-3800-11 to 15). The construction price of each contract is \$7,890, of which \$755 is payable in advance, \$1,132 is payable upon steel-cutting, \$1,132 is payable upon keel-laying, \$1,133 is payable upon launching and \$3,738 is payable upon delivery and acceptance.

The amounts shown in the accompanying consolidated balance sheets include milestone payments relating to the shipbuilding and engineering contracts and any material related expenses incurred during the construction periods capitalized in accordance with the accounting policy discussed in Note 2.

As of December 31, 2007, the account, advances for vessels under construction and acquisitions, is analyzed as follows:

Vessel Name	Year of Expected Delivery	Contract Amount	December 31, 2007		
			Contract Payments	Capitalized Costs	Total
<b><i>Fujian Shipyard</i></b>					
DN-3500-3	2007**	8,425	8,425	682	9,107
DN-3500-4	2007**	8,425	8,425	445	8,870
DN-3500-5	2008	8,425	4,593	208	4,801
DN-3500-6	2008	8,425	2,953	84	3,037
DN-3500-7	2008	8,425	2,953	61	3,014
DN-3500-8	2008	8,425	1,933	122	2,055
DN-3500-9	2008	8,425	1,933	109	2,042
DN-3500-10	2008	8,425	1,933	86	2,019
DN-3800-11*	2009	7,890	755	20	775
DN-3800-12*	2009	7,890	755	20	775
DN-3800-13*	2009	7,890	755	20	775
DN-3800-14*	2009	7,890	755	20	775
DN-3800-15*	2009	7,890	755	20	775
<b><i>Severnav Shipyard</i></b>					
N 2220000	2008	11,639	6,495	521	7,016
N 2230007	2008	11,513	3,725	377	4,102
<b><i>Qingdao Hyundai Shipyard</i></b>					
QHS-207	2009	11,600	4,080	101	4,181
QHS-208	2009	11,600	4,080	91	4,171
QHS-209	2009	11,600	4,080	81	4,161
QHS-210	2009	11,600	2,000	76	2,076
QHS-215	2009	11,600	2,000	76	2,076
QHS-216	2009	11,600	2,000	76	2,076
QHS-217	2009	11,600	2,000	76	2,076
QHS-220	2008	11,000	4,940	223	5,163
QHS-221	2008	11,000	4,940	194	5,134
QHS-222	2009	11,000	1,020	83	1,103
QHS-223	2009	11,000	1,020	82	1,102
QHS-224	2009	11,000	1,020	101	1,121
Total		<b>266,202</b>	<b>80,323</b>	<b>4,055</b>	<b>84,378</b>

\*Contract amount does not include contract with the engineering firm which, as of December 31, 2007, was not signed. This contact is expected to be signed within 2008.

\*\*Vessel delivered in 2007 but as of December 31, 2007, was not positioned and operational.



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**6. Advances for Vessels Under Construction and Acquisitions: (Continued)**

Interest on the advances paid by the Company in respect of these contracts is computed at the weighted average borrowing cost of the Company, for the duration of the construction period, and capitalized in advances for vessels under construction on the accompanying balance sheets. Total interest capitalized for the years ended December 31, 2005, 2006 and 2007 was \$155, \$1,295 and \$2,314, respectively.

During the years ended December 31, 2006 and 2007, the movement of the account, advances for vessels under construction and acquisitions, was as follows:

	<b>Year Ended December 31,</b>	
	<b>2006</b>	<b>2007</b>
Balance at beginning of period	12,803	46,779
Advances for vessels under construction and related costs	35,396	55,529
Payments for secondhand vessel acquisitions	34,895	66,217
Vessels delivered	(36,315)	(84,147)
Balance at end of period	<b>46,779</b>	<b>84,378</b>

As of December 31, 2007, the remaining obligations under the construction and supervision contracts are payable as follows:

	<b>Amount</b>
2008	118,350
2009	67,529
	<b>185,879</b>

On June 3, 2005, in connection with the shipbuilding contracts entered into with Severnav, the Company entered into a call option agreement with Severnav for the design, construction and equipment of four 2,400 dwt, double skin, double bottom, product oil tankers with roll-on roll-off facilities for fuel trucks. The Company has the right to exercise the option on two of the vessels on or before the launching of the first of the firm product oil tankers mentioned above, and has the right to exercise the option on the two remaining vessels on or before the delivery and acceptance of the first of the firm product oil tankers mentioned above for a total price of Euro 26,240,000 (Euro 6,560,000 each). No consideration was paid by the Company for the call option agreement.

On January 13, 2006, in connection with the shipbuilding contracts entered into with Qingdao Hyundai, the Company entered into a call option agreement with Qingdao Hyundai for the construction and delivery of four double skin, double bottom, 5,500 dwt class oil tankers. The Company has the right to exercise this option on or before the delivery of the first of the five 5,500 dwt class oil tankers mentioned above. If the Company exercises this option, Qingdao Hyundai is bound to sign new shipbuilding contracts for the four vessels for a total price of \$38,200 (\$9,550 each). No consideration was paid by the Company for the call option agreement.

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**7. Vessels:**

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	<u>Vessel Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<b>Balance, December 31, 2005</b>	<b>47,528</b>	<b>(5,514)</b>	<b>42,014</b>
- Vessels acquired and delivered	36,315	-	36,315
- Vessels sold	(12,900)	-	(12,900)
- Depreciation for the year	-	(4,148)	(4,148)
<b>Balance, December 31, 2006</b>	<b>70,943</b>	<b>(9,662)</b>	<b>61,281</b>
- Vessels acquired and delivered	84,147	-	84,147
- Vessels sold	(5,224)	1,540	(3,684)
- Depreciation for the year	-	(6,190)	(6,190)
<b>Balance, December 31, 2007</b>	<b>149,866</b>	<b>(14,312)</b>	<b>135,554</b>

On May 3, 2006, the acquired second-hand bunkering tanker, Aegean XI, was delivered to the Company at a total cost of \$8,214. On July 25, 2006, the acquired second-hand bunkering tanker, Aegean Force, was delivered to the Company at a total cost of \$5,085. On September 5, 2006, the acquired floating storage facility, Fos, was delivered to the Company at a total cost of \$10,116.

During the year ended December 31, 2006, the Company purchased two second-hand tankers, Omega Af Donso and Trapper, from third-party sellers for a total amount of \$12,900 and subsequently sold these tankers to Aegean Shipping. No gain or loss was recognized by the Company on the sale of these vessels.

On August 7, 2007, the acquired floating storage facility, the Ouranos, with a total cost of \$18,378 was operational at the Company's service center in Fujairah. On May 25, 2007, the acquired second-hand bunkering tanker, Aegean Princess, was delivered to the Company at a total cost of \$12,241. On September 21, 2007, the acquired floating storage facility, the Leader, was delivered to the Company at a total cost of \$20,473. On August 6, 2007, the newly-constructed bunkering tanker, Milos (ex-DN-3500-1), with a total cost of \$9,051, was operational in the Company's service center in Singapore. On October 10, 2007, the two bunkering tankers, the Sara and Vera, with total costs of \$6,017 and \$1,964, respectively, were delivered to the Company. On December 4, 2007, the acquired double hull tanker, the Hope, with a total cost of \$7,144, was operational in the Company's service center in Jamaica. On December 31, 2007, the newly-constructed bunkering tanker, Serifos (ex-DN-3500-2), with a total cost of \$8,879, was operational in the Company's service center in Singapore.

On April 17, 2007, the Company sold the vessel, Aegean Hellas, to a third-party purchaser for an aggregate price of \$8,791. The gain on sale of \$2,693 resulted from the sale price reduced by the related sales expense of \$515, the carrying value of the asset of \$3,684 and the carrying value of unamortized dry-docking costs of \$1,899, which is separately reflected in the accompanying combined and consolidated statement of income for the year ended December 31, 2007.

Cost of vessels at December 31, 2005, 2006 and 2007, includes \$8,913, \$8,747 and \$19,402, respectively, of amounts not included in the contract price of the vessels but which were material expenses incurred upon acquisition and are capitalized in accordance with the accounting policy discussed in Note 2.

As of December 31, 2007, all of the Company's operational vessels, except for the Aegean Flower, Aegean VII and Aegean IX, were mortgaged under the Company's various debt agreements.



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**8. Other Fixed Assets:**

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	<u>Buildings</u>	<u>Other</u>	<u>Total</u>
Cost, December 31, 2005	1,008	258	1,266
- Additions	-	83	83
Cost, December 31, 2006	1,008	341	1,349
- Additions	-	409	409
Cost, December 31, 2007	<u>1,008</u>	<u>750</u>	<u>1,758</u>
Accumulated depreciation, December 31, 2005	20	31	51
- Depreciation expense	34	58	92
Accumulated depreciation, December 31, 2006	54	89	143
- Depreciation expense	33	151	184
Accumulated depreciation, December 31, 2007	<u>87</u>	<u>240</u>	<u>327</u>
Net book value, December 31, 2005	<u>988</u>	<u>227</u>	<u>1,215</u>
<b>Net book value, December 31, 2006</b>	<u><b>954</b></u>	<u><b>252</b></u>	<u><b>1,206</b></u>
<b>Net book value, December 31, 2007</b>	<u><b>921</b></u>	<u><b>510</b></u>	<u><b>1,431</b></u>

**9. Deferred Charges:**

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	<u>Drydocking</u>	<u>Financing Costs</u>	<u>Total</u>
<b>Balance, December 31, 2005</b>	<b>931</b>	<b>286</b>	<b>1,217</b>
- Additions	10,637	520	11,157
- Amortization for the year	(1,684)	(171)	(1,855)
<b>Balance, December 31, 2006</b>	<b>9,884</b>	<b>635</b>	<b>10,519</b>
- Additions	3,186	468	3,654
- Disposals	(1,899)	-	(1,899)
- Amortization for the year	(3,172)	(233)	(3,405)
<b>Balance, December 31, 2007</b>	<u><b>7,999</b></u>	<u><b>870</b></u>	<u><b>8,869</b></u>

The amortization for drydocking costs is separately reflected in the accompanying combined and consolidated statements of income. The amortization of financing costs is included in interest and finance costs in the accompanying combined and consolidated statements of income.

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**10. Prepayments and Other Current Assets:**

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	December 31,	
	2006	2007
VAT receivable	1,134	9,055
Other prepayments	1,527	3,362
Total	2,661	12,417

**11. Short-term Borrowings:**

On December 19, 2006, as amended, Aegean and AMP, as co-borrowers, jointly and severally entered into a Term Loan, Overdraft and Guarantee Facility Agreement (“2006 Senior Credit Facility”) with an international bank for an amount of \$248,400. The revolving overdraft facility of up to \$115,000 bears interest at LIBOR plus 1.25%. The multi-currency revolving guarantee and letter of credit facility of up to \$100,000 charges a commission of 0.25% for documentary letters of credit, and of 0.625% for standby letters of credit. The term loan of up to \$33,400 was used to refinance the secured term loan dated February 10, 2006 with the same bank (refer to Note 12(c)).

On December 21, 2007, the overdraft facility and guarantee and letter of credit facility were cancelled and terminated. Accordingly, as of December 31, 2007, only the term loan facility of \$33,400 under the 2006 Senior Credit Facility was in full force and effect, which expires 12 years from the delivery date of each vessel.

On December 20, 2007, AMP entered into an Overdraft, Guarantee and Letter of Credit Facility Agreement (“2007 Senior Credit Facility”) with a syndicate of two international banks for an amount of \$300,000. The 2007 Senior Credit Facility will be used for working capital purposes and expires on December 31, 2008. The revolving overdraft facility of up to \$150,000 bears interest at LIBOR plus 1.25%. The multi-currency revolving guarantee and letter of credit facility of up to \$150,000 charges a commission of 0.25% for documentary letters of credit, and of 0.625% for standby letters of credit.

The 2007 Senior Credit Facility is mainly secured by a first priority mortgage on the Company’s operational double hull tankers, except for the Milos and Serifos (both of which are mortgaged under long-term debt) and the Aegean Flower, Aegean VII and Aegean IX, and an undertaking by the Company to provide a first priority mortgage on the Aegean Flower, Aegean VII and Aegean IX at the lender’s request. Furthermore, the 2007 Senior Credit Facility is secured by a general assignment of the Company’s trade receivables to be paid into an operating account held by the bank. The 2007 Senior Credit Facility contains certain covenants which include requirements to maintain the Company’s listing on the New York Stock Exchange, to maintain vessel insurance policies, to maintain minimum security of 120% of the outstanding facility amount and to ensure that Mr. Dimitris Melisanidis controls at least 32% of the Company’s outstanding common shares. Furthermore, the credit facility contains financial covenants requiring the Company to ensure that (i) consolidated book net worth, as defined, not be less than \$175,000, (ii) consolidated leverage ratio, as defined, not to exceed 0.65-to-one, and (iii) consolidated liquid funds, as defined, not be less than \$25,000.

As of December 31, 2006, the Company did not have any short-term borrowings outstanding. As of December 31, 2007, the Company had an overdraft balance of \$133,000 under the 2007 Senior Credit Facility.

Total interest incurred on short-term borrowings for the years ended December 31, 2005, 2006 and 2007 amounted to \$900, \$2,839 and \$1,082, respectively, and is included in interest expense and finance costs, in the accompanying combined and consolidated statements of income.





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**12. Long-term Debt:**

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

<b>Borrower(s)</b>	<b>December 31,</b>	
	<b>2006</b>	<b>2007</b>
(a) Ocean and Sea Global	13,503	15,093
(b) Serifos, Kithnos, Santorini, Paros and Naxos	4,964	17,668
(c) Milos, Amorgos, Kimolos, Syros and Mykonos	4,175	-
(c) Aegean	-	19,342
(d) Eton, Benmore and Ingram	2,350	3,760
(e) Tasman and Santon	1,504	4,512
(f) Kerkyra, Ithaki, Cephallonia, Paxoi, Zakynthos, Lefkas and Kythira	7,000	11,500
(g) Andros, Dilos, Ios, Sifnos and Tinos	-	3,156
Total	33,496	75,031
Less: Current portion	(833)	(3,650)
Long-term portion	<b>32,663</b>	<b>71,381</b>

- (a) On October 26, 2005, as amended, Ocean and Sea Global, as co-borrowers, jointly and severally entered into a syndicated secured term loan with an international bank for an amount of Euro 13,300,000 to partially finance the construction costs of vessels N 2230007 and N 2220000 (two tranches of Euro 6,650,000 each). Each tranche is available in three advances, as defined in the loan agreement. Each tranche is repayable in 40 consecutive quarterly installments, with the first 12 being in the amount of Euro 150,000 each and the remaining 28 being in the amount of Euro 110,000 each, plus a balloon payment of Euro 1,770,000 payable with the last installment. The first installment of each tranche is repayable three months after the date of actual delivery of the respective vessel.

The loan bears interest at LIBOR plus 1.40% during each vessel's pre-delivery period and at LIBOR plus 1.30% during each vessel's post-delivery period. During the years ended December 31, 2005, 2006 and 2007, the weighted average interest rate (including the margin) was 3.91%, 4.33% and 5.57%, respectively, while at December 31, 2006 and 2007, the interest rate (including the margin) was 5.03% and 6.12%, respectively.

The loan agreement contains financial covenants requiring the Company to ensure that book net worth shall not be less than \$100,000; that the ratio of total liabilities to total assets shall not exceed 0.65-to-one; that the current ratio shall not be less than 1.25-to-one and that cash and cash equivalents exceed 50% of the current portion of long-term debt.

As of December 31, 2006 and 2007, the outstanding balance of the loan was \$13,503 (Euro 10,252,500) and \$15,093 (Euro 10,252,500), respectively. The proceeds of the loan have been placed in interest bearing cash collateral accounts as security against standby letters of credit issued by the same bank to the shipyard, which are included under restricted cash in the accompanying consolidated balance sheets.

- (b) On August 30, 2005, as amended, Serifos, Kithnos, Santorini, Paros and Naxos, as co-borrowers, jointly and severally entered into a syndicated secured term loan with an international bank for an amount of \$35,500 to partially finance the construction costs of vessels DN-3500-2, DN-3500-3, DN-3500-8, DN-3500-9 and DN-3500-10, respectively (five tranches of \$7,100 each). Each tranche is available in seven advances, as defined in the loan agreement. Each tranche is repayable in 40 consecutive quarterly installments, with the first 30 being in the amount of \$120 each and the remaining ten being in the amount of \$110 each, plus a balloon payment of \$2,400 payable with the last installment. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance.



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**12. Long-term Debt: (Continued)**

The loan bears interest at LIBOR plus 1.40% during each vessel's pre-delivery period and at LIBOR plus 1.30% during each vessel's post-delivery period. During the years ended December 31, 2005, 2006 and 2007, the weighted average interest rate (including the margin) was 5.90%, 6.57% and 6.73%, respectively, while at December 31, 2006 and 2007, the interest rate (including the margin) was 6.77% and 6.27%, respectively. As of December 31, 2006 and 2007, the outstanding balance of the loan was \$4,964 and \$17,668, respectively.

The loan agreement contains financial covenants requiring the Company to ensure that book net worth shall not be less than \$100,000; that the ratio of total liabilities to total assets shall not exceed 0.65-to-one; that the current ratio shall not be less than 1.25-to-one and that cash and cash equivalents exceed 50% of the current portion of long-term debt.

- (c) On February 10, 2006, Milos, Amorgos, Kimolos, Syros and Mykonos, as co-borrowers, jointly and severally entered into a secured term loan with an international bank for an amount of \$33,400 to partially finance the construction costs of vessels DN-3500-1, DN-3500-4, DN-3500-5, DN-3500-6 and DN-3500-7, respectively (five tranches of \$6,680 each). Each tranche is available in four advances, as defined in the loan agreement. Each tranche is repayable in 48 consecutive quarterly installments, with the first 47 being in the amount of \$140 each and the last installment being in the amount of \$100. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance.

This facility was refinanced by a term loan (with identical terms and conditions) with the same bank under the 2006 Senior Secured Credit Facility.

The loan bears interest at LIBOR plus 1.15% plus additional compliance costs. During the years ended December 31, 2006 and 2007, the weighted average interest rate (including the margin) was 6.46% and 6.37%, respectively, while at December 31, 2006 and 2007, the interest rate (including the margin) was 6.50% and 6.07%, respectively. As of December 31, 2006 and 2007, the outstanding balance of the loan was \$4,175 and \$19,342, respectively.

- (d) On October 25, 2006, Eton, Benmore and Ingram, as co-borrowers, jointly and severally entered into a syndicated secured term loan with an international bank for an amount of \$26,250 to partially finance the construction costs of vessels QHS-220, QHS-222 and QHS-223 (three tranches of \$8,750 each). Each tranche is available in five advances, as defined in the loan agreement. Each tranche is repayable in 40 consecutive quarterly installments in the amount of \$125 each, plus a balloon payment of \$3,750 payable together with the last installment. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance.

The loan bears interest at LIBOR plus 1.30% before delivery of each vessel and at LIBOR plus 1.1875% after such vessel's delivery. During the years ended December 31, 2006 and 2007, the weighted average interest rate (including the margin) was 6.67% and 6.42%, respectively, while at December 31, 2006 and 2007, the interest rate (including the margin) was 6.67% and 6.04%, respectively. As of December 31, 2006 and 2007, the outstanding balance of the loan was \$2,350 and \$3,760, respectively.

- (e) On October 27, 2006, Tasman and Santon, as co-borrowers, jointly and severally entered into a secured term loan with a Greek bank for an amount of \$17,600 to partially finance the construction costs of vessels QHS-221 and QHS-224 (two tranches of \$8,800 each). Each tranche is available in five advances, as defined in the loan agreement. Each tranche is repayable in 40 consecutive quarterly installments in the amount of \$154 each, plus a balloon payment of \$2,640 payable together with the last installment. The first installment of each tranche is repayable three months after the date of delivery of the respective vessel.

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**12. Long-term Debt: (Continued)**

The loan bears interest at LIBOR plus 1.15% on the principal amount repayable in quarterly installments (for each tranche: \$6,160) and at LIBOR plus 1.25% on the principal amount repayable in a balloon payment (for each tranche: \$2,640). During the years ended December 31, 2006 and 2007, the weighted average interest rate (including the margin) was 6.47% and 6.42%, respectively, while at December 31, 2006 and 2007, the interest rate (including the margin) was 6.51% and 5.99%, respectively. As of December 31, 2006 and 2007, the outstanding balance of the loan was \$1,504 and \$4,512, respectively.

- (f) On October 30, 2006, Kerkyra, Ithaki, Cephallonia, Paxoi, Zakynthos, Lefkas and Kythira, as co-borrowers, jointly and severally entered into a syndicated secured term loan with an international bank for an amount of \$64,750 to partially finance the construction costs of vessels QHS-207, QHS-208, QHS-209, QHS-210, QHS-215, QHS-216 and QHS-217 (seven tranches of \$9,250 each). Each tranche is available in five advances, as defined in the loan agreement. Each tranche is repayable in 40 consecutive quarterly installments in the amount of \$125 each, plus a balloon payment of \$4,250 payable together with the last installment. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance.

The loan bears interest at LIBOR plus 1.15% before delivery of each vessel and at LIBOR plus 1.05% after such vessel's delivery. During the years ended December 31, 2006 and 2007, the weighted average interest rate (including the margin) was 6.52% and 6.53%, respectively, while at December 31, 2006 and 2007, the interest rate (including the margin) was 6.52% and 6.12%, respectively. As of December 31, 2006 and 2007, the outstanding balance of the loan was \$7,000 and \$11,500, respectively.

- (g) On July 5, 2007, Andros, Dilos, Ios, Sifnos and Tinos, as co-borrowers, jointly and severally entered into a syndicated secured term loan with an international bank for an amount of \$37,560 to partially finance the construction costs of vessels DN-3800-11, DN-3800-12, DN-3800-13, DN-3800-14 and DN-3800-15 (five tranches of \$7,512 each). Each tranche is available in advances, as defined in the loan agreement. Each tranche is repayable in 40 consecutive quarterly installments in the amount of \$187 each. The first installment of each tranche is repayable three months after the date of drawdown of the respective delivery advance.

The loan bears interest at LIBOR plus 0.90% before delivery of each vessel and at LIBOR plus 0.85% after such vessel's delivery. During the year ended December 31, 2007, the weighted average interest rate (including the margin) was 6.06%, while at December 31, 2007, the interest rate (including the margin) was 5.76%. As of December 31, 2007, the outstanding balance of the loan was \$3,156.

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**12. Long-term Debt: (Continued)**

As of December 31, 2007, the outstanding vessel-financing loans are generally collateralized as follows:

- First priority assignment of the shipbuilding contracts and first priority mortgages over the vessels (when completed);
- Assignments of insurance and earnings of the mortgaged vessels (when completed);
- An undertaking from the vessels' manager.

The vessel-financing loan agreements contain ship finance covenants including restrictions as to changes in management and ownership of the vessels, additional indebtedness and mortgaging of vessels without the bank's prior consent as well as minimum requirements regarding the ratio of the market value of the relevant vessel to the outstanding loan amount and the ratio of the insured amount of the relevant vessel to the outstanding loan amount. In addition, the borrowing companies and/or their managers must maintain working capital accounts with the lending banks, as defined in the loan agreements. Furthermore, the vessel-owning subsidiary companies are not permitted to pay any dividends without the lenders' prior consent. The vessel-owning subsidiary companies with outstanding loans had restricted net assets amounting to \$(1,694) and \$(4,683), as of December 31, 2006 and 2007, respectively.

As of December 31, 2007, all of the Company's vessels-under-construction as well as two newly-completed vessels, the Milos (ex-DN-3500-1) and the Serifos (ex-DN-3500-2), having a total carrying value of \$102,308, have been provided as collateral to secure the long-term debt discussed above.

Total interest incurred on long-term debt for the years ended December 31, 2005, 2006 and 2007 amounted to \$1,036 and \$2,779 and \$2,958, respectively, and is included in interest expense and finance costs in the accompanying combined and consolidated statements of income. Accrued interest expense on long-term debt as of December 31, 2006 and 2007 amounted to \$153 and \$236, respectively, and is included in accrued and other current liabilities in the accompanying consolidated balance sheets.

The total amount available and unutilized under the Company's long-term debt agreements was \$159,608 as of December 31, 2007.

The annual principal payments required to be made after December 31, 2007, are as follows:

	<b>Amount</b>
2008	3,650
2009	5,126
2010	5,669
2011	5,397
2012	5,306
2013 and thereafter	49,883
	<b>75,031</b>

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**13. Commitments and Contingencies:**

- (a) **Long-term Supply Contracts:** On December 3, 2004, the Company signed an eight-year Fuel Purchase Agreement with a government refinery in Jamaica for the supply of mainly MFO and MGO at a price equal to average PLATTS prices plus a margin. The contract stipulates that the Company and refinery are not required to transact for more than a maximum quantity of marine fuel per month; however, by mutual agreement, the maximum quantity per month may be revised upwards. Invoices become due thirty calendar days from the date of delivery. Interest on overdue payments accrues at a rate equal to the local overdraft rate in Jamaica. This agreement expires on December 31, 2012.

On April 1, 2005, the Company signed a ten-year Marine Fuel Supply Service Agreement with the Greek Subcontractor (refer to Note 4).

- (b) **Standby Letters Of Credit:** In the normal course of business, for certain suppliers, under certain long-term supply contracts, or under certain long-term construction contracts, the Company is required to post standby letters of credit in order to secure lines of credit. As of December 31, 2007, the total outstanding standby letters of credit amounted to \$136,703. The Company has not defaulted on payment of any of its accounts payable so as to cause any of the issuers of the standby letters of credit to settle the Company's accounts payable on the Company's behalf. All the standby letters of credit expire during 2008. The Company expects to extend the validity date of these instruments throughout the duration of the Company's contractual or operating relationships with the respective suppliers.
- (c) **Environmental and Other Liabilities:** The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the Company's exposure. Currently, management is not aware of any such claims or contingent liabilities for which a provision should be established in the accompanying combined and consolidated financial statements. The Company's Protection and Indemnity ("P&I") insurance policies cover third-party liability and other expenses related to injury or death of crew, passengers and other third parties, loss or damage of cargo, claims arising from collisions with other vessels, damage to other third-party property, and pollution arising from oil or other substances. The Company's coverage under the P&I insurance policies, except for pollution, is unlimited. Coverage for pollution is \$1 billion per vessel per incident.
- (d) **Legal Matters:** On November 30, 2005, an unrelated third party filed a declaratory action against the Company before the First Instance Court of Piraeus. The plaintiff asserts that he was instrumental in the negotiation of the Company's eight-year Fuel Purchase Agreement with a government refinery in Jamaica, and seeks a judicial affirmation of his alleged contractual right to receive a commission of \$1 per metric ton over the life of that contract, which as per the plaintiff's calculation, amounts to \$10,080 over a period of 12 years. In 2007, the Court of First Instance ruled that the claim is maritime-related and not within its jurisdiction. Accordingly, the claim was referred to the Maritime Disputes Division of the Court of First Instance in Piraeus. The case was re-scheduled to be heard on May 13, 2008. The Company believes that this claim is unwarranted and lacking in merit, and management is confident that the Company will not incur a material loss in connection with this lawsuit.

Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of business. In addition, losses may arise from disputes with charterers and agents and insurance and other claims with suppliers relating to the operations of the Company's vessels. Currently, management is not aware of any such claims or contingent liabilities or for which a provision should be established in the accompanying combined and consolidated financial statements.

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**14. Other Operating Expenses:**

The amounts in the accompanying combined and consolidated statements of income are analyzed as follows:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Bunkering tanker voyage expenses	445	490	784
Bunkering tanker insurance	859	1,070	1,315
Bunkering tanker repairs and maintenance	2,103	1,940	2,958
Bunkering tanker spares and consumable stores	1,245	1,338	1,874
Bunkering tanker consumption of marine petroleum products	1,821	3,636	7,865
Operating cost of the Aegean Hellas	4,576	6,058	2,930
Storage costs	-	3,396	2,778
Cargo transportation	-	-	4,466
Provision for doubtful accounts	129	412	498
Other	5,451	7,357	13,574
Total	<b>16,629</b>	<b>25,697</b>	<b>39,042</b>

**15. Interest and Finance Costs:**

The amounts in the accompanying combined and consolidated statements of income are analyzed as follows:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Interest on long-term debt	1,036	2,779	2,958
Interest on short-term borrowings	900	2,839	1,082
Amortization of financing fees	18	171	233
Bank commissions, commitment fees and other charges	548	713	1,514
Capitalized interest (Notes 6 and 12)	(155)	(1,295)	(2,314)
Total	<b>2,347</b>	<b>5,207</b>	<b>3,473</b>

**16. Postponement of Initial Public Offering:**

On November 17, 2005, the Company filed a Registration Statement on Form F-1 with the Securities and Exchange Commission for an initial public offering of 10,000,000 shares of its common stock. Subsequently, within the first quarter of 2006, the Company temporarily postponed the IPO. In accordance with SAB Topic 5A, during the year ended December 31, 2006, the Company has written off all previously-deferred costs in connection with the offering of \$1,588, which are separately presented in the combined and consolidated statement of income for year ended December 31, 2006.

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*(Expressed in thousands of U.S. dollars –  
except share and per share data, unless otherwise stated)*

**17. Equity Incentive Plan:**

On November 2, 2006, the Company's board of directors adopted the 2006 Equity Incentive Plan ("2006 Plan"), under which the Company's officers, key employees and directors are eligible to receive stock-based incentive awards including restricted stock, restricted stock units (with or without dividend equivalents), unrestricted stock, at-the-money nonqualified stock options and stock appreciation rights. The 2006 Plan is administered by the Compensation Committee of the Company's board of directors and the aggregate number of shares of common stock reserved under this plan is 4,053,500. The Company's board of directors may terminate the 2006 Plan at any time. The 2006 Plan expires ten years from the date of adoption.

Effective November 2, 2006, the Company adopted the provisions of SFAS No. 123, "Share-Based Payment" ("SFAS 123R"). The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award which is determined by the closing price of the Company's common stock traded on the NYSE on the grant date, and recognizes the cost as expense on a straight-line basis (net of estimated forfeitures) over the employee requisite period. The expense is recorded in salaries, wages and related costs in the accompanying combined and consolidated statements of income. Aegean is incorporated in a non-taxable jurisdiction and accordingly, no deferred tax assets are recognized for these stock-based incentive awards.

On December 13, 2006, the Company made grants of restricted common stock in the amount of 107,143 shares to a certain officer of the Company. The restricted shares vest, and the restrictions lapse, with respect to each 20% lot of these shares, on December 13, 2007 and on December 13 of each of the four years thereafter.

On February 27, 2007, the Company granted 109,167 shares of restricted common stock to certain employees of the Company. The restricted shares vest, and the restrictions lapse, with respect to each 25% lot of these shares, on February 27, 2008 and on February 27 of each of the three years thereafter.

On May 22, 2007, the Company granted 29,600 shares of restricted common stock to four non-executive members of the Board of Directors. With respect to 19,600 shares, the restricted shares vest and the restrictions lapse on the date of the 2008 Annual Meeting of Shareholders. The remaining 10,000 shares vest on the date of the 2009 Annual Meeting of Shareholders.

On September 7, 2007, the Company granted 10,000 shares of restricted common stock to a certain employee of the Company. The restricted shares vest, and the restrictions lapse, with respect to each 25% lot of these shares, on September 7, 2008 and on September 7 of each of the three years thereafter.

All grants of restricted stock issued under the 2006 Plan are subject to accelerated vesting upon certain circumstances set forth in the 2006 Plan.

The following table summarizes the status of the Company's unvested restricted stock outstanding for the years ended December 31, 2006 and 2007:

	<b>Unvested Restricted Stock</b>	<b>Weighted Average Grant Date Fair Value</b>
At December 31, 2005	-	-
Granted	107,143	15.75
At December 31, 2006	107,143	15.75
Granted	148,767	15.52
Vested	(28,828)	16.43
At December 31, 2007	227,082	15.51

Total compensation cost of \$38 and \$1,807 was recognized and included under salaries, wages and related costs in the accompanying combined and consolidated statements of income for the years ended December 31, 2006 and 2007, respectively.





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**17. Equity Incentive Plan: (Continued)**

As of December 31, 2007, there was \$2,151 of total unrecognized compensation cost related to non-vested restricted stock awards. This unrecognized compensation cost at December 31, 2007, is expected to be recognized as compensation expense over a weighted average period of 2.2 years as follows:

	<u>Amount</u>
2008	1,179
2009	592
2010	291
2011	89
	<u><u>2,151</u></u>

**18. Common Stock and Additional Paid-In Capital:**

Authorized Capital

Aegean was formed on June 6, 2005, under the laws of the Marshall Islands. Aegean's authorized common and preferred stock since inception consisted of 100,000,000 common shares (all in registered form), par value \$0.01 per share and 25,000,000 preferred shares (all in registered form), par value \$0.01 per share. The holders of the common shares are entitled to one vote on all matters submitted to a vote of stockholders and to receive all dividends, if any. The Company's board of directors shall have the authority to establish such series of preferred stock and with such designations, preferences and relative, participating, optional or special rights and qualifications, limitations or restrictions as shall be stated in the resolutions providing for the issue of such preferred stock.

Share Issuance and Repurchase

On June 8, 2005, Aegean issued 30,472,827 common shares (as restated for the split-ups of common stock, described below), with a \$0.01 par value per share, to Leveret and Leveret contemporaneously contributed its direct and indirect ownership in the companies described in Note 1 to Aegean.

On October 3, 2005, Aegean acquired from Leveret 8% of the total then-issued and outstanding common stock of Aegean, representing the entire interests in Leveret of members of Mr. Dimitris Melisanidis' family (other than Mr. Melisanidis himself) for a price of \$35,000. Those shares were cancelled upon repurchase, in accordance with a resolution of the board of directors of Aegean. The repurchased shares represented the entire beneficial ownership of those members of Mr. Melisanidis' family. The excess of the purchase price over the par value of the acquired shares is reflected first as a deduction from additional paid-in capital and, upon exhaustion of the balance of additional paid-in capital, as a deduction from retained earnings.

Stock Split-ups

On November 14, 2005, Aegean effected a stock split-up in the form of a dividend. The stock dividend declared and paid, of 22,249,080 shares of Aegean's common stock, was distributed to Aegean's sole shareholder, Leveret. On November 21, 2006, Aegean effected a stock split-up in the form of a dividend. The stock dividend declared and paid, of 5,785,000 shares of Aegean's common stock, was distributed to Aegean's shareholders as of that date, on a pro-rata basis.

The combined and consolidated financial statements for all periods presented give retroactive effect to the above-described share issuance and split-ups of common shares.

Initial Public Offering

In December 2006, the Company completed its initial public offering in the United States under the United States Securities Act of 1933, as amended. In this respect, 14,375,000 shares of common stock at par value \$0.01 were issued for \$14.00 per share. The proceeds of the initial public offering, net of underwriting commissions of \$14,088, and net of offering expenses of \$1,953, amounted to \$185,209.

**AEGEAN MARINE PETROLEUM NETWORK INC.**  
**NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

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**18. Common Stock and Additional Paid-In Capital: (Continued)**

Dividends

The Company declared and paid dividends of \$1,509, \$4,000 and \$1,705 during the years ended December 31, 2005, 2006 and 2007, respectively.

Capital Contributions

The amounts presented in the accompanying consolidated balance sheets as additional paid-in capital comprise (i) payments made by the stockholders at various dates to finance vessel acquisitions in excess of the amounts of bank loans obtained and advances for working capital, (ii) the estimated value of certain incidental employee services provided to the Company by certain related companies for no consideration, (iii) an allocation of costs for office services historically shared with and the use of office equipment owned by related companies, and (iv) the difference between the par value of the shares issued in the initial public offering in December 2006 and the net proceeds obtained for those shares.

**19. Earnings Per Common Share:**

The computation of basic earnings per share is based on the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the granting of unvested restricted stock awards (refer to Note 17), for which the assumed proceeds upon grant are deemed to be the amount of compensation cost attributable to future services and not yet recognized using the treasury stock method, to the extent dilutive.

The components of the calculation of basic earnings per common share and diluted earnings per common share are as follows:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Basic and diluted income			
Available to common stockholders	\$ 21,475	\$ 24,225	\$ 27,738
Basic weighted average number of common shares outstanding	29,878,398	28,954,521	42,417,111
Add: Dilutive effect of unvested restricted stock	-	101	88,593
Diluted weighted average number of common shares outstanding	29,878,398	28,954,622	42,505,704
<b>Basic earnings per common share</b>	<b>\$ 0.72</b>	<b>\$ 0.84</b>	<b>\$ 0.65</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.72</b>	<b>\$ 0.84</b>	<b>\$ 0.65</b>

**20. Income Taxes:**

The principal operating entity of the Company, AMP, is incorporated in the Republic of Liberia. Under regulations promulgated by the Liberian Ministry of Finance, because AMP is considered a non-resident domestic corporation, it is not required to pay any tax or file any report or return with the Republic of Liberia in respect of income derived from its operations outside of the Republic of Liberia. The Liberian Ministry of Justice has issued an opinion that these regulations are valid.



**AEGEAN MARINE PETROLEUM NETWORK INC.**  
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**20. Income Taxes: (Continued)**

AMP has a branch office established in Greece. Under the laws of Greece, and in particular Greek Law 3427/2005 which amended, replaced and supplemented provisions of Law 89/1967 as of January 1, 2006, AMP is taxed on a cost plus basis (5%) on expenses incurred by its branch office in Greece. Furthermore, AMP is exempt from Greek income tax, as well as any other tax, charge or contribution in favor of the Greek State or any third party, on income derived from all its transactions worldwide in petroleum products, lubricants and similar commodities, the object of which lies outside of Greece.

Generally, under the laws of the countries of the vessel-owning companies' and the Manager's incorporation and/or vessels' registration, the vessel-owning companies and the Manager are not subject to tax on shipping income. However, the vessel-owning companies are subject to registration and tonnage taxes, which have been included in other operating expenses in the accompanying combined and consolidated statements of income.

During the years presented, the Company is subject to statutory corporate income tax in relation to its subsidiaries incorporated or operating in taxable jurisdictions. The Company provided for current income taxes of \$24, \$2 and \$8 for the years ended December 31, 2005, 2006 and 2007, respectively, which is separately reflected in the accompanying combined and consolidated statements of income.

**21. Business Segments and Geographical Information:**

The Company is primarily a physical supplier in the downstream marine petroleum products industry. Marine petroleum products mainly consist of different classifications of marine fuel oil, marine gas oil and lubricants.

The Company cannot and does not identify expenses, profitability or other financial performance measures by type of marine petroleum product supplied, geographical area served, nature of services performed or on anything other than on a consolidated basis (although the Company is able to segregate revenues on these various bases). As a result, management, including the chief operating decision maker, reviews operating results on a consolidated basis only. Therefore, the Company has determined that it has only one operating segment.

Information concerning the Company's total sales of marine petroleum products is presented as follows, attributed based on the point-of-delivery geographical location of the customer vessels:

	<b>Year Ended December 31,</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Greece	125,540	167,061	165,231
United Arab Emirates	130,459	180,453	287,347
Gibraltar	152,372	240,412	433,524
Jamaica	77,385	147,211	212,093
Singapore	-	39,496	193,747
Northern Europe	-	-	37,443
Other	19,849	16,024	16,464
Total	<b>505,605</b>	<b>790,657</b>	<b>1,345,849</b>

The Company's long-lived assets mainly consist of bunkering tankers, which are positioned across the Company's existing territories and which management, including the chief operating decision maker, reviews on a periodic basis and reposition among the Company's existing or new territories to optimize the vessel per geographical territory ratio. The Company's vessels operate within or outside the territorial waters of each geographical location and, under international law, shipping vessels usually fall under the jurisdiction of the country of the flag they sail. The Company's vessels are not permanently located within particular territorial waters and the Company is free to mobilize all its vessels worldwide at its own discretion.



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**21. Business Segments and Geographical Information: (Continued)**

The following disclosure of the locations of long-lived assets is based on the physical locations of the assets as of the dates shown. These locations are not necessarily indicative of the territories that have jurisdiction over such assets:

	<b>As of December 31,</b>	
	<b>2006</b>	<b>2007</b>
Gibraltar	23,492	39,510
United Arab Emirates	14,572	31,364
Jamaica	14,071	10,975
Singapore	5,656	29,245
Northern Europe	-	19,639
Other	4,696	6,252
Total	<b>62,487</b>	<b>136,985</b>



## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

AEGEAN MARINE PETROLEUM NETWORK INC.

By: /s/ E. Nikolas Tavlarios  
Name: E. Nikolas Tavlarios  
Title: President

Date: April 4, 2008

Private & Confidential

**FACILITY AGREEMENT  
for an Overdraft, Guarantee  
and Letter of Credit Facility of up to US\$300,000,000  
to  
AEGEAN MARINE PETROLEUM S.A.**

**provided by  
THE BANKS AND FINANCIAL INSTITUTIONS SET OUT IN SCHEDULE 1**

**Arranger  
THE ROYAL BANK OF SCOTLAND PLC**

**Agent, Security Agent, Issuing Bank and Account Bank  
THE ROYAL BANK OF SCOTLAND PLC**

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THIS AGREEMENT is dated December 2007 and made BETWEEN:

- (1) AEGEAN MARINE PETROLEUM S.A. as Borrower;
- (2) THE ROYAL BANK OF SCOTLAND PLC as Arranger, Agent, Security Agent, Issuing Bank and Account Bank; and
- (3) THE BANKS AND FINANCIAL INSTITUTIONS whose names and addresses are set out in schedule 1 as Banks.

IT IS AGREED as follows:

## 1 Purpose and definitions

### 1.1 Purpose

This Agreement sets out the terms and conditions upon and subject to which the Banks agree, according to their several obligations, to make available to the Borrower:

1.1.1 a revolving overdraft facility of up to One hundred and fifty million Dollars (\$150,000,000) for the purpose of assisting the Borrower to finance the working capital needs of the Borrower and any other members of the Group in connection with trade related activities **Provided however** that an amount of up to One hundred million Dollars (\$100,000,000) thereof may be used for the acquisition of vessels and/or shares and/or any other assets by members of the Group; and

1.1.2 a multi-currency revolving guarantee and letter of credit facility of up to Three hundred million Dollars (\$300,000,000) (inclusive of the limit of the revolving overdraft facility referred to above) for the purpose of assisting the Borrower to finance the purchase and transportation of fuel cargoes and the payment of other expenses incidental to the supply of bunkers and lubricants to its customers.

### 1.2 Definitions

In this Agreement, unless the context otherwise requires:

“**Account Bank**” means The Royal Bank of Scotland plc, whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB, Scotland acting for the purposes of this Agreement through its branch at 45 Akti Miaouli, 185 36 Piraeus, Greece (or of such other address as may last have been notified to the other parties to this Agreement pursuant to clause 17.1.3) or such other bank as may be designated by the Agent as the Account Bank for the purposes of this Agreement and includes its successors in title;

“**Account Pledges**” means, together, the Operating Account Pledge, the Cash Collateral Account Pledge, any Illegality Security Account Pledge and “**Account Pledge**” means any of them;

“**Accounts**” means, together, the Operating Account, the Overdraft Account, the Manager’s Operating Account and the Cash Collateral Account and “**Account**” means any of them;

“**Actual Exposure**” means, at any relevant time, the aggregate of:

- (a) the Overdraft;
- (b) the Outstanding Amounts for all L/Cs (subject to clause 2.8);
- (c) all amounts paid by the Banks pursuant to clauses 2.14, 4.2.1 or 4.2.2 which have not been fully paid or reimbursed by the Borrower under this Agreement; and

(d) any undrawn and available amount of the Overdraft Facility taken into account by the Corporate Guarantor for the purpose of complying with clause 5.3.1(c) of the Corporate Guarantee at the then latest time when compliance was tested by the Security Agent;

“**Additional Mortgage Date**” means, in relation to each Additional Owner and the Additional Ship owned by it, the date when the Borrower has actually delivered the documents and evidence specified in clause 8.5.3 in connection with such Additional Ship in accordance with the terms of such clause 8.5.3;

“**Additional Owner**” means, in relation to an Additional Ship, the member of the Group which is registered owner of such Additional Ship at any relevant time, and “**Additional Owners**” means any or all of them;

“**Additional Ship**” means each of the Additional Ship A, the Additional Ship B, the Additional Ship C and any other vessel owned by a member of the Group, in each case if and to the extent it has been designated by the Borrower and accepted by the Agent (acting on the instructions of the Majority Banks in their absolute discretion) pursuant to clause 8.5.3 to become an “**Additional Ship**” for the purpose of this Agreement and “**Additional Ships**” means any or all of them;

“**Additional Ship A**” means the ship described in detail in row 17 of Part B of schedule 3;

“**Additional Ship B**” means the ship described in detail in row 18 of Part B of schedule 3;

“**Additional Ship C**” means the ship described in detail in row 19 of Part B of schedule 3;

“**Agent**” means The Royal Bank of Scotland plc, whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB, Scotland acting for the purposes of this Agreement through its branch at 45 Akti Miaouli, 185 36 Piraeus, Greece (or of such other address as may last have been notified to the other parties to this Agreement pursuant to clause ) or such other person as may be appointed as agent by the Banks, the Issuing Bank and the Account Bank pursuant to clause 16 and includes its successors in title;

“**Aggregate Liabilities**” means, at any relevant time, the aggregate of the Overdraft and the Outstandings of all the Banks;

“**Applicable Accounting Principles**” means, at any relevant time, the most recent and up-to-date US GAAP;

“**Arranger**” means The Royal Bank of Scotland plc, whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB, Scotland acting for the purposes of this Agreement through its branch at 45 Akti Miaouli, 185 36 Piraeus, Greece (or of such other address as may last have been notified to the other parties to this Agreement pursuant to clause 17.1.3) and includes its successors in title;

“**Availability Period**” means, in relation to each of the Overdraft Facility and the Guarantee Facility, the period commencing on the date of this Agreement and ending on the earlier of:

- (a) the date falling one (1) month before the Final Maturity Date (or such later date as the Banks may agree with the Borrower); and
- (b) the date on which the Banks’ obligation to make the Overdraft Facility and (as the case may be) the Guarantee Facility available is fully cancelled or terminated under the terms of this Agreement;

“**Banking Day**” means a day on which banks are open in London, Hamburg and Piraeus and, in respect of a day on which payment is required to be made or other dealing is due to take place under this Agreement:

- (a) in Dollars, a day on which banks are open in New York City;
- (b) in an Optional Currency (other than euros), a day on which banks are open in New York City and the principal financial centre of the country of that Optional Currency; and
- (c) in euros, a Target Day,

or any other relevant place of payment under clause 6;

“**Banks**” means the banks and financial institutions set out in schedule 1 and includes their respective successors in title and Transferee Banks and “**Bank**” means any of them;

“**Beneficiary**” means, in relation to an L/C, the person in whose favour the L/C has been issued under this Agreement;

“**Borrowed Money**” means, in relation to a person (the “**debtor**”), a liability of the debtor:

- (a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;
- (b) under any loan stock, bond, note or other security issued by the debtor;
- (c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;
- (d) under a financial lease, a deferred purchase consideration arrangement or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;
- (e) under any foreign exchange transaction, any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount (and when calculating the value of any such transaction, only the marked to market value as at any date shall be taken into account);
- (f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (e) if the references to the debtor referred to the other person; or
- (g) any other Indebtedness which would be regarded as debt pursuant to the Applicable Accounting Principles,

and, in calculating the Borrowed Money of any person, none of the above items shall be deducted or added or otherwise taken into account more than once in any such calculation;

“**Borrower**” means Aegean Marine Petroleum S.A. of 80 Broad Street, Monrovia, Republic of Liberia and includes its successors in title;

“**Cash Collateral Account**” means an interest bearing account of the Borrower opened by the Borrower with the Account Bank and includes any sub-accounts thereof and any other account designated in writing by the Agent to be a Cash Collateral Account for the purposes of this Agreement;

“**Cash Collateral Account Pledge**” means the pledge of the Cash Collateral Account executed or (as the context may require) to be executed by the Borrower in favour of the Banks, the Agent, the Issuing Bank and the Account Bank in such form as the Banks may in their absolute discretion require;

“**Casualty Amount**” means, in relation to each Ship, Two hundred and fifty thousand Dollars (\$250,000) or the equivalent in any other currency;

**“Classification”** means, in relation to each Ship, the highest classification for a vessel of such Ship’s type with the Classification Society or such other classification as the Agent (acting on the instructions of the Majority Banks) shall, at the request of an Owner, have agreed in writing shall be treated as the Classification for such Owner’s Ship for the purposes of the Security Documents;

**“Classification Society”** means, in relation to each Ship, any classification society which is a member of the International Association of Classification Societies (IACS) or such other classification society which the Agent (acting on the instructions of the Majority Banks) shall, at the request of an Owner, have agreed in writing shall be treated as the Classification Society for such Owner’s Ship for the purposes of the Security Documents;

**“Code”** means the International Management Code for the Safe Operation of Ships and for Pollution Prevention constituted pursuant to Resolution A. 741(18) of the International Maritime Organisation and incorporated into the International Convention for the Safety of Life at Sea 1974 (as amended) and includes any amendments or extensions thereto and any regulation issued pursuant thereto;

**“Collateral Mortgage Date”** means, in relation to each Collateral Owner and the Ship owned by it, the latest date when the Borrower is required to deliver the documents and evidence specified in clause 8.1.14 in connection with such Collateral Ship in accordance with the terms of such clause 8.1.14;

**“Collateral Owner”** means:

- (a) in relation to Collateral Ship A, the Collateral Owner A;
- (b) in relation to Collateral Ship B, the Collateral Owner B; or
- (c) in relation to Collateral Ship C, the Collateral Owner C,

and **“Collateral Owners”** means any or all of them;

**“Collateral Owner A”** means Aegean Marine Petroleum LLC of P.O. Box 2688, Khorfakkan, Emirate of Sharjah, United Arab Emirates and includes its successors in title;

**“Collateral Owner B”** means Aegean VII Shipping Ltd. of 13/16 Vincenti Buildings, Strait Street, Valletta, Malta and includes its successors in title;

**“Collateral Owner C”** means Venus Holding Company of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 and includes its successors in title;

**“Collateral Ship”** means:

- (a) in relation to Collateral Owner A, the Collateral Ship A;
- (b) in relation to Collateral Owner B, the Collateral Ship B;
- (c) in relation to Collateral Owner C, the Collateral Ship C;

and **“Collateral Ships”** means any or all of them;

**“Collateral Ship A”** means the Ship owned by the Collateral Owner A, as described in more detail in row 14 of Part B of schedule 3;

**“Collateral Ship B”** means the Ship owned by the Collateral Owner B, as described in more detail in row 15 of Part B of schedule 3;

“**Collateral Ship C**” means the Ship owned by the Collateral Owner C, as described in more detail in row 16 of Part B of schedule 3;

“**Compulsory Acquisition**” means, in relation to a Ship, requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation, forfeiture or confiscation for any reason of that Ship by any Government Entity or other competent authority, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title;

“**Corporate Guarantee**” means the corporate guarantee executed or (as the context may require) to be executed by the Corporate Guarantor in favour of the Security Agent in such form as the Banks may in their sole discretion require;

“**Corporate Guarantor**” means Aegean Marine Petroleum Network Inc. of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MHJ96960 and includes its successors in title;

“**Creditors**” means, together, the Arranger, the Agent, the Account Bank, the Issuing Bank, the Security Agent and the Banks and “**Creditor**” means any of them;

“**Customer**” means each person from whom Receivables are due to the Borrower at any relevant time and “**Customers**” means any or all of them;

“**Deed of Covenant**” means, in relation to each Ship, a deed of covenant or general assignment (as the case may be) collateral to the Mortgage of that Ship executed or (as the context may require) to be executed by the relevant Owner in favour of the Security Agent or any of the other Creditors in such form as the Banks may in their absolute discretion require, and “**Deeds of Covenant**” means any or all of them;

“**Default**” means any Event of Default or any event or circumstance which with the giving of notice or lapse of time or the satisfaction of any other condition (or any combination thereof) would constitute an Event of Default;

“**Direct Credit Substitute**” means a letter of credit or bank guarantee issued or to be issued by the Issuing Bank in favour of a Beneficiary in such form as is agreed between the Issuing Bank and the Borrower which is required by the Borrower in the ordinary course of its business and which is neither a Documentary L/C nor a Transaction Related Standby L/C;

“**Documentary L/C**” means a letter of credit issued or to be issued by the Issuing Bank in favour of a Beneficiary in such form as is agreed between the Issuing Bank and the Borrower which directly relates to the purchase of Oil Products by the Borrower and which imposes on the Issuing Bank a primary obligation to pay upon presentation of specified documents as specified in such letter of credit;

“**DOC**” means a document of compliance issued to an Operator in accordance with rule 13 of the Code;

“**Dollars**” and “**\$**” mean the lawful currency of the United States of America and in respect of all payments to be made under any of the Security Documents mean funds which are for same day settlement in the New York Clearing House Interbank Payments System (or such other U.S. dollar funds as may at the relevant time be customary for the settlement of international banking transactions denominated in U.S. dollars);

“**Earnings**” means, in relation to a Ship, all moneys whatsoever from time to time due or payable to the Owner of such Ship during the Security Period arising out of the use or operation of such Ship including (but without limiting the generality of the foregoing) all freight, hire and passage moneys, income arising out of pooling arrangements, compensation payable to such Owner in the event of requisition of such Ship for hire, remuneration for salvage or towage services, demurrage and detention moneys and damages for breach (or payment for variation or termination) of any charterparty or other contract for the employment of such Ship;



**“EMU Legislation”** means legislative measures of the Council of the European Union for the introduction of, changeover to, or operation of, a single or unified European Currency being part of the implementation of the Third Stage;

**“Encumbrance”** means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement or security interest or other encumbrance of any kind securing any obligation of any person or any type of preferential arrangement (including without limitation title transfer and/or retention arrangements having a similar effect);

**“Environmental Affiliate”** means any agent or employee of the Borrower or any other Relevant Party or any person having a contractual relationship with the Borrower or any other Relevant Party in connection with any Relevant Ship or its operation or the carriage of cargo and/or passengers thereon and/or the provision of goods and/or services on or from such Relevant Ship;

**“Environmental Approval”** means any consent, authorisation, licence or approval of any governmental or public body or authorities or courts applicable to any Relevant Ship or its operation or the carriage of cargo and/or passengers thereon and/or the provision of goods and/or services on or from such Relevant Ship required under any Environmental Law;

**“Environmental Claim”** means any and all material enforcement, clean-up, removal or other governmental or regulatory actions or orders instituted or completed pursuant to any Environmental Law or any Environmental Approval together with claims made by any third party relating to damage, contribution, loss or injury, resulting from any actual or threatened emission, spill, release or discharge of a Pollutant from any Relevant Ship;

**“Environmental Laws”** means all national, international and state laws, rules, regulations, treaties and conventions applicable to any Relevant Ship pertaining to the pollution or protection of human health or the environment including, without limitation, the carriage of Pollutants and actual or threatened emissions, spills, releases or discharges of Pollutants;

**“EURIBOR”** means, in relation to a particular period:

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for that period, the arithmetic mean of the rates (rounded upwards to four decimal places) quoted to the Agent by the Reference Banks at the request of the Agent to be the rate offered to each Reference Bank by leading banks in the European interbank market,

as of 11:00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in euro for a period comparable to that period;

**“euro”** and **“euros”** means, for the time being, the single currency of Participating Member States as provided in the EMU Legislation;

**“Event of Default”** means any of the events or circumstances described in clause ;

**“Expiry Date”** means, in relation to an L/C, the expiry date specified in the Issue Request relating thereto and initially applicable thereto or, as the context may require, any extended expiry date requested and agreed to by the Banks pursuant to clause 2.6 and/or clause 2.13 provided that in no circumstances shall the expiry date of an L/C be a date falling after the Final Maturity Date except in accordance with clause 2.13;

**“Final Maturity Date”** means, in relation to the Overdraft Facility and the Guarantee Facility, the earlier of (a) the date falling twelve (12) months after the date of this Agreement and (b) 31 December 2008;

“**Flag State**” means, in relation to each Ship (other than an Additional Ship), such state or territory (if any) specified opposite such Ship’s name in the column headed “**Flag State**” in Part B of schedule 3 or such state or territory designated in writing by the Majority Banks in their absolute discretion, at the request of an Owner as being the “Flag State” of such Owner’s Ship for the purpose of the Security Documents;

“**Government Entity**” means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant;

“**Group**” means, together, the Corporate Guarantor and its Subsidiaries from time to time (which, for the avoidance of doubt, includes all other Security Parties) and “**member of the Group**” shall be construed accordingly;

“**Guarantee Facility**” means the multi-currency revolving guarantee and letter of credit facility of up to \$300,000,000 referred to in clause 2.1.2 and made available by the Banks to the Borrower pursuant to this Agreement;

“**Guarantee Facility Commitment**” means, at any relevant time, \$300,000,000 or the equivalent thereof in Optional Currencies minus the Overdraft at the relevant time, as such amount may be reduced or cancelled by any relevant term of this Agreement;

“**Illegality Security Account**” means, in respect of an L/C, each account opened or (as the context may require) to be opened by the Borrower with the Account Bank following the Agent’s request pursuant to clause 14.7 in respect of that L/C and includes any sub-accounts thereof and “**Illegality Security Accounts**” means any or all of them;

“**Illegality Security Account Pledge**” means, in respect of an Illegality Security Account, the pledge of such account executed or (as the context may require) to be executed by the Borrower in favour of the Agent, the Account Bank, the Banks and the Issuing Bank in such form as the Banks may in their absolute discretion require and “**Illegality Security Account Pledges**” means any or all of them;

“**Indebtedness**” means any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent;

“**Insurance Letter**” means, in respect of a Ship, a letter from the Owner of such Ship in the form set out in schedule 7;

“**Insurances**” means, in relation to a Ship, all policies and contracts of insurance (which expression includes all entries of that Ship in a protection and indemnity or war risks association) which are from time to time during the Security Period in place or taken out or entered into by or for the benefit of the relevant Owner (whether in the sole name of such Owner, or in the joint names of such Owner and the Security Agent or otherwise) in respect of such Owner’s Ship and her Earnings or otherwise howsoever in connection with such Ship and all benefits thereof (including claims of whatsoever nature and return of premiums);

“**Interest Payment Date**” means the last day of an Interest Period;

“**Interest Period**” means each seven day period commencing on a Wednesday of a week and ending on the Tuesday of the immediately subsequent week (but, in the event the date of the first drawing under the Overdraft Facility falls on a day other than a Wednesday, the first Interest Period thereof shall commence on such first day of drawing and shall end on the immediately subsequent Tuesday);

“**ISPS Code**” means the International Ship and Port facility Security Code constituted pursuant to resolution A.924(22) of the International Maritime Organization now set out in Chapter XI-2 of the International Convention for the Safety of Life at Sea 1974 (as amended) as adopted by a Diplomatic conference of the International Maritime Organisation on Maritime Security in December 2002 and includes any amendments or extensions thereto and any regulation issued pursuant thereto;

“**ISSC**” means, in relation to each Ship, an International Ship Security Certificate issued in respect of that Ship pursuant to the ISPS Code;

“**Issue Date**” means, in relation to an L/C, the date, being a Banking Day falling within the Availability Period, on which the Borrower requests that such L/C be issued, as specified in the Issue Request for such L/C or (as the context may require) the date on which such L/C is actually issued;

“**Issue Request**” means, in relation to an L/C, a notice in the form or substantially in the form of schedule 5;

“**Issuing Bank**” means The Royal Bank of Scotland plc, whose registered office at 36 St. Andrew Square, Edinburgh EH2 2YB, Scotland acting for the purposes of this Agreement through its branch at 45 Akti Miaouli, 185 36 Piraeus, Greece (or of such other address as may last have been notified to the other parties to this Agreement pursuant to clause 17.1.3) and includes its successors in title;

“**L/C**” means:

- (a) a Documentary L/C; or
- (b) a Transaction Related Standby L/C; or
- (c) a Direct Credit Substitute;

“**L/C Valuation Date**” has the meaning given to that term in clause 2.8;

“**LIBOR**” means in relation to a particular period:

- (a) in respect of any amount outstanding hereunder in Dollars or in an Optional Currency (other than euros) but excluding any amounts outstanding under the Overdraft, the rate for deposits of the relevant currency for a period equivalent to such period at or about 11:00 a.m. on the Quotation Date for such period as displayed on Reuters page LIBOR 01 (British Bankers’ Association Interest Settlement Rates) (or such other page as may replace such page LIBOR 01 on such system or on any other system of the information vendor for the time being designated by the British Bankers’ Association to calculate the BBA Interest Settlement Rate (as defined in the British Bankers’ Association’s Recommended Terms and Conditions (“**BBAIRS**” terms) applicable at the relevant time)) **provided that** if on such date no such rate is so displayed, LIBOR for such period shall be the arithmetic mean of the rates quoted to the Agent by the Reference Banks at the request of the Agent, as the rate for deposits of the relevant currency in an amount approximately equal to the amount in relation to which LIBOR is to be determined for a period equivalent to such period offered to each Reference Bank by prime banks in the London Interbank Market at or about 11:00 a.m. (London time) on the Quotation Date for such period; or
- (b) in respect of the Overdraft in relation to each Interest Period for the Overdraft, the rate per annum (rounded upwards to the nearest one sixteenth (1/16<sup>th</sup>) of one per cent (1%)) quoted by the Account Bank to the Agent, the Banks and the Borrower as “LIBOR” for seven-day Dollar deposits on the first day of such Interest Period;

“**Management Agreement**” means, in relation to each Ship, the management agreement made or (as the context may require) to be made between the relevant Owner and the Manager in a form previously approved in writing by the Majority Banks, providing (*inter alia*) for the Manager to manage that Ship and “**Management Agreements**” means any or all of them;

“**Manager**” means, in relation to each Ship, Aegean Bunkering Services Inc. of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 or any other person appointed by the Owner of such Ship, with the prior written consent of the Majority Banks, as the manager of such Ship and, in each such case, includes their respective successors in title;

“**Manager’s Operating Account**” means an interest bearing Dollar account of the Manager opened by the Manager with the Account Bank and includes any sub-accounts thereof and any other account designated in writing by the Agent to be a Manager’s Operating Account for the purposes of this Agreement;

“**Manager’s Undertaking**” means, in relation to each Ship, the first priority undertaking and assignment in relation to that Ship executed or (as the context may require) to be executed by the Manager in favour of the Security Agent in such form as the Banks may require in their sole discretion and “**Manager’s Undertakings**” means any or all of them;

“**Margin**” means, in relation to the Overdraft, one point two five per cent (1.25%) per annum;

“**Majority Banks**” means, at any relevant time, Banks the aggregate of whose Percentages exceeds Sixty-six point six six per cent (66.66%);

“**Mandatory Cost**” means, in relation to any period, a percentage calculated by the Agent for such period at an annual rate determined by the application of the formula set out in schedule 6;

“**month**” means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it started, provided that (a) if the period started on the last Banking Day in a calendar month or if there is no such numerically corresponding day, it shall end on the last Banking Day in such next calendar month and (b) if such numerically corresponding day is not a Banking Day, the period shall end on the next following Banking Day in the same calendar month but if there is no such Banking Day it shall end on the preceding Banking Day and “**months**” and “**monthly**” shall be construed accordingly;

“**Mortgage**” means, in relation to each Ship, the first priority or (as the case may be) first preferred mortgage of that Ship executed or (as the context may require) to be executed by the relevant Owner in favour of the Security Agent or any of the other Creditors in such form as the Banks may in their absolute discretion require, and “**Mortgages**” means any or all of them;

“**Mortgaged Ship**” means, at any relevant time, any Ship which is at such time subject to a Mortgage and/or the Earnings, Insurances and Requisition Compensation of which are subject to an Encumbrance pursuant to the relevant Ship Security Documents and a Ship shall, for the purposes of this Agreement, be deemed to be a Mortgaged Ship as from whichever shall be the earlier of (a) the date that the Deed of Covenant for such Ship shall have been executed in accordance with this Agreement and (b) the date that the Mortgage of that Ship shall have been executed and registered in accordance with this Agreement, until whichever shall be the earlier of (i) the payment in full of the amount (if any) required to be paid by the Borrower and/or required to be placed to the credit of the Cash Collateral Account pursuant to clause 4.3 following the Total Loss of such Ship and (ii) the date on which all moneys owing under the Security Documents have been repaid in full;

“**Oil Products**” means oil bunkering products and lubricants used in the maritime industry;

**“Operating Account”** means an interest bearing account of the Borrower opened by the Borrower with the Account Bank and includes any sub-accounts thereof and any other account designated in writing by the Agent to be an Operating Account for the purposes of this Agreement;

**“Operating Account Pledge”** means the pledge of the Operating Account executed or (as the context may require) to be executed by the Borrower in favour of the Banks, the Agent, the Issuing Bank and the Account Bank in such form as the Banks may in their absolute discretion require;

**“Operator”** means any person who is from time to time during the Security Period concerned in the operation of a Ship and falls within the definition of **“Company”** set out in rule 1.1.2 of the Code;

**“Optional Currency”** means the euro and any other currency (other than Dollars) which is acceptable to the Majority Banks and the Issuing Bank and is, for the time being, freely transferable and convertible into Dollars in the London Foreign Exchange Market;

**“Optional Currency L/C”** means an L/C denominated in an Optional Currency;

**“Original Dollar Amount”** means, in relation to an L/C:

- (a) (if denominated in Dollars) the amount in Dollars which is, or is to be outstanding under such L/C; or
- (b) (if denominated in an Optional Currency) the amount in Dollars which would have been outstanding if such L/C had first been issued and had remained denominated in Dollars (and such amount shall be the amount in Dollars required for the purchase of the relevant amount of the relevant Optional Currency of that L/C in the London Foreign Exchange Market on the Issue Date of such L/C for spot delivery on the basis of the rate determined by the Agent (following advice from the Issuing Bank) to have been the Issuing Bank’s spot rate of exchange for such purchase at or about 11.00 a.m. on such Issue Date),

as reduced from time to time by reductions of such L/C under this Agreement;

**“Outstanding Amount”** means, in relation to an L/C, the maximum amount (whether of principal or interest or otherwise) determined by the Agent (following advice by the Issuing Bank) to be that for which such L/C was issued and, in relation to an Optional Currency L/C, the amount in Dollars last determined by the Agent (following advice by the Issuing Bank) as the Outstanding Amount in accordance with clause 2.8.2, in each case less the aggregate amount of all reductions to such L/C which have been made in accordance with the provisions of clause 2.9 (subject always to clause 10.5);

**“Outstandings”** means, at any relevant time and in relation to a Bank, the aggregate of (a) its Percentage of the Outstanding Amounts for all L/Cs and (b) any amounts paid by that Bank pursuant to clauses 2.14, 4.2.1 or 4.2.2 which have not been fully paid or reimbursed by the Borrower (subject always to clause 10.5);

**“Overdraft”** means, from time to time and at any relevant time, the outstanding aggregate debit balance on the Overdraft Account;

**“Overdraft Account”** means a Dollar “open current account” of the Borrower opened by the Borrower with the Account Bank and includes any sub-accounts thereof and any other account designated in writing by the Agent to be an Overdraft Account for the purposes of this Agreement;

**“Overdraft Facility”** means the revolving overdraft facility of up to \$150,000,000 referred to in clause 2.1.1 and made available by the Banks to the Borrower pursuant to this Agreement;

“**Overdraft Facility Limit**” means, at any relevant time, an amount of up to the lower of:

- (a) One hundred and fifty million Dollars (\$150,000,000) (or such other sum as may be approved in writing by all the Banks in their absolute discretion); and
- (b) the amount in Dollars which is equal to the available and unutilised portion of the Guarantee Facility at the relevant time,

as such amount may be reduced or cancelled by any relevant term of this Agreement;

“**Owner**” means:

- (a) each of the companies listed in Part A of schedule 3 under the column headed “**Owner**”, each being a company incorporated in such jurisdiction as specified opposite such company’s name in the column headed “**Country of Incorporation**” in Part A of schedule 3 and whose registered office is as specified opposite such company’s name in the column headed “**Registered Office**” in Part A of schedule 3; and
- (b) each Additional Owner,

and, in relation to a Ship, means the company set out opposite the name of such Ship in the column headed “**Owning Company**” in Part B of schedule 3 or, in the case of an Additional Ship, the relevant Additional Owner owning such Ship, it includes each Owner’s successors in title and “**Owners**” means any or all of them;

“**Owner’s Guarantee**” means, in relation to each Owner and its Ship, the corporate guarantee executed or (as the context may require) to be executed by such Owner in favour of the Security Agent or any of the other Creditors in such form as the Banks may in their sole discretion require and “**Owner’s Guarantees**” means any or all of them;

“**Participating Member State**” means each state so described in any EMU Legislation;

“**Percentage**” means, in relation to a Bank, the percentage set opposite its name in schedule 1 under the heading “Percentage” or, as the case may be, in any relevant Transfer Certificate, as reduced by any relevant term of this Agreement;

“**Permitted Encumbrance**” means any Encumbrance in favour of the Security Agent or any of the other Creditors created pursuant to the Security Documents and Permitted Liens;

“**Permitted Liens**” means, in relation to each Ship, any lien on that Ship for master’s, officer’s or crew’s wages outstanding in the ordinary course of trading, any lien for salvage and any ship repairer’s or outfitter’s possessory lien for a sum not (except with the prior written consent of the Majority Banks) exceeding the relevant Casualty Amount;

“**Pollutant**” means and includes pollutants, contaminants, toxic substances, oil as defined in the United States Oil Pollution Act of 1990 and all hazardous substances as defined in the United States Comprehensive Environmental Response, Compensation and Liability Act 1980;

“**Qualifying Receivables**” means Receivables which, at the relevant time:

- (a) have been assigned to the Security Agent pursuant to the Receivables Assignment;
- (b) have been included in a Schedule of Receivables submitted to the Agent pursuant to clause 2.4 or clause 8.2.1 and meet the requirements of clause 2.4, each together with the copies of documents, receipt(s) and invoice(s) relating to such Receivables required to be submitted pursuant to clause 2.4 and;
- (c) (i) in the case of Receivables due in respect of lubricants, are payable within 60 days of the date of the relevant receipt and are not overdue for payment; and

(ii) in the case of Receivables due in respect of oil bunkering, are payable within 30 days of the date of the relevant receipt and are not overdue for payment by more than 15 days;

**“Quotation Date”** means, in relation to any period for which an interest rate is to be determined under any provision of this Agreement or any other Security Documents:

- (a) in the case of deposits in Dollars or an Optional Currency (other than euros), the day on which quotations would ordinarily be given by leading banks in the London Interbank Market for deposits in the relevant currency to which such rate is to be determined for delivery on the first day of that period; and
- (b) in the case of deposits in euros, the Target Day on which quotations would ordinarily be given by leading banks in the European Interbank Market for deposits in euros for delivery on the first day of that period;

**“Receivables”** means sums due and owing at any relevant time to the Borrower by its customers in respect of oil bunkering and/or lubricant sales;

**“Receivables Assignment”** means an assignment of the Receivables executed or (as the context may require) to be executed by the Borrower in favour of the Security Agent in such form as the Banks may in their sole discretion require;

**“Reference Banks”** in relation to LIBOR, EURIBOR and Mandatory Cost, means the Agent, HSH Nordbank AG and any other bank or financial institution appointed as such by the Agent from time to time in its discretion;

**“Registry”** means, in relation to a Ship, any registrar, consul, commissioner or representative of the relevant Flag State who is duly authorised and empowered to register such Ship, the relevant Owner’s title to such Ship and the relevant Mortgage under the laws and flag of the relevant Flag State;

**“Related Company”**:

- (a) of a Creditor, means any Subsidiary of that Creditor, any company or other entity of which that Creditor is a Subsidiary and any Subsidiary of any such company or entity; or
- (b) of a Security Party, means any company or other entity which is (whether directly or as a member of a group of companies which are) engaged, involved or active in the bunkering business or in the provision of bunkering products or services and which is:
  - (i) a Subsidiary of the relevant Security Party; or
  - (ii) any company or other entity (“**holding company**”) of which such Security Party is a Subsidiary; or
  - (iii) any Subsidiary (other than such Security Party) of any such holding company;

**“Relevant Jurisdiction”** means any jurisdiction in which or where any Security Party is incorporated, resident, domiciled, has a permanent establishment, carries on, or has a place of business or is otherwise effectively connected;

**“Relevant Party”** means the Borrower, the Borrower’s Related Companies and any other Security Party and any such Security Parties’ Related Companies, including, for the avoidance of doubt, each member of the Group from time to time;

**“Relevant Ship”** means the Ships and any other vessel from time to time (whether before or after the date of this Agreement) owned, managed or crewed by, or chartered to, any Relevant Party;

**“Requisition Compensation”** means, in relation to a Ship, all sums of money or other compensation from time to time payable during the Security Period by reason of the Compulsory Acquisition of such Ship;

**“Reset Date”** has the meaning given in clause 2.5;

**“Schedule of Receivables”** means a Schedule in the form of a schedule to the Receivables Assignment (or in such other form as the Agent may approve) and submitted or to be submitted to the Agent pursuant to clause 2.4 or clause 8.2.1;

**“Screen Rate”** means, for the purposes of determining EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period, displayed on the appropriate page (being EURIBOR01 on the date of this Agreement) of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower;

**“Security Agent”** means The Royal Bank of Scotland plc, whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB, Scotland acting for the purposes of this Agreement through its branch at 45 Akti Miaouli, 185 36 Piraeus, Greece (or of such other address as may last have been notified to the other parties to this Agreement pursuant to clause ) or such other person as may be appointed as security agent and trustee by the Banks, the Agent, the Issuing Bank and the Account Bank pursuant to clause 16 and includes its successors in title;

**“Security Documents”** means this Agreement, the Corporate Guarantee, the Owner’s Guarantees, the Mortgages, the Deeds of Covenant, the Manager’s Undertakings, the Receivables Assignment, any Schedule of Receivables, the Account Pledges and any other agreement or document as may have been or shall from time to time after the date of this Agreement be executed to guarantee and/or secure all or any part of the Aggregate Liabilities, interest thereon and other moneys from time to time owing by the Borrower or any other Security Party pursuant to this Agreement and/or any other Security Document (whether or not any such document also secures moneys from time to time owing pursuant to any other document or agreement);

**“Security Party”** means each Borrower, the Corporate Guarantor, each Owner and the Manager or any other person who may at any time be a party to any of the Security Documents (other than the Creditors);

**“Security Period”** means the period commencing on the date hereof and terminating upon the later of (a) the date when there shall be no Aggregate Liabilities and the security created by the Security Documents shall have been discharged by payment of all monies payable thereunder, whether actually or contingently and (b) the latest Expiry Date;

**“Security Requirement”** means the amount in Dollars (as certified by the Agent whose certificate shall, in the absence of manifest error, be conclusive and binding on the Borrower and the other Creditors) which is, at any relevant time, One hundred and twenty per cent (120%) of the aggregate of (a) the Actual Exposure minus (b) eighty per cent (80%) of the face value of all Qualifying Receivables minus (c) any amount standing to the credit of the Cash Collateral Account and any Illegality Security Account (and any such amounts in an Optional Currency shall be calculated by the Agent in their Dollar equivalent by using the Issuing Bank’s spot rate of exchange referred to in clause 2.8 as of the date of any relevant calculation);



“**Security Value**” means the amount in Dollars (as certified by the Agent whose certificate shall, in the absence of manifest error, be conclusive and binding on the Borrower and the other Creditors) which is, at any relevant time, the aggregate of (a) the market value of the Mortgaged Ships as most recently determined in accordance with clause 8.2.2 and (b) the market value of any additional security for the time being actually provided to the Creditors pursuant to clause 8.2 (but excluding amounts standing to the credit of the Cash Collateral Account);

“**Settlement Amount**” means, in relation to each demand made under an L/C, the amount payable by the Issuing Bank to the Beneficiary in respect of such demand, in Dollars or, in the case of an L/C issued in an Optional Currency, in such Optional Currency;

“**Settlement Date**” means, in relation to each demand made under an L/C, the date on which payment of the Settlement Amount is due to the Beneficiary in respect of the demand;

“**Ship**” means each of the motor vessels listed in Part B of schedule 3 under the column headed “**Name/Hull Number**”, each registered, in the name and under the ownership of the relevant Owner under the relevant Flag State, in each case with the IMO number (if any) specified opposite such vessel’s name in the column headed “**IMO No.**” in Part B of schedule 3 and each Additional Ship, and “**Ships**” means any or all of them;

“**Ship Security Documents**” means, in relation to a Ship, the Owner’s Guarantee, the Mortgage, the Deed of Covenant and the Manager’s Undertaking relevant to such Ship;

“**SMC**” means, in relation to a Ship, a safety management certificate issued in respect of that Ship in accordance with rule 13 of the Code;

“**Subsidiary**” of a person means any company or entity directly or indirectly controlled by such person, and for this purpose “**control**” means either the ownership of more than fifty per cent (50%) of the voting share capital (or equivalent rights of ownership) of such company or entity or the power to direct its policies and management, whether by contract or otherwise;

“**Target Day**” means a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer System is open;

“**Taxes**” includes all present and future taxes, levies, imposts, duties, fees or charges of whatever nature together with interest thereon and penalties in respect thereof and “**Taxation**” shall be construed accordingly;

“**Third Stage**” means the third stage of European economic and monetary union pursuant to the Treaty on European Union;

“**Total Loss**” means, in respect of a Ship:

- (b) the actual, constructive, compromised or arranged total loss of such Ship; or
- (c) the Compulsory Acquisition of such Ship; or
- (d) the hijacking, theft, condemnation, capture, seizure, arrest, detention or confiscation of such Ship (other than where the same amounts to the Compulsory Acquisition of such Ship) by any Government Entity, or by persons acting or purporting to act on behalf of any Government Entity, unless such Ship be released and restored to the relevant Owner from such hijacking, theft, condemnation, capture, seizure, arrest, detention or confiscation within thirty (30) days after the occurrence thereof;

“**Transaction Related Standby L/C**” means a letter of credit, letter of guarantee or bank guarantee issued or to be issued by the Issuing Bank in favour of a Beneficiary in such form as is agreed between the Issuing Bank and the Borrower which relates directly to the purchase of Oil Products by the Borrower and which imposes on the Issuing Bank an obligation to pay (a) only upon default in payment by the Borrower under its contract with the supplier of such Oil Products and (b) upon presentation of specified documents as specified in such letter of credit, letter of guarantee or bank guarantee (as the case may be);

“**Transfer Certificate**” means a certificate substantially in the form set out in schedule 4;

“**Transferee Bank**” has the meaning ascribed thereto in clause ;

“**Transferor Bank**” has the meaning ascribed thereto in clause ;

“**Treaty on European Union**” means the Treaty of Rome of 25 March 1957, as amended by the Single European Act 1986 and the Maastricht Treaty of 7 February 1992;

“**Trust Deed**” means a trust deed in the form, or substantially in the form, set out in schedule 8;

“**Trust Property**” means (a) the security, powers, rights, titles, benefits and interests (both present and future) constituted by and conferred on the Security Agent under or pursuant to the Security Documents (including, without limitation, the benefit of all covenants, undertakings, representations, warranties and obligations given, made or undertaken to the Security Agent in the Security Documents), (b) all moneys, property and other assets paid or transferred to or vested in the Security Agent or any agent of the Security Agent or any receiver or received or recovered by the Security Agent or any agent of the Security Agent or any receiver pursuant to, or in connection with, any of the Security Documents whether from any Security Party or any other person and (c) all money, investments, property and other assets at any time representing or deriving from any of the foregoing, including all interest, income and other sums at any time received or receivable by the Security Agent or any agent of the Security Agent in respect of the same (or any part thereof); and

“**Underlying Documents**” means, together, the Management Agreements and “**Underlying Document**” means any of them.

### 1.3 Headings

Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

### 1.4 Construction of certain terms

In this Agreement, unless the context otherwise requires:

- 1.4.1 references to clauses and schedules are to be construed as references to clauses of, and schedules to, this Agreement and references to this Agreement include its schedules;
- 1.4.2 references to (or to any specified provision of) this Agreement or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as amended in accordance with terms thereof, or, as the case may be, with the agreement of the relevant parties;
- 1.4.3 references to a “**regulation**” include any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law) of any agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority;

- 1.4.4 words importing the plural shall include the singular and vice versa;
- 1.4.5 references to a time of day are to London time;
- 1.4.6 references to a person shall be construed as references to an individual, firm, company, corporation, unincorporated body of persons or any Government Entity;
- 1.4.7 references to a “**guarantee**” include references to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any Indebtedness and “**guaranteed**” shall be construed accordingly;
- 1.4.8 references to any enactment shall be deemed to include references to such enactment as re-enacted, amended or extended; and
- 1.4.9 references to a “**demand**” include any requirement to make payment in accordance with the terms of an L/C.

#### 1.4.10 Majority Banks

Where this Agreement or any other Security Document provides for any matter to be determined by reference to the opinion of the Majority Banks or to be subject to the consent or request of the Majority Banks or for any action to be taken on the instructions in writing of the Majority Banks, such opinion, consent, request or instructions shall (as between the Banks) only be regarded as having been validly given or issued by the Majority Banks if all the Banks shall have received prior notice of the matter on which such opinion, consent, request or instructions are required to be obtained and the relevant majority of Banks shall have given or issued such opinion, consent, request or instructions but so that (as between the Borrower and the Banks) the Borrower shall be entitled (and bound) to assume that such notice shall have been duly received by each Bank and that the relevant majority shall have been obtained to constitute Majority Banks whether or not this is in fact the case.

## 2 The Facilities

### 2.1 The Facilities; amounts; obligations and interests several

#### 2.1.1 Amount

The Banks, relying upon each of the representations and warranties in clause 7, agree, upon and subject to the terms of this Agreement, to make available to the Borrower for the Availability Period:

- (a) a revolving overdraft facility for the purposes described in clause 1.1.1, in an aggregate amount not exceeding at any one time the applicable Overdraft Facility Limit, which shall be made available by drawings made on the Overdraft Account; and
- (b) a multi-currency revolving guarantee and letter of credit facility for the purposes described in clause 1.1.2, in an amount not exceeding at any one time the Guarantee Facility Commitment, which shall be made available by the issuing of L/Cs by the Issuing Bank,

and the Banks agree to indemnify and keep indemnified, in their several Percentages (a) the Account Bank in respect of the Overdraft and the Overdraft Facility and (b) the Issuing Bank in respect of the L/Cs and the Guarantee Facility.

### 2.1.2 Obligations several

The obligations of the Creditors under this Agreement are several; the failure of any Creditor to perform such obligations shall not relieve any other Creditor or the Borrower of any of their respective obligations or liabilities under this Agreement nor shall any Creditor be responsible for the obligations of any other Creditor (except for its own obligations, if any, as a Bank, Issuing Bank or Account Bank) under this Agreement.

### 2.1.3 Interests several

Notwithstanding any other term of this Agreement (but without prejudice to the provisions of this Agreement relating to or requiring action by the Majority Banks) the interests of the Creditors are several and the amount due to any Creditor is a separate and independent debt. No Creditor however shall have the right to protect and enforce its rights arising out of this Agreement other than with the prior written consent of the Majority Banks but, provided such consent has been obtained, it shall not be necessary for any other Creditor to be joined as an additional party in any proceedings for this purpose.

## 2.2 Terms of Overdraft Facility

- 2.2.1 Each drawing under the Overdraft Facility may be made only upon receipt by the Account Bank of a written request (whether in the form of a cheque or any other written (including electronic) form agreed between the Account Bank and the Borrower from time to time) by the Borrower from time to time, duly signed or otherwise authorised by a person who, in the Account Bank's discretion, is duly authorised by the Borrower to request the debiting of the Overdraft Account.
- 2.2.2 Subject to the terms and conditions of this Agreement, the Account Bank shall advance each drawing in respect of the Overdraft to the Borrower, on the date requested by the Borrower in accordance with clause 2.2.1 by (a) debiting the amount thereof to the Overdraft Account and (b) paying the proceeds thereof in accordance with the Borrower's written instructions.
- 2.2.3 Drawings under the Overdraft Facility may only be made on a Banking Day falling within the Availability Period.
- 2.2.4 The Borrower may repay amounts outstanding in respect of the Overdraft at any time by placing funds to the credit of the Overdraft Account.
- 2.2.5 The Overdraft Facility shall be revolving, so that sums repaid in respect of the Overdraft may be reborrowed provided always that the Overdraft shall never exceed the Overdraft Facility Limit.
- 2.2.6 No drawing on the Overdraft Account is permitted if such drawing would cause (a) the Overdraft to exceed the Overdraft Facility Limit or (b) the Borrower to be in breach of clause 8.2.1.
- 2.2.7 On the Final Maturity Date, the Borrower shall repay the Overdraft in full.
- 2.2.8 On the last day of the Availability Period:
  - (a) the Overdraft Facility shall cease to be available and no drawings thereunder may be made thereafter; and
  - (b) the Overdraft Facility Limit shall be reduced to zero.

- (c) Without prejudice to the Borrowers' obligations under clause 8.1.3, neither the Account Bank nor any Bank shall have any responsibility for the application of proceeds of the Overdraft or any part thereof by the Borrower.

### 2.3 Terms of Guarantee Facility

- 2.3.1 Subject to the fulfilment of the conditions precedent contained in clause 9 and the conditions contained in clause 2.3.4, the Borrower may request the issuance of an L/C by ensuring that the Issuing Bank and the Agent receive a completed Issue Request not later than 11.00 a.m. (Piraeus time) two (2) Banking Days prior to the intended Issue Date.
- 2.3.2 The Borrower undertakes with the Issuing Bank and each Bank to use each L/C only for the purpose stated in clause 1.1.2.
- 2.3.3 The Guarantee Facility shall terminate on the last day of the Availability Period.
- 2.3.4 The conditions referred to in clause 2.3.1 are that:
  - (a) an Issue Date has to be a Banking Day during the Availability Period;
  - (b) each L/C shall be denominated in Dollars or in an Optional Currency;
  - (c) the Original Dollar Amount of an L/C shall be not less than \$1,000,000 (or such other amount as is agreed by the Majority Banks) or such other amount as is available in accordance with paragraph (d);
  - (d) the total amount of the Outstandings of all Banks and the Outstanding Amount of the L/C then to be made shall not exceed the lower of:
    - (i) the Guarantee Facility Commitment; and
    - (ii) such amount as shall ensure that the Borrower is in compliance with clause 8.2.1 and shall remain in compliance with clause 8.2.1 after the issuance of the relevant L/C; and
  - (e) each L/C shall specify an Expiry Date and that Expiry Date shall be a date falling not later than the Final Maturity Date.
- 2.3.5 Each Issue Request must be signed by a duly authorised signatory of the Borrower and, once served, the Issue Request cannot be revoked without the prior consent of the Issuing Bank and the Agent (acting on the instructions of the Majority Banks).

2.3.6

Subject to the provisions of this Agreement, the Issuing Bank shall on the Issue Date for an L/C, issue the relevant L/C to the relevant Beneficiary.

2.3.7 For the purposes of (a) the definition of “Actual Exposure” in clause 1.2 and (b) clauses 2.3.4(d) and 8.2.1, the Outstanding Amount of each Optional Currency L/C and the Original Dollar Amount of any Optional Currency L/C shall be multiplied by 110%.

#### **2.4 Submission of Schedule of Receivables**

If the Borrower elects to remedy any deficiency notified to it by the Agent pursuant to clause 8.2.1 by submitting a Schedule of Receivables, the Borrower shall submit to the Agent, within the time-limit provided for in such clause 8.2.1(b):

- 2.4.1 a Schedule of Receivables duly executed as a deed by the Borrower and setting out details of the Receivables which the Borrower wishes to provide to the Security Agent as security under the Receivables Assignment for the purposes of clause 8.2.1(b), provided that:
- (a) no more than five per cent (5%) of the aggregate of all such Receivables set out in such Schedule of Receivables shall be due from any one Customer (except the United States Navy); and
  - (b) such Receivables shall not have been contained in a Schedule of Receivables previously delivered under this Agreement;
- 2.4.2 in respect of each Receivable contained in a Schedule of Receivables submitted to the Agent under clause 2.4.1, a copy of the bunkering confirmation issued by the Borrower to the relevant Customer together with a copy of the Customer's confirmation of such bunkering confirmation, together evidencing the contract entered into between the Borrower and the Customer in relation to such Receivable and complying with the following requirements:
- (a) such bunkering confirmation when read together with the relevant Customer's confirmation shall include, whether expressly or by incorporation, all the terms of such contract between the Borrower and the Customer;
  - (b) in the case of Receivables relating to oil bunkers and/or lubricants supplied to the Customer by the Borrower or its employees, such bunkering confirmation when read together with the relevant Customer's confirmation shall refer to and incorporate the Borrower's standard terms and conditions;
  - (c) in the case of Receivables relating to oil bunkers and/or lubricants supplied to the Customer by any parties other than the Borrower or its employees, such bunkering confirmation shall contain the following wording:
 

*“AMP's standard terms and conditions to apply, except as regards operational matters at the place of delivery, in relation to which supplier's terms and conditions shall apply”;*
- 2.4.3 in respect of each Receivable contained in a Schedule of Receivables submitted to the Agent under clause 2.4.1, a copy of the receipt for the oil bunkers and/or lubricants supplied (as relevant) complying with the following requirements:
- (a) such receipt shall have been duly signed by the master or chief engineer on behalf of the vessel to which the Borrower has supplied such oil bunkers and/or lubricants (as relevant) as evidence of the relevant Customer's irrevocable payment obligations, free from any rights of set-off or other deduction;
  - (b) in the case of oil bunkering receipts or lubricant sales receipts issued by any parties other than the Borrower or its employees, such receipt shall:
    - (i) contain an express acknowledgement to the effect that the relevant third party has supplied the relevant Receivables to the Customer for and on behalf of the Borrower; and
    - (ii) set out the number of the relevant bunkering confirmation

t o w h i c h  
s u c h r e c e i p t  
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- (c) in the case of oil bunkering receipts, such receipt shall be dated no more than 45 days before the relevant Issue Date and shall have a payment tenor of no more than 30 days;
  - (d) in the case of lubricant sales receipts, such receipt shall be dated no more than 60 days before the relevant Issue Date and shall have a payment tenor of no more than 60 days;
- 2.4.4 for each copy of a receipt delivered under clause 2.4.3, a certificate duly signed by an officer of the Borrower, certifying that the copy of the relevant receipt is true and up to date; and
- 2.4.5 for each copy of a receipt delivered under clause 2.4.3, a carbon copy of the relevant invoice issued to the relevant Customer, complying with the following requirements:
- (a) in the case of oil bunkering invoices, such invoice shall have a payment tenor of no more than 30 days as of the date of the relevant receipt; and
  - (b) in the case of lubricant sales invoices, such invoice shall have a payment tenor of no more than 60 days as of the date of the relevant receipt.

## **2.5 Reset Date**

Reset Date shall be each date when the Borrower, after the Agent has served a notice in accordance with clause 8.2.1 notifying it of a deficiency thereunder, submits a Schedule of Receivables pursuant to clause 2.4 in order to remedy the relevant deficiency notified by the Agent.

## **2.6 Extension of Expiry Date**

The Borrower may, by notice in writing to the Agent and the Issuing Bank signed by a duly authorised signatory of the Borrower not later than 11.00 a.m. (Piraeus time) five (5) Banking Days prior to the Expiry Date of an L/C, request that the Banks approve the extension of such Expiry Date. Subject to compliance with the following conditions:

- 2.6.1 the extended Expiry Date shall be a date falling not later than the Final Maturity Date;
- 2.6.2 no Default has occurred and is continuing as at the date on which such extension is implemented;
- 2.6.3 the representations and warranties in clause 7 and those (if any) in the Security Documents would be true and not misleading if repeated on the date of the request for extension; and
- 2.6.4 the Agent is satisfied that the test contained in clause 8.2.1 would not then or in the future be breached by reason of the requested extension,

the Banks (acting through the Agent) shall agree to and implement such request by amending and re-issuing the relevant L/C.

## 2.7 Selection of Optional Currencies for L/Cs

2.7.1 If an L/C is to be issued in an Optional Currency, the Borrower shall specify such Optional Currency in the relevant Issue Request submitted in accordance with clause 2.3.1.

2.7.2 If the Borrower fails to specify an Optional Currency, it shall be deemed to have specified Dollars for the L/C concerned.

## 2.8 Amount of Optional Currencies

2.8.1 In this clause 2.8, the “**Issuing Bank’s spot rate of exchange**” means the Issuing Bank’s rate of exchange for the purchase in the London Foreign Exchange Market of the appropriate amount of the relevant Optional Currency with Dollars at or about 11.00 a.m. on, as the case may be, each Issue Date on which an Optional Currency L/C is to be issued or on which a previously issued Optional Currency L/C remains outstanding, the Settlement Date of an Optional Currency L/C and each Reset Date or on any other date when compliance with clause 8.2.1 is tested by the Agent, as relevant (each an “**L/C Valuation Date**”).

2.8.2 On each L/C Valuation Date the Agent shall determine:

- (a) in the case of an Issue Date, the Outstanding Amount of each Optional Currency L/C then outstanding or to be issued on that L/C Valuation Date;
- (b) in the case of a Settlement Date, the Outstanding Amount of each relevant Optional Currency L/C; and
- (c) in the case of a Reset Date or any other date when compliance with clause 8.2.1 is tested by the Agent, the Outstanding Amount of each Optional Currency L/C then outstanding,

by converting the amount of such L/C in the Optional Currency into Dollars on the basis of the Issuing Bank’s spot rate of exchange.

2.8.3 The Issuing Bank shall promptly notify the Agent and the Agent shall notify the Banks and the Borrower of the Issuing Bank’s spot rate of exchange (as to which the Issuing

2.8.4 Bank’s determination shall, in the absence of manifest error, be conclusive on the Borrower and the other Creditors) and of the Outstanding Amounts hereunder as soon as they are ascertained.

## 2.9 Reduction of L/Cs

The Outstanding Amount of an L/C shall not be treated as reduced for the purposes of this Agreement unless and until:

- 2.9.1 the Issuing Bank has received a written confirmation from the Beneficiary of such L/C of the amount of such reduction; or

- 2.9.2 the Issuing Bank has notified the Agent and the Agent has notified the Borrower in writing that (notwithstanding the absence of a written confirmation from the Beneficiary of such L/C) it is satisfied that its liability under the L/C has been irrevocably reduced or discharged; or
- 2.9.3 the amount of the L/C irrevocably and unconditionally reduces in accordance with its terms; or
- 2.9.4 the expiry date of the L/C elapses and the Issuing Bank has notified the Agent and the Agent has notified the Borrower in writing that it is satisfied that no claim or demand has been made, or may thereafter be made, under the L/C.

If the Outstanding Amount of an L/C has been reduced pursuant to this clause 2.9, the Outstandings of each Bank shall be reduced by such Bank's Percentage of the amount of the reduction of the L/C.

## **2.10 Settlement of L/Cs**

- 2.10.1 The Issuing Bank shall, immediately after receiving a demand from, or after being notified by, a Beneficiary that it is required to make payment under an L/C, notify the Agent, and the Agent shall notify the Borrower and the Banks that such payment is due and of the Settlement Amount and the Settlement Date.
- 2.10.2 The Borrower shall immediately after notification from the Agent under clause 2.10.1 reimburse the Settlement Amount to the Issuing Bank by payment forthwith to the Agent for the account of the Issuing Bank on the Settlement Date the Settlement Amount in Dollars or, if the relevant L/C was issued in an Optional Currency, in such Optional Currency.

## **2.11 L/C payments**

The Borrower:

- 2.11.1 irrevocably authorises the Issuing Bank to make any payment demanded from it pursuant to an L/C if that demand is made in accordance with its terms;
- 2.11.2 accepts that any demand for payment made by the Beneficiary pursuant to an L/C and which is made in accordance with its terms shall be conclusive evidence that the Issuing Bank was liable to make payment under that L/C and any payment which the Issuing Bank makes pursuant to any such demand shall be accepted by the Borrower as binding upon the Borrower; and
- 2.11.3 acknowledges and agrees that the Issuing Bank shall not in any circumstances whatsoever be liable to the Borrower in respect of any loss or damage suffered by the Borrower by reason of the Issuing Bank making a payment to the Beneficiary in connection with any payment demanded under an L/C.

#### 2.11.4 No impairment

The Borrower shall neither be discharged from any of its liabilities or obligations under clauses 2.10.2 and 4.1 by, nor have any claim against any Creditor in respect of:

2.11.5 any misrepresentation or non-disclosure in respect of the affairs or condition of a Creditor made to the Borrower by any person; or

2.11.6 a Beneficiary and/or any Creditor releasing or granting any time or any indulgence whatsoever or making any settlement, composition or arrangement with the Borrower, a Beneficiary, any other Security Party or any other person; or

2.11.7 a Beneficiary and/or any Creditor asserting or pursuing, failing or neglecting to assert or pursue, or delaying in asserting or pursuing, or waiving, any of their rights or remedies against the Borrower, a Beneficiary, any other Security Party or any other person; or

2.11.8 a Beneficiary and/or any Creditor and/or the Borrower, with the consent of the Borrower (or with or without the consent of the Borrower in the case of any variation agreed between a Beneficiary and the Borrower or the person whose obligations are guaranteed thereby), making, whether expressly or by conduct, any variation to any L/C; or

2.11.9 a Beneficiary and/or any Creditor and/or the Borrower:

(a) taking, accepting, varying, dealing with, enforcing, abstaining from enforcing, surrendering or releasing any security in relation to a Beneficiary or any Creditor or the Borrower or any other person in such manner as it or they think fit; or

(b) claiming, proving for, accepting or transferring any payment in respect of the obligations and liabilities of the Borrower and/or a Beneficiary relative to any L/C or under this Agreement in any composition by, or winding up of, the Borrower and/or any third party or abstaining from so claiming, proving, accepting or transferring; or

2.11.10 any assignment or transfer by a Beneficiary of, or any succession to, any of its rights relative to any L/C.

## 2.12 Expiry Date after the Final Maturity Date

Without prejudice to the rights of the Issuing Bank under clauses 2.3.4 and 2.6, if the Banks in their absolute and unfettered discretion, and following a relevant request by the Borrower, agree that the Issuing Bank issues an L/C with an Expiry Date falling later than the Final Maturity Date, or agree to the extension of the Expiry Date of an existing L/C beyond the Final Maturity Date, the Borrower undertakes with each Creditor to place funds to the credit of the Cash Collateral Account in the currency in which the relevant L/C is denominated and in such amount as determined by the Agent (acting on the instructions of the Majority Banks in their absolute discretion) (which, in any event, shall be no less than the Outstanding Amount of the relevant L/C).

## 2.13 Payment by Banks

2.13.1 If the Borrower fails to make payment on due date in respect of an L/C in accordance with clause 2.10.2 or clause 10.4.2, each Bank shall pay to the Agent for the account of the Issuing Bank on demand an amount in the currency payable by the Issuing Bank under such L/C equal to such Bank's Percentage of (a) the amount paid by the Issuing Bank under such L/C and any interest thereon calculated in accordance with clause 3.3 less (b) any amount received by the Issuing Bank from the Borrower in respect of such L/C less (c) any amount standing to the credit of the Cash Collateral Account in respect of the L/Cs.

2.13.2 If the Borrower fails to repay or prepay any amount of principal in respect of the Overdraft on its due date under any provision of this Agreement, each Bank shall pay to the Agent for the account of the Account Bank on demand an amount in Dollars equal to such Bank's Percentage of such unpaid amount of principal in respect of the Overdraft and any interest thereon calculated in accordance with clause 3.2 (but after deducting the Margin for such Bank which has not been previously paid to the Account Bank in accordance with clause 3.1).

#### **2.14 Banks' authorisation to Issuing Bank**

The Banks hereby authorise the Issuing Bank to issue L/Cs under this Agreement and agree that the Issuing Bank may, with respect to any L/C issued by it, make such arrangements for advising or confirming the same and administer the same (including amendments thereto within the terms of clause 2) as the Issuing Bank thinks fit.

#### **2.15 Notification to Borrower and Banks**

2.15.1 The Issuing Bank shall notify the Agent, and the Agent shall notify the Borrower and the Banks, on the last Banking Day of each week, of the amount, currency, date of opening and Expiry Date of each L/C issued during that week and of the aggregate Outstanding Amount of all outstanding L/Cs at the end of such week.

2.15.2 The Account Bank shall notify the Agent, and the Agent shall notify the Borrower and the Banks, on the last Banking Day of each week, of the amount of the Overdraft as at the end of that week and the daily debit balances thereof during the week ending on such date.

2.15.3 The notifications of this clause 2.16 may be made in the form of bank account statements in respect of the Overdraft Account prepared and sent by the Account Bank to the Agent in the manner specified in the terms and conditions applicable to the Overdraft Account as agreed between the Account Bank, the Agent and the Borrower from time to time.

### **3 Interest and Interest Periods**

#### **3.1 Overdraft - normal interest rate**

3.1.1 The Overdraft shall bear interest calculated on a daily basis at the annual rate of interest which is conclusively certified by the Account Bank to the Agent, and notified by the Agent to the Banks and the Borrower, to be the aggregate of (a) the Margin, (b) the Mandatory Cost (if any) of the Account Bank and (c) LIBOR applicable to each of the relevant days, and such interest shall be payable quarterly on the twentieth (20th) day of March, June, September and December of each calendar year (or on such other date or dates as the Account Bank may notify to the Agent and the Agent notified to the Banks and the Borrower from time to time) up to the Final Maturity Date and on the Final Maturity Date.

3.1.2 Interest payments due on the Overdraft shall be made by way of debit to the Overdraft Account (at the Account Bank's discretion) provided that such debit shall not cause the Overdraft (which for these purposes shall include any amount in respect of which the Borrower has made a drawing request pursuant to clause 2.2) to exceed the applicable Overdraft Facility Limit. If interest payments due hereunder are not debited to the Overdraft Account as permitted by the preceding sentence, the Borrower shall pay the amount thereof to the Agent (for the account of the Account Bank) in cash on the due date.

3.1.3 The Account Bank shall advise the Agent, and the Agent shall advise the Banks and the Borrower, of the interest rates applied to the Overdraft by including such information in the bank account statements in respect of the Overdraft Account referred to, and sent to the Agent at the times specified in, clause 2.16.2.

### **3.2 Overdraft - interest before demand**

If the Borrower shall be obliged to pay to the Account Bank any amounts of principal or interest in respect of the Overdraft pursuant to clauses 2.2 or 3.1.1 but shall fail to do so, it shall pay to the Agent for the account of the Account Bank interest on that amount from the due date to the date of payment by the Borrower hereunder or the date on which the Agent makes a demand on the Banks pursuant to clause 2.14.2 (whichever shall be earlier) at a rate per annum (as determined by the Agent) equal to the aggregate of (a) the Margin, (b) the Account Bank's cost of funding such amount (expressed as a percentage of such amount) and (c) Mandatory Cost (if any) of the Account Bank. If any amount remains unpaid after demand has been made on the Banks, clause 3.4 shall apply.

### **3.3 Guarantee Facility - interest before demand**

If the Borrower shall be obliged to reimburse the Issuing Bank for a Settlement Amount on the relevant Settlement Date pursuant to clause 2.10.2 but shall fail to do so, it shall pay to the Agent for the account of the Issuing Bank interest on that Settlement Amount from the relevant Settlement Date to the date the Issuing Bank is reimbursed by the Borrower hereunder on the date on which the Agent makes demand on the Banks pursuant to clause 2.14.1 (whichever shall be earlier) at a rate per annum (as determined by the Agent) equal to the Issuing Bank's cost of funding such amount (expressed as a percentage of such amount). If any amount remains unpaid after demand has been made on the Banks, clause 3.4 shall apply.

### **3.4 Default interest**

If the Borrower fails to pay any sum (including, without limitation, any sum payable pursuant to this clause), on its due date for payment under any of the Security Documents, the Borrower shall pay interest on such sum on demand from the due date up to the date of actual payment (as well after as before judgment) at a rate determined by the Agent pursuant to this clause. The period beginning on such due date and ending on such date of payment shall be divided into successive periods of not more than six (6) months as selected by the Agent, each of which (other than the first, which shall commence on such due date) shall commence on the last day of the preceding such period. The rate of interest applicable to each such period shall be the aggregate (as determined by the Agent) of (a) two per cent (2%) per annum, (b) the Margin (only in respect of sums due under the Overdraft Facility), (c) LIBOR for such period or, for any amounts denominated in euros, EURIBOR for such period and (d) the Mandatory Cost (if any) of the Account Bank in respect of the Overdraft. Such interest shall be due and payable on the last day of each such period as determined by the Agent and each such day shall, for the purposes of this Agreement, be treated as an Interest Payment Date and interest shall be payable on such principal sum during such period at a rate of two per cent (2%) above the rate applicable thereto immediately before it shall have become so due and payable. If, for the reasons specified in clause 3.6.1 (and as if references to the Account Bank in clause 3.6.1(c) included references to that Bank), the Agent is unable to determine a rate in accordance with the foregoing provisions of this clause, each Bank shall promptly notify the Agent of the cost of funds to such Bank and interest on any sum not paid on its due date for payment shall be calculated for each Bank at a rate determined by the Agent to be two per cent (2%) per annum above the aggregate of the Margin (only in respect of sums due under the Overdraft Facility) and the cost of funds to such Bank.

### **3.5 Notification of Interest Periods and interest rate**

The Agent shall notify the Borrower, the Banks, the Issuing Bank and the Account Bank promptly of the duration of each Interest period and of each rate of interest (or, as the case may be default interest) determined by it under this clause 3.

Market disruption; non-availability

### **3.6 If and whenever, at any time prior to the commencement of any Interest Period:**

- (a) the Agent shall have determined (which determination shall, in the absence of manifest error, be conclusive) that adequate and fair means do not exist for ascertaining LIBOR or (as the case may be) EURIBOR during such Interest Period; or
- (b) where applicable, only one or none of the Reference Banks supplies the Agent with a quotation for the purpose of calculating LIBOR or (as the case may be) EURIBOR; or
- (c) the Agent shall have received notification from the Account Bank that deposits in Dollars are not available to the Account Bank in the London Interbank Market in the ordinary course of business in sufficient amounts to fund the Overdraft or part thereof for such Interest Period,

the Agent shall forthwith give notice (a “**Determination Notice**”) thereof to the Borrower, the Account Bank, the Issuing Bank and to each of the Banks. A Determination Notice shall contain particulars of the relevant circumstances giving rise to its issue. After the giving of any Determination Notice the undrawn amount of the Overdraft Facility shall not be borrowed and no further L/C shall be issued, until notice to the contrary is given to the Borrower and the other Creditors by the Agent.

3.6.2 During the period of ten (10) days after any Determination Notice has been given by the Agent under clause .1, the Account Bank shall certify an alternative basis (the “**Alternative Basis**”) for maintaining the Overdraft. The Alternative Basis may at the Account Bank’s sole and unfettered discretion (without limitation) include alternative interest periods, alternative currencies or alternative rates of interest but shall include a margin above the cost of funds to the Account Bank equivalent to the Margin. The Agent shall certify the Alternative Basis to the Borrower, the Banks and the Account Bank. The Alternative Basis so certified shall be binding upon the Borrower and shall take effect in accordance with its terms from the date specified in the Determination Notice until such time as the Agent notifies the Borrower that none of the circumstances specified in clause .1 continues to exist whereupon the normal interest rate fixing provisions of this Agreement shall apply.

### **3.7 Reference Bank quotations**

If any Reference Bank is unable or otherwise fails to furnish a quotation for the purposes of calculating LIBOR or (as the case may be) EURIBOR the interest rate shall be determined, subject to clause 3.6, on the basis of quotations furnished by the other Reference Banks.

## **4 Indemnities; cancellations; pre-payments on Total Loss**

### **4.1 Borrower's indemnity**

The Borrower undertakes:

- (a) to pay to the Agent (for the account of the Issuing Bank) upon demand by the Agent an amount equal to each amount and in the same currency as demanded from or paid by the Issuing Bank under any L/C and not otherwise fully paid or repaid by the Borrower under this Agreement;
- (b) to pay to the Agent (for the account of the Account Bank) upon demand by the Agent an amount equal to each amount and in the same currency made available by the Account Bank to the Borrower under the Overdraft and not fully repaid by the Borrower at the time when it falls due under this Agreement;

- (c) to pay to the Agent (for the account of the Banks rateably in accordance with their respective Percentages) upon demand by the Agent an amount equal to each amount paid by the Banks under any of clauses 2.14, 4.2.1 and 4.2.2 and any part of the Margin which has not been paid by the Borrower to the Account Bank when due under this Agreement; and
  - (d) to indemnify the Issuing Bank, the Account Bank and the Banks and each of them severally on demand against all actions, claims, demands, liabilities, costs, losses, damages and expenses of whatsoever nature and howsoever incurred or any penalty or other expenditure which may result or which the Issuing Bank or any Bank may incur, suffer or sustain in connection with or arising in any way whatsoever out of this Agreement or the Overdraft or the issuing of the L/Cs.
- 4.1.2 The Issuing Bank and each Bank shall be entitled to pay immediately any amount for which a demand or request has been made at any time under any L/C without any reference to or further authority from the Borrower and neither the Agent, the Issuing Bank nor any Bank shall be under any duty to investigate or enquire whether any claim or demand on the Issuing Bank or any Bank shall have been properly made notwithstanding that the Borrower may dispute the validity of such claim or demand. The liabilities of the Borrower under this Agreement shall be in no way prejudiced, affected or diminished by the fact that the Issuing Bank or any Bank was or might have been justified in refusing payment of any amount claimed or demanded.

## **4.2 Banks' indemnities**

- 4.2.1 Each Bank severally undertakes that it will upon demand by the Agent indemnify the Issuing Bank in an amount equal to such Bank's Percentage of any amount payable by the Borrower to or for the account of the Issuing Bank pursuant to this Agreement but unpaid (save that in respect of any such amount which is described in clause 2.14.1, the indemnity of that clause 2.14.1 prevails over the indemnity of this clause 4.2.1). Each Bank undertakes to pay to the Agent (for the account of the Issuing Bank) interest upon any amounts payable by such Bank pursuant to this clause 4.2.1 from the date of demand in relation to any sum demanded of such Bank pursuant to this clause 4.2.1 to the date of actual payment by such Bank at a rate equal to the Issuing Bank's cost of funding such amount (expressed as a percentage of such amount). Such interest shall be payable from time to time on demand by the Agent.
- 4.2.2 Each Bank severally undertakes that it will upon demand by the Agent indemnify the Account Bank in an amount equal to such Bank's Percentage of any amount payable by the Borrower to or for the account of the Account Bank pursuant to this Agreement but unpaid (save that in respect of any such amount which is described in clause 2.14.2, the indemnity of that clause 2.14.2 prevails over the indemnity of this clause 4.2.2). Each Bank undertakes to pay to the Agent (for the account of the Account Bank) interest upon any amounts payable by such Bank pursuant to this clause 4.2.2 from the date of demand in relation to any sum demanded of such Bank pursuant to this clause 4.2.2 to the date of actual payment by such Bank at a rate equal to the Account Bank's cost of funding such amount (expressed as a percentage of such amount). Such interest shall be payable from time to time on demand by the Agent.
- 4.2.3 The Issuing Bank shall be entitled to pay immediately any amount for which a demand or request has been made at any time under any L/C, without any reference to or further authority from the Banks and, subject as provided in clause 4.2.4, the Issuing Bank shall not be under any duty to investigate or enquire whether any claim or demand on the Issuing Bank shall have been properly made notwithstanding that a Bank may dispute the validity of such claim or demand. Subject as provided in clause 4.2.4, the liabilities of each Bank under this Agreement shall be in no way prejudiced, affected or diminished by the fact that the Issuing Bank was or might have been justified in refusing payment of any amount claimed or demanded.



- 4.2.4 The Banks shall not be liable to indemnify the Issuing Bank in respect of any losses, damages, costs or expenses suffered or incurred by the Issuing Bank by reason of the Issuing Bank failing to examine documents presented under an L/C with reasonable care to ascertain that they appear on their face to be in accordance with the terms and conditions of such L/C.
- 4.2.5 If any Bank fails to make any payment to the Agent for the account of the Issuing Bank pursuant to clauses 2.14 or 4.2 on the due date (for the purposes of this clause 4.2.5, any such unpaid amount, an “**overdue amount**”) then until such Bank's failure has been remedied in full, the Issuing Bank shall be entitled to (a) in respect of any overdue amount, the benefit of such Bank's share of the Borrower's indemnity under clause 4.1 and the benefit of all security then existing or thereafter created to secure the obligations of the Borrower under this Agreement to which such Bank would have been entitled had it performed its obligations in full as aforesaid, (b) such Bank's rights to letter of credit commissions under this Agreement in respect of the L/C in respect of which it has failed to perform its obligations and (c) such Bank's Percentage as corresponds to each overdue amount for the purpose of determining the Majority Banks. The rights conferred upon the Issuing Bank by this clause 4.2.5 shall be in addition and without prejudice to its other rights against such Bank under this clause 4.2.
- 4.2.6 If any Bank fails to make any payment to the Agent for the account of the Account Bank pursuant to clauses 2.14 or 4.2 on the due date (for the purposes of this clause 4.2.6, any such unpaid amount, an “**overdue amount**”) then until such Bank's failure has been remedied in full, the Account Bank shall be entitled to (a) in respect of any overdue amount, the benefit of such Bank's share of the Borrower's indemnity under clause 4.1 and the benefit of all security then existing or thereafter created to secure the obligations of the Borrower under this Agreement to which such Bank would have been entitled had it performed its obligations in full as aforesaid, (b) such Bank's right to the Margin in respect of the part of the Overdraft in respect of which it has failed to perform its obligations and (c) such Bank's Percentage as corresponds to each overdue amount for the purpose of determining the Majority Banks. The rights conferred upon the Account Bank by this clause 4.2.6 shall be in addition and without prejudice to its other rights against such Bank under this clause 4.2.

### 4.3 Prepayments, reductions and cash-collateralisations on Total Loss

#### 4.3.1 Before utilisation

On a Ship becoming a Total Loss or suffering damage or being involved in an incident which, in the opinion of the Agent, may result in that Ship being subsequently determined to be a Total Loss, before any drawing is made under this Agreement or any L/C is issued, the Overdraft Facility Limit and the Guarantee Facility Commitment will be reduced by such amount as the Agent (acting on the instructions of the Majority Banks in their absolute discretion) may require.

#### 4.3.2 After utilisation

If a Mortgaged Ship becomes a Total Loss after any drawing is made or L/C issued under this Agreement, then:

- (a) forthwith after the occurrence of such Total Loss, the Overdraft Facility Limit and the Guarantee Facility Commitment shall be reduced by such amounts as the Agent (acting on the instructions of the Majority Banks in their absolute discretion) may require; and
- (b) forthwith following the Agent's request, the Borrower shall repay such part of the Overdraft, and shall place funds to the credit of the Cash Collateral Account in such amount and in such currency, as the Agent (acting on the instructions of the Majority Banks in their absolute discretion) may require.

### 4.3.3 Interpretation

For the purpose of this Agreement, a Total Loss in respect of a Ship shall be deemed to have occurred:

- (a) in the case of an actual total loss of a Ship, on the actual date and at the time such Ship was lost or, if such date is not known, on the date on which such Ship was last reported;
- (b) in the case of a constructive total loss of a Ship, upon the date and at the time notice of abandonment of such Ship is given to the insurers of such Ship for the time being;
- (c) in the case of a compromised or arranged total loss of a Ship, on the date upon which a binding agreement as to such compromised or arranged total loss has been entered into by the insurers of such Ship;
- (d) in the case of Compulsory Acquisition of such Ship, on the date upon which the relevant requisition of title or other compulsory acquisition occurs; and
- (e) in the case of hijacking, theft, condemnation, capture, seizure, arrest, detention or confiscation of a Ship (other than where the same amounts to Compulsory Acquisition of such Ship) by any Government Entity, or by persons purporting to act on behalf of any Government Entity, which deprives the relevant Owner of the use of such Ship for more than thirty (30) days, upon the expiry of the period of thirty (30) days after the date upon which the relevant hijacking, theft, condemnation, capture, seizure, arrest, detention or confiscation occurred.

## 5 Fees, commissions and expenses

### 5.1 Fees

The Borrower shall pay to the Agent:

- 5.1.1 for the account of the Arranger (and for sharing and distribution between the Arranger and the Banks in such manner as has been separately agreed between them), on the date of this Agreement, an arrangement fee in the amount of \$450,000;
- 5.1.2 for the account of the Agent, on the date of this Agreement and at twelve (12) monthly intervals thereafter until all moneys owing under the Security Documents have been repaid in full, an annual agency and administration fee in the amount of \$50,000 per annum;
- 5.1.3 for the account of the Banks pro rata in accordance with their Percentages, on each of the dates falling at three (3) monthly intervals after the date of this Agreement until the last day of the Availability Period, and on such day, commitment commission computed from the date of this Agreement (in the case of the first payment of commission) and from the due date of the preceding payment of commission (in the case of each subsequent payment) at the rate of zero point two five per cent (0.25%) per annum on (a) the daily undrawn amount of the Overdraft Facility Limit and (b) the daily balance of the unutilised Guarantee Facility Commitment;
- 5.1.4 for the account of the Banks pro rata in accordance with their Percentages, in respect of each L/C, on the last day of each calendar month up to the Expiry Date of such L/C and on the Expiry Date of such L/C, letter of credit commission on the daily Outstanding Amount of such L/C, computed in respect of that L/C from its Issue Date (in the case of the first payment of commission) and from the due date of the preceding payment of commission (in the case of each subsequent payment) at the following respective rates in respect of each type of L/C:
  - (a) in respect of Documentary L/Cs, zero point two five per cent (0.25%) per annum;

(b) in respect of Transaction Related Standby L/Cs, zero point six two five per cent (0.625%) per annum; and

(c) in respect of Direct Credit Substitutes, one point two five per cent (1.25%) per annum; and

5.1.3 for an account of the Issuing Bank, on the Issue Date for an L/C, a processing fee of \$500 in respect of each L/C so issued on such date.

The fees and the commissions referred to in this clause 5.1 shall be payable by the Borrower whether or not any drawing is ever made under the Overdraft Facility or, except in the case of clauses 5.1.4 and 5.1.5, any L/C is ever issued. All monies payable pursuant to this clause are non-refundable.

## **5.2 Expenses**

The Borrower shall pay to the Agent on a full indemnity basis on demand all expenses (including legal, printing and out-of-pocket expenses) incurred by any Creditor:

5.2.1 in connection with the negotiation, preparation, execution and, where relevant, registration of the Security Documents and of any amendment or extension of or the granting of any waiver or consent under, any of the Security Documents; and

5.2.2 in contemplation of, or otherwise in connection with, the enforcement of, or preservation of any rights under, any of the Security Documents, or otherwise in respect of the moneys owing under any of the Security Documents

together with interest at the rate referred to in clause 5.1 from the date on which such expenses were incurred, in each case to the date of payment (as well after as before judgment).

## **5.3 Value added tax**

All fees, commissions and expenses payable pursuant to this clause 5 shall be paid together with value added tax or any similar tax (if any) properly chargeable thereon. Any value added tax chargeable in respect of any services supplied by any of the Creditors under this Agreement shall, on delivery of the value added tax invoice, be paid in addition to any sum agreed to be paid hereunder.

## **5.4 Stamp and other duties**

The Borrower shall pay all stamp, documentary, registration or other like duties or taxes (including any duties or taxes payable by any of the Creditors) imposed on or in connection with any of the Security Documents, the Underlying Documents, the Overdraft, the L/Cs or any amount owing pursuant to clauses 2.10.2 or 4.1.1 and shall indemnify the Creditors against any liability arising by reason of any delay or omission by the Borrower to pay such duties or taxes.

## **5.5 Distribution of Margin**

On receipt by the Account Bank from the Borrower (whether by debiting of the Overdraft Account or otherwise) of the portion of each interest payment on the Overdraft equivalent to the Margin (whether on its due date or otherwise), the Account Bank shall pay such amounts to the Agent for the account of the Banks rateably in accordance with their Percentages.

## 6 Payments and taxes; accounts and calculations

### 6.1 No set-off or counterclaim

The Borrower acknowledges that in performing their obligations under this Agreement the Banks will be incurring liabilities to third parties in relation to the funding of amounts to the Borrower, such liabilities matching the liabilities of the Borrower to the Banks and that it is reasonable for the Banks to be entitled to receive payments from the Borrower gross on the due date in order that the Banks are put in a position to perform their matching obligations to the relevant third parties. All payments to be made by the Borrower under any of the Security Documents shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided in clause , free and clear of any deductions or withholdings, in Dollars or the relevant Optional Currency in which they are denominated (except for changes or expenses which shall be paid in the currency in which they are incurred) on the due date (for value on the day on which payment is due) and, except in respect of repayments of principal under, and payments of interest on, the Overdraft which shall be payable to the Overdraft Account (or otherwise to such account of the Account Bank as it may advise the Borrower in writing) shall be made to the account of the Agent as follows:

#### 6.1.1 if in Dollars:

- (a) by not later than 11.00 a.m. (New York time) on the due date;
- (b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement); and
- (c) to the account of the Agent at American Express Bank Limited, 23rd Floor, American Express Tower, 200 Vesey Street, New York, NY 10285-2300, U.S.A. (Account No 000261123), or to such other account with such other bank as the Agent may from time to time notify to the Borrower;

#### 6.1.2 if in an Optional Currency (other than euros and Sterling):

- (a) by not later than 11.00 a.m. local time in the place for payment (or such other time as may be required law or practice for the settlement of foreign exchange transactions in the place of payment) on the due date; and
- (b) in lawful money of the country of that currency which is freely transferable and convertible into Dollars and in immediately available funds to the account of such bank in such place in the country of that currency as the Agent shall from time to time notify to the Borrower;

#### 6.1.3 if in Sterling:

- (a) by not later than 11.00 a.m. (London time) on the due date;
- (b) in immediately available funds; and
- (c) to such account of the Agent with such bank as the Agent shall from time to time notify to the Borrower; and

6.1.4 if in euros:

- (a) by not later than 11.00 a.m. (Greek time) on the due date;
- (b) in immediately available funds; and
- (c) to such account of the Agent with such bank as the Agent shall from time to time notify to the Borrower.

Save for all payments of principal and interest under the Overdraft Facility (excluding the Margin to which clause 5.4 shall apply) which shall be for the account of the Account Bank and save as otherwise provided in this Agreement or any relevant Security Documents, such payments shall be for the account of all the Banks and the Agent shall forthwith distribute such payments in like funds as are received by the Agent to the Banks rateably in accordance with their respective Percentage.

## **6.2 Payment by the Account Bank and the Banks**

- 6.2.1 All sums to be made available to the Borrower under this Agreement in respect of the Overdraft shall be paid in Dollars in accordance with the Borrower's instructions pursuant to clause 2.2.1
- 6.2.2 All payments to be made by a Bank to or for the account of the Issuing Bank or the Agent or the Account Bank under this Agreement shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided in clause 6.6.2, free and clear of any deductions or withholdings, in Dollars (if the relevant payment is due in Dollars) or in the relevant Optional Currency (if the relevant payment is due in an Optional Currency) on the due date to the account of the Agent at such bank as the Agent may from time to time specify for this purpose and, in the case of payments for the account of the Issuing Bank or the Account Bank, shall be paid by the Agent on such date in like funds as are received by the Agent to the Issuing Bank or the Account Bank.

## **6.3 Non-Banking Days**

When any payment under any of the Security Documents would otherwise be due on a day which is not a Banking Day, the due date for payment shall be extended to the next following Banking Day unless such Banking Day falls in the next calendar month in which case payment shall be made on the immediately preceding Banking Day.

## **6.4 Calculations**

All interest and other payments of an annual nature under any of the Security Documents shall accrue from day to day and be calculated on the basis of actual days elapsed and:

- (a) in the case of payments denominated in Dollars or an Optional Currency other than Sterling or Hong Kong Dollars, on the basis of a three hundred and sixty (360) day year; or
- (b) in the case of payments denominated in Sterling or Hong Kong Dollars, on the basis of a three hundred and sixty five (365) day year.

## 6.5 Certificates conclusive

Any certificate or determination of the Agent or the Issuing Bank or the Account Bank as to any rate of interest or any other amount pursuant to and for the purposes of any of the Security Documents shall, in the absence of manifest error, be conclusive and binding on the Borrower.

## 6.6 Grossing-up for Taxes

6.6.1 If at any time the Borrower is required to make any deduction or withholding in respect of Taxes from any payment due under any of the Security Documents for the account of any Creditor or if the Agent or the Security Agent is required to make any deduction or withholding from a payment to another Creditor or withholding in respect of Taxes from any payment due under any of the Security Documents, the sum due from the Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the relevant Creditor receives on the due date for such payment (and retains, free from any liability in respect of such deduction or withholding), a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and the Borrower shall indemnify each Creditor against any losses or costs incurred by it by reason of any failure of the Borrower to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Borrower shall promptly deliver to the Agent any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.

6.6.2 If at any time any Bank is required to make any deduction or withholding in respect of Taxes from any payment due under this Agreement for the account of the Agent or the Issuing Bank or the Account Bank, the sum due from such Bank in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Agent, the Issuing Bank or the Account Bank (as the case may be) receives on the due date for such payment (and retains free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received had no such deduction or withholding been required to be made and each Bank shall indemnify the Agent, the Issuing Bank or the Account Bank against any losses or costs incurred by either of them by reason of any failure of such Bank to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment.

## 6.7 Loan account

Each of the Banks, the Issuing Bank and the Account Bank shall maintain, in accordance with its usual practice, an account or accounts evidencing the amounts from time to time lent by, owing to and paid to it under the Security Documents. Each of the Agent and the Security Agent shall maintain a control account (which shall be the “**account current**” referred to in each Mortgage which shall be in statutory form), showing the Overdraft, any amounts owing under clauses 2.10.2 or 4.1.1, the Outstandings of all the Banks and other sums owing to the Banks, the Issuing Bank and the Account Bank under the Security Documents and all payments in respect thereof made from time to time. Each such control account shall, in the absence of manifest error, be conclusive as to the amount from time to time owing by the Borrower under the Security Documents.

## 6.8 Agent may assume receipt

Where any sum is to be paid under any of the Security Documents to the Agent, the Account Bank or, as the case may be, the Security Agent for the account of another person, the Agent, the Account Bank or, as the case may be, the Security Agent may assume that the payment will be made when due and the Agent, the Account Bank or, as the case may be, the Security Agent may (but shall not be obliged to) make such sum available to the person so entitled. If it proves to be the case that such payment was not made to the Agent, the Account Bank or, as the case may be, the Security Agent, then the person to whom such sum was so made available shall on request refund such sum to the Agent, the Account Bank or, as the case may be, the Security Agent together with interest thereon sufficient to compensate the Agent, the Account Bank or, as the case may be, the Security Agent for the cost of making available such sum up to the date of such repayment and the person by whom such sum was payable shall indemnify the Agent, the Account Bank or, as the case may be, the Security Agent for any and all loss or expense which the Agent, the Account Bank or, as the case may be, the Security Agent may sustain or incur as a consequence of such sum not having been paid on its due date.

## 6.9 Partial payments

If, on any date on which a payment is due to be made by the Borrower under any of the Security Documents, the amount received by the Agent or the Account Bank from the Borrower falls short of the total amount of the payment due to be made by the Borrower on such date then, without prejudice to any rights or remedies available to the Creditors or any of them under any of the Security Documents, then, in the case of moneys received by the Account Bank, in the Overdraft Account, it may, if requested by the Agent (acting on the instructions of the Majority Banks) pay such funds to the Agent and, in any such case the Agent shall apply the amount actually received from the Borrower in or towards discharge of the obligations of the Borrower under the Security Documents in the following order, notwithstanding any appropriation made, or purported to be made, by the Borrower:

- 6.9.1 firstly, in or towards payment, on a pro rata basis, of any unpaid costs and expenses of the Creditors or any of them under any of the Security Documents;
- 6.9.2 secondly, in or towards payment, on a pro rata basis, of any fees payable to the Arranger, the Agent, the Issuing Bank, the Account Bank or any other Creditor under, or in relation to, the Security Documents which remain unpaid;
- 6.9.3 thirdly, in or towards payment to the Banks, on a pro rata basis, of any accrued commissions payable under clause 5.1 which shall have become due but remain unpaid;
- 6.9.4 fourthly, in or towards payment to the Banks, the Issuing Bank and the Account Bank, on a pro rata basis, of any accrued interest which shall have become due under any of the Security Documents but remains unpaid (including any part of the Margin payable by the Account Bank to the Agent for the account of the Banks under clause 5.5);
- 6.9.5 fifthly, in or towards payment to the Banks, the Issuing Bank and the Account Bank, on a pro rata basis, of any amounts of principal in respect of the Overdraft or owing under clauses 2.10.2 or 4.1.1, which shall have become due but remains unpaid;

6.9.6 sixthly, in or towards payment to any Bank for any loss suffered by reason of any payment in respect of principal not being effected on an Interest Payment Date relating to the part of principal so repaid and which amounts are so payable under this Agreement; and

6.9.7 seventhly, in or towards payment to the relevant person of any other sum which shall have become due under any of the Security Documents but remains unpaid (and, if more than one such sum so remains unpaid, on a pro rata basis).

The order of application set out in clauses 6.9.6 to 6.9.7 may be varied by the Agent if all the Banks so direct without any reference to, or consent or approval from the Borrower.

## **6.10 Types of L/C**

For all purposes of this Agreement, the Issuing Bank shall determine, which determination shall be conclusive and binding on the Borrower and the other Creditors, whether an L/C is to be classified as a Documentary L/C, a Transaction Related Standby L/C or a Direct Credit Substitute.

## **7 Representations and warranties**

### **7.1 Continuing representations and warranties**

The Borrower represents and warrants to each Creditor that:

#### **7.1.1 Due incorporation**

the Borrower and each of the other Security Parties are duly incorporated and validly existing in good standing under the laws of their respective countries of incorporation as corporations or (as the case may be) as companies with limited liability and have power to carry on their respective businesses as they are now being conducted and to own their respective property and other assets;

#### **7.1.2 Corporate power**

the Borrower has power to execute, deliver and perform its obligations under the Borrower's Security Documents and the Underlying Documents to which it is or is to be a party and to borrow the Overdraft and any other borrowings and liabilities under this Agreement, and each of the other Security Parties has power to execute and deliver and perform its obligations under the Security Documents and the Underlying Documents to which it is or is to be a party; all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Borrower to borrow will be exceeded as a result of borrowing the Overdraft or any other borrowings and liabilities under this Agreement or any other transaction contemplated by this Agreement or the other Security Documents;

#### **7.1.3 Binding obligations**

the Underlying Documents and the Security Documents constitute or will, when executed, constitute valid and legally binding obligations of the relevant Security Parties enforceable in accordance with their respective terms;



#### 7.1.4 No conflict with other obligations

the execution and delivery of, the performance of their obligations under, and compliance with the provisions of, the Underlying Documents and the Security Documents by the relevant Security Parties, will not (a) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which the Borrower or any other Security Party is subject, (b) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which the Borrower or any other Security Party is a party or is subject or by which it or any of its property is bound, (c) contravene or conflict with any provision of the constitutional documents of the Borrower or any other Security Party or (d) result in the creation or imposition of or oblige the Borrower or any other Security Party to create any Encumbrance (other than a Permitted Encumbrance) on any of the undertakings, assets, rights or revenues of the Borrower or any other Security Party;

#### 7.1.5 No litigation

no litigation, arbitration or administrative proceeding is taking place, pending or, to the knowledge of any of the officers of the Borrower, threatened against the Borrower or any other Security Party which could have a material adverse effect on the business, assets or financial condition of the Borrower or any of its Related Companies or any other Security Party;

#### 7.1.6 No filings required

save for the registration of each Mortgage through the relevant Registry, it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of any of the Security Documents or any of the Underlying Documents that they or any other instrument be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere in any Relevant Jurisdiction or that any stamp, registration or similar tax or charge be paid in any Relevant Jurisdiction on or in relation to the Security Documents and the Underlying Documents and each of the Security Documents and the Underlying Documents is in proper form for its enforcement in the courts of each Relevant Jurisdiction;

#### 7.1.7 Choice of law

the choice of English law to govern the Underlying Documents and the Security Documents (other than the Mortgages and the Account Pledges), the choice of the law of the relevant Flag State to govern each Mortgage and the choice of Greek law to govern the Account Pledges, and the submissions by the Security Parties to the non-exclusive jurisdiction of the English courts, are valid and binding;

#### 7.1.8 No immunity

neither the Borrower nor any other Security Party nor any of their respective assets is entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgement, execution or other enforcement);

#### 7.1.9 Consents obtained

every consent, authorisation, licence or approval of, or registration with or declaration to, governmental or public bodies or authorities or courts required by any Security Party to authorise, or required by any Security Party in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of each of the Underlying Documents and the Security Documents or the performance by each Security Party of its obligations under the Underlying Documents and the Security Documents has been obtained or made and is in full force and effect and there has been no default in the observance of any of the conditions or restrictions (if any) imposed in, or in connection with, any of the same; and

#### 7.1.10 Shareholdings

- (a) each of the Borrower, each Owner and the Manager are wholly-owned direct or indirect Subsidiaries of the Corporate Guarantor; and
- (b) no less than 32% of the total issued voting share capital of the Corporate Guarantor is ultimately beneficially owned by Mr Dimitrios Melissanidis; and
- (c) no person or persons acting in concert (other than Mr Dimitrios Melissanidis) are the ultimate beneficial owners of more than 50% (or of any other percentage higher than that owned by Mr Dimitrios Melissanidis), of the total issued voting share capital of the Corporate Guarantor or have the control of the Corporate Guarantor or of its board of directors (and “**control**” shall have the meaning given to it in the definition of “Subsidiary” in clause 1.2); and

#### 7.1.11 Financial statements correct and complete

the unaudited consolidated financial statements of the Group in respect of the financial half-year ended on 30 June 2007 as delivered to the Agent have been prepared in accordance with the Applicable Accounting Principles and present fairly and accurately the consolidated financial position of the Group as at such date and the consolidated results of the operations of the Group for the financial year ended on such date and, as at such date neither the Group nor any member thereof had any significant liabilities (contingent or otherwise) or any unrealised or anticipated losses which are not disclosed by, or reserved against or provided for in, such financial statements.

### 7.2 Initial representations and warranties

The Borrower further represents and warrants to each Creditor that:

#### 7.2.1 Pari passu

the obligations of the Borrower under this Agreement are direct, general and unconditional obligations of the Borrower and rank at least pari passu with all other present and future unsecured and unsubordinated Indebtedness of the Borrower (with the exception of any obligations which are mandatorily preferred by law and not by contract);

#### 7.2.2 No default under other Indebtedness

neither the Borrower nor any of its Related Companies nor any other Security Party is (nor would with the giving of notice or lapse of time or the satisfaction of any other condition or combination thereof be) in breach of or in default under any agreement relating to Indebtedness to which it is a party or by which it may be bound;

#### 7.2.3 Information

the information, exhibits and reports furnished by any Security Party to the Agent or the Banks in connection with the negotiation and preparation of the Security Documents are true and accurate in all material respects and not misleading, do not omit material facts and all reasonable enquiries have been made to verify the facts and statements contained therein; there are no other facts the omission of which would make any fact or statement therein misleading;

#### 7.2.4 No withholding Taxes

no Taxes are imposed by withholding or otherwise on any payment to be made by any Security Party under the Underlying Documents or the Security Documents or are imposed on or by virtue of the execution or delivery by the Security Parties of the Underlying Documents or the Security Documents or any other document or instrument to be executed or delivered under any of the Security Documents;

#### 7.2.5 No Default

no Default has occurred and is continuing;

#### 7.2.6 The Ships

- (a) each Additional Ship will be on the Additional Mortgage Date for that Ship; and
- (b) each Ship (other than the Additional Ships) will be on the date of this Agreement:

- (i) in the absolute ownership of the relevant Owner who will, on and after such date, be the sole, legal and beneficial owner of such Ship;

- (ii) registered in the name of the relevant Owner through the relevant Registry as a ship under the laws and flag of the relevant Flag State;

- (iii) operationally seaworthy and in every way fit for service; and

(iv) classed with the relevant Classification free of all requirements and recommendations of the relevant Classification Society;

#### 7.2.7 Ships' employment

none of the Ships will be:

- (a) in the case of an Additional Ship, on the Additional Mortgage Date for that Ship; or
- (b) in the case of each Ship (other than an Additional Ship), on the date of this Agreement,

subject to any charter or contract or to any agreement to enter into any charter or contract which, if entered into after the date of the relevant Ship Security Documents would have required the consent of the Creditors or any of them and on the date of this Agreement, there will not be any agreement or arrangement whereby the Earnings of any Ship may be shared with any other person;

#### 7.2.8 Freedom from Encumbrances

no Ship nor its Earnings, Insurances or Requisition Compensation nor any other properties or rights which are or are to be the subject of any of the Ship Security Documents relating to that Ship, nor any of the Accounts nor the Receivables nor any part thereof will be, on the date of this Agreement, subject to any Encumbrances (other than Permitted Encumbrances);

#### 7.2.9 Compliance with Environmental Laws and Approvals

except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Agent:

- (a) the Borrower and the other Relevant Parties and, to the best of the Borrower's knowledge and belief (having made due enquiry), their respective Environmental Affiliates have complied with the provisions of all Environmental Laws;
- (b) the Borrower and the other Relevant Parties and, to the best of the Borrower's knowledge and belief (having made due enquiry), their respective Environmental Affiliates have obtained all Environmental Approvals and are in compliance with all such Environmental Approvals; and
- (c) neither the Borrower nor any other Relevant Party nor, to the best of the Borrower's knowledge and belief (having made due enquiry), any of their respective Environmental Affiliates has received notice of any Environmental Claim that the Borrower or any other Relevant Party or any such Environmental Affiliate is not in compliance with any Environmental Law or any Environmental Approval;

#### 7.2.10 No Environmental Claims

except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Agent, there is no Environmental Claim pending or, to the best of the Borrower's knowledge and belief, threatened against any of the Owners or any of the Ships or any other Relevant Party or any other Relevant Ship or, to the best of the Borrower's knowledge and belief (having made due enquiry), any of their respective Environmental Affiliates;

#### 7.2.11 No potential Environmental Claims

except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Agent, there has been no emission, spill, release or discharge of a Pollutant from any of the Ships or any other Relevant Ship owned by, managed or crewed by or chartered to any of the Owners nor, to the best of the Borrower's knowledge and belief (having made due enquiry), from any Relevant Ship owned by, managed or crewed by or chartered to any other Relevant Party which could give rise to an Environmental Claim;

#### 7.2.12 No material adverse change

there has been no material adverse change in the financial position of the Borrower or the Owners or the Corporate Guarantor or any other Relevant Party or the consolidated financial position of the Group, from that described by the Borrower to the Agent and the Banks in the negotiation of this Agreement;

#### 7.2.13 ISPS Code

on the date of this Agreement, the Owner of each Ship, shall have a valid and current ISSC in respect of its Ship and each such Ship shall be in compliance with the ISPS Code;

#### 7.2.14 Copies true and complete - commissions

the copies of each of the Underlying Documents delivered or to be delivered to the Agent pursuant to clause 9.1 or under any other term of this Agreement are, or will when delivered be, true and complete copies of such documents; each of such document constitutes valid and binding obligations of the parties thereto enforceable in accordance with its terms and there will have been no amendments or variations thereof or defaults thereunder;

### 7.2.15 Application for DOC and SMC

the Operator of each Ship has applied for a DOC for itself and an SMC in respect of each Ship and neither the Borrower nor the Operator of any Ship is aware of any reason why any such application may be refused; and

### 7.2.16 Borrower's own account

in relation to the borrowing by the Borrower of the Overdraft and any other amounts under this Agreement, the performance and discharge of its obligations and liabilities under the Security Documents and the transactions and other arrangements effected or contemplated by this Agreement, the Borrower is acting for its own account and that the foregoing will not involve or lead to a contravention of any law, official requirement or other regulatory measure or procedure which has been implemented by any relevant regulatory authority or otherwise to combat “**money laundering**” (as defined in Article 1 of the Directive (91/308/EEC) of the Council of the European Communities (as amended)).

## 7.3 Repetition of representations and warranties

7.3.1 On and as of the date of this Agreement and each Issue Date of an L/C and (except in relation to the representations and warranties in clause 7.2) on each Interest Payment Date, the Borrower shall (a) be deemed to repeat the representations and warranties in clauses 7.1 and 7.2 as if made with reference to the facts and circumstances existing on such day and (b) be deemed to further represent and warrant to each Creditor that the then latest audited consolidated financial statements of the Group delivered to the Agent or the Security Agent (if any) have been prepared in accordance with the Applicable Accounting Principles which have been consistently applied and present fairly and accurately the consolidated financial position of the Group as at the end of the financial period to which the same relate and the consolidated results of the operations of the Group for the financial period to which the same relate, respectively, and, as at the end of such financial period, neither the Corporate Guarantor nor any other member of the Group had any significant liabilities (contingent or otherwise) or any unrealised or anticipated losses which are not disclosed by, or reserved against or provided for in, such financial statements.

## 8 Undertakings

### 8.1 General

The Borrower undertakes with each Creditor that, from the date of this Agreement and so long as any moneys are owing under any of the Security Documents, whether actually or contingently, and while all or any part of the Overdraft Facility or the Guarantee Facility Commitment is available, it will:

#### 8.1.1 Notice of Default

promptly inform the Agent of any occurrence of which it becomes aware which might adversely affect the ability of any Security Party to perform its obligations under any of the Security Documents or the Underlying Documents and, without limiting the generality of the foregoing, will inform the Agent of any Default forthwith upon becoming aware thereof and will from time to time, if so requested by the Agent, confirm to the Agent in writing that, save as otherwise stated in such confirmation, no Default has occurred and is continuing;

#### 8.1.2 Consents and licences

without prejudice to clauses 7.1 and 9, obtain or cause to be obtained, maintain in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, every consent, authorisation, licence or approval of governmental or public bodies or authorities or courts and do, or cause to be done, all other acts and things which may from time to time be necessary or desirable under applicable law for the continued due performance of all the obligations of the Security Parties under each of the Security Documents and the Underlying Documents;

### 8.1.3 Use of proceeds

- (a) without prejudice to paragraph (b) below, use the Overdraft and the L/Cs exclusively for the relevant purposes specified in clauses 1.1 and 2.1; and
- (b) (in view of the fact that the Overdraft Facility is to be used for (inter alia) working capital purposes), ensure that there are fluctuating debit balances in the Overdraft Account at all times;

### 8.1.4 Pari passu and subordination of intra-Group loans

- (a) ensure that the obligations of the Borrower, each Owner and the Corporate Guarantor under this Agreement, each Owner's Guarantee and the Corporate Guarantee, respectively, shall, without prejudice to the provisions of clause 8.3 and the security intended to be created by the Security Documents, at all times rank at least pari passu with all their other respective present and future unsecured and unsubordinated Indebtedness with the exception of any obligations which are mandatorily preferred by law and not by contract; and
- (b) ensure that, to the extent that the proceeds of the Overdraft Facility are on-lent by the Borrower to the Corporate Guarantor or any Owner or any other member of the Group in accordance with the specified purpose of the Overdraft Facility pursuant to clauses 1.1 and 2.1:

- (i) the relevant loan or loans shall be made on an unsecured basis and shall be fully subordinated towards any m o n e y s owing to the Creditors, w h e t h e r actually or contingently, under this Agreement and the other Security Documents; and

- (ii) neither the relevant loan or loans nor any part thereof nor any interest accrued or accruing thereon shall be repaid or paid to the Borrower unless any and all m o n e y s owing to the Creditors,

w h e t h e r  
a c t u a l l y o r  
c o n t i n g e n t l y ,  
u n d e r t h i s  
A g r e e m e n t  
a n d t h e o t h e r  
S e c u r i t y  
D o c u m e n t s  
(i n c l u d i n g t h e  
A g g r e g a t e  
L i a b i l i t i e s )  
h a v e b e e n  
r e p a i d i n f u l l ;

#### 8.1.5 Financial statements

prepare or cause to be prepared consolidated financial statements of the Group in accordance with the Applicable Accounting Principles consistently applied in respect of each financial year and cause the same to be reported on by the Group's auditors and prepare or cause to be prepared unaudited consolidated financial statements of the Group in respect of each financial half-year on the same basis as the annual financial statements, and deliver to the Agent as many copies of the same as the Agent may reasonably require as soon as practicable but not later than ninety (90) days (in the case of annual financial statements) and sixty (60) days (in the case of semi-annual financial statements) after the end of the financial period to which they relate;

#### 8.1.6 Delivery of reports

deliver to the Agent as many copies as the Agent may reasonably require of every report, circular, notice or like document issued by the Borrower, the Corporate Guarantor, each Owner, any other member of the Group or any of their respective Related Companies to their shareholders or creditors generally, in each case at the time of issue thereof;



#### 8.1.7 Provision of further information

provide the Agent with such financial and other information concerning the Group, the Corporate Guarantor, the Borrower, the other Security Parties, the other Relevant Parties and their respective affairs, at the earliest possible opportunity and in any event at regular intervals of not more than three (3) months and at all other times as the Agent may from time to time require, including, without limitation, any management information, information relating to the position, trading and/or employment of the Ships and any actual or proposed purchase of vessels by any member of the Group, copies of all documents required of the Corporate Guarantor to file with the Securities and Exchange Commission of the U.S.A. or pursuant to the Sarbanes-Oxley Act of the U.S.A. and any other documents or information as may be reasonably required by the Agent;

#### 8.1.8 Obligations under Security Documents

and will procure that each of the other Security Parties will, duly and punctually perform each of the obligations expressed to be assumed by it under the Security Documents and the Underlying Documents;

#### 8.1.9 Compliance with Code

and will procure that any Operator will, comply with, and ensure that each Ship and any Operator at all times complies with, the requirements of the Code, including (but not limited to) the maintenance and renewal of valid certificates pursuant thereto throughout the Security Period;

#### 8.1.10 Withdrawal of DOC and SMC

and will procure that any Operator will, immediately inform the Agent if there is any threatened or actual withdrawal of such Operator's DOC or the SMC in respect of any Ship;

#### 8.1.11 Issuance of DOC and SMC

and will procure that any Operator will, promptly inform the Agent upon the issuance to any Operator of a DOC and to each Ship of an SMC or the receipt by any of the Owners or any Operator of notification that its application for the same has been refused;

#### 8.1.12 ISPS Code compliance

and will procure that the Manager or any Operator will:

- (a) from the date of this Agreement and at all times thereafter, maintain a valid and current ISSC in respect of each Ship;
- (b) immediately notify the Agent in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC in respect of any Ship; and
- (c) procure that each Ship will comply at all times with the ISPS Code;

### 8.1.13 “KYC” requirements

deliver to the Agent such documents and evidence as any Creditor shall from time to time require, based on applicable law and regulations and such Creditor’s own internal guidelines from time to time, in each case, relating to the verification of identity and knowledge of such Creditor’s customers and to the opening of bank accounts by any Security Party (including the Accounts); and

### 8.1.14 Collateral Ships

within seven (7) days following a relevant request by the Agent (acting on the instructions of the Majority Banks) to the Borrower and the relevant Collateral Owner(s), in respect of one or more Collateral Ships, deliver to the Agent, and/or procure that the relevant Collateral Owner(s) (as the case may be) execute(s) and deliver(s) to the Agent, the documents and evidence set out in schedule 9, Part 1 in respect of such Collateral Ship(s), in form and substance satisfactory to the Agent and at the cost and expense of the Borrower.

## 8.2 Security value maintenance

### 8.2.1 Security shortfall

If at any time the Security Value shall be less than the Security Requirement, the Agent (acting on the instructions of the Majority Banks) shall give notice to the Borrower requiring that such deficiency be remedied and then the Borrower shall either:

(a) prepay within a period of two (2) days of the date of receipt by the Borrower of the Agent's said notice such sum of the Overdraft in Dollars as will result in the Security Requirement after such prepayment of the Overdraft being equal to the Security Value; or

(b) within two (2) days of the date of receipt by the Borrower of the Agent's said notice:

(i) provide in accordance with clause 2.4 further Receivables which are Qualifying Receivables by delivering to the Agent a Schedule of Receivables with such Receivables together with copies of documents, receipts and invoices of the type specified in clause 2.4 and relating to such Receivables; and/or

(ii) place further funds to

the credit  
of the  
cash of  
the Cash  
Collateral  
Account;  
and/or

(iii) constitute  
to the  
satisfaction  
of the  
Agent such  
further  
security for  
the  
Aggregate  
Liabilities  
as shall be  
acceptable  
to the  
Banks,

in each case having a value for security purposes (as determined by the Agent in its absolute discretion) at the date upon which such further security shall be constituted which, when added to the Security Value, shall not be less than the Security Requirement as at such date or which would remedy the deficiency referred to above.

The Agent shall test the Borrower's compliance with this clause 8.2.1 at the end of each financial quarter and at any other times as and when the Agent (acting on the instructions of the Majority Banks) shall require (but not more frequently than once per week) and, in any event, on each Reset Date.

The provisions of clause 4.4 and any relevant provision of clause 4.5 shall apply to prepayments made under clause .

### 8.2.2 Valuation of Mortgaged Ships

- (a) Each Mortgaged Ship shall, for the purposes of this clause 8.2, be valued in Dollars at the end of every financial quarter and at any other times as and when the Agent (acting on the instructions of the Majority Banks) shall require. Subject to paragraph (b) below, each such valuation shall be made by an independent firm of shipbrokers nominated by the Borrower and approved by the Agent (acting on the instructions of the Majority Banks in their sole discretion) or, failing such nomination or approval, appointed by the Agent (acting on the instructions of the Majority Banks in their sole discretion). Each such valuation of a Mortgaged Ship shall be addressed to the Agent and made without, unless required by the Agent, physical inspection and on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms, as between a willing buyer and a willing seller and without taking into account the benefit of any charterparty or other engagement concerning the relevant Mortgaged Ship. Such valuation shall constitute the value of such Mortgaged Ship for the purposes of this clause 8.2 unless the Agent (acting on the instructions of the Majority Banks in their sole discretion) objects to the valuation of the relevant Mortgaged Ship provided by the shipbroker nominated by the Borrower within seven (7) days of receipt of such valuation, in which event the value of such Mortgaged Ship shall be the arithmetic mean of the value specified in such valuation and the value specified in a further valuation issued by an independent firm of shipbrokers appointed by the Agent (acting on the instructions of the Majority Banks in their sole discretion) and made on the same basis as specified above.
- (b) In the case of a Ship which is a single hull vessel, its market value for the purposes of this clause 8.2 shall be the then prevailing scrap value of such Ship as determined by the Agent in its sole discretion.
- (c) The value of each Mortgaged Ship determined in accordance with the provisions of this clause 8.2.2 shall be binding upon the parties hereto until such further date when the market value of such Mortgaged Ship is determined by the Agent pursuant to this clause 8.2.2.

### 8.2.3 Information

The Borrower undertakes with the Creditors to supply to the Agent and to any such shipbrokers such information concerning each Mortgaged Ship and its condition as such shipbrokers may reasonably require for the purpose of making any such valuation and will supply the Agent with such other information, including without limitation about any Schedules of Receivables as the Agent shall from time to time require for the purposes of giving effect to clause 8.2.1.

### 8.2.4 Costs

All costs in connection with the Agent obtaining any valuation of each of the Mortgaged Ships referred to in clause 8.2.2 and in schedule 2, and any valuation either of any additional security for the purposes of ascertaining the Security Value at any time or necessitated by the Borrower electing to constitute additional security pursuant to clause 8.2.1(b), shall be borne by the Borrower.

### 8.2.5 Valuation of additional security

For the purposes of this clause 8.2, the market value of any additional security provided or to be provided to the Security Agent and/or the other Creditors shall be determined by the Agent in its absolute discretion without any necessity for the Agent assigning any reason thereto.

### 8.2.6 Documents and evidence

In connection with any additional security provided in accordance with this clause 8.2, the Agent shall be entitled to receive such evidence and documents of the kind referred to in schedule 2 as may in the Agent's opinion be appropriate and such favourable legal opinions as the Agent shall in its absolute discretion require.

## 8.3 Negative undertakings

The Borrower undertakes with each Creditor that, from the date of this Agreement and so long as any moneys are owing under the Security Documents, whether actually or contingently, and while all or any part of the Overdraft Facility or the Guarantee Facility Commitment remains available, it will not, without the prior written consent of the Agent (acting on the instructions of the Majority Banks):

### 8.3.1 Negative pledge

permit any Encumbrance (other than a Permitted Encumbrance) to subsist, arise or be created or extended over all or any part of its present or future undertaking, assets, rights or revenues in order to secure or prefer any present or future Indebtedness or other liability or obligation of the Borrower or any Security Party or any other person;

### 8.3.2 No merger

merge or consolidate with any other person or enter into any demerger, amalgamation, corporate reconstruction or redomiciliation of any type;

### 8.3.3 Disposals

sell, transfer, abandon, lend or otherwise dispose of or cease to exercise direct control over any part (being either alone or when aggregated with all other disposals falling to be taken into account pursuant to this clause 8.3.3 material in the opinion of the Agent in relation to the undertaking, assets, rights and revenues of the Borrower taken as a whole) of its present or future undertaking, assets, rights or revenues (otherwise than by transfers, sales or disposals for full consideration in the ordinary course of trading) whether by one or a series of transactions related or not;

### 8.3.4 Other business

undertake any business other than the business carried out by it or the Group on the date of this Agreement;

### 8.3.5 Acquisitions

acquire any further assets other than in the ordinary course of its business or contracts for the sale of oil bunkers and lubricants;

### 8.3.6 Other obligations

incur any obligations except for obligations arising under the Underlying Documents or the Security Documents or contracts entered into in the ordinary course of its business or contracts for the sale of oil bunkers and lubricants;

### 8.3.7 No borrowing

the Borrower will not incur any Borrowed Money except for Borrowed Money pursuant to the Security Documents;

### 8.3.8 Repayment of borrowings

repay the principal of, or pay interest on or any other sum in connection with any of its Borrowed Money except for Borrowed Money pursuant to the Security Documents;

### 8.3.9 Loans

make any loans or grant any credit (save for normal trade credit in the ordinary course of business) to any person or agree to do so;

### 8.3.10 Sureties

permit any of its Indebtedness to any person (other than the Creditors) to be guaranteed by any person save in the ordinary course of its business or by the Issuing Bank by way of L/Cs;

### 8.3.11 Share capital and distribution

declare or pay any dividends to any of its shareholders if an Event of Default has occurred or will or, in the opinion of the Agent, is likely to occur as a result of, or following, the declaration or payment of dividends;

### 8.3.12 Subsidiaries

form or acquire any Subsidiaries save in the ordinary course of its business;

### 8.3.13 Manager

permit the appointment of any manager of any of the Ships other than the Manager or the termination or amendment of the terms of any of the Management Agreements; or

## 8.4 Cash collateralisation of L/Cs

Without prejudice to clause 2.13, forthwith upon, or at any time following the occurrence of an Event of Default, the Agent (acting on the instructions of the Majority Banks) shall be entitled (but not obliged) to demand payment by the Borrower of, and the Borrower forthwith upon such demand shall pay to the Account Bank for credit to the Cash Collateral Account, such amount as shall be the aggregate of the total Outstanding Amounts for all L/Cs. Such payment shall be made in Dollars, except in the case of any part of the said Outstanding Amounts which is a Settlement Amount outstanding in an Optional Currency and unpaid, which shall be made in the relevant Optional Currency.

## 8.5 Additional tonnage

If any member of the Group (excluding the Security Parties) acquires a vessel (other than the Ships), the relevant member of the Group shall be entitled to arrange for the financing of the acquisition of such vessel by bank debt and to agree that such vessel shall be mortgaged in favour of the relevant lender or lenders, subject to no Event of Default having occurred and be continuing at such time and the Borrower and the other Security Parties being in compliance with all of their undertakings and obligations under this Agreement and the other Security Documents.

8.5.1 The Borrower shall be entitled however to procure that any such vessel is mortgaged (at the expense of the Borrower) in favour of the Security Agent as security for the Borrower's obligations under this Agreement, subject to satisfactory documentation being received by the Agent in respect of such security at the cost and expense of the Borrower pursuant to clause 8.5.3 below, so that such vessel becomes an "**Additional Ship**" for the purpose of this Agreement.

8.5.2 The Borrower shall be entitled by written notice to the Agent at any time to request that a vessel owned by a member of the Group (and which is not then already a Ship under this Agreement) becomes an "**Additional Ship**" for the purposes of this Agreement. The Agent (acting on the instructions of the Majority Banks in their absolute discretion) shall be entitled to accept or decline such request (without any need to assign any reason to such decision) and shall notify the Borrower of the Banks' decision within twenty (20) days of the Borrower's relevant request in respect of a vessel. If the Agent notifies the Borrower that the Banks accept its request in respect of a vessel, the Borrower shall deliver to the Agent, not later than (ten) 10 days after the Agent's notice of acceptance to the Borrower in respect of a vessel, the documents and evidence set out in schedule 9, Part 2 in respect of the relevant vessel, in form and substance satisfactory to the Agent and at the cost and expense of the Borrower.

## 9 Conditions

### 9.1 Documents and evidence

The obligation of the Banks to make available the Overdraft Facility and the Guarantee Facility or to permit any drawing on the Overdraft Account or the issuing of any L/C, shall be subject to the condition that the Agent or its duly authorised representative shall have received, not later than two (2) Banking Days before the date of this Agreement, the documents and evidence specified in schedule 5, in form and substance satisfactory to the Agent.

## 9.2 General conditions precedent

The obligations of the Banks to make the Overdraft Facility available or to permit the issuing of any L/C (as the case may be) shall be subject to the further conditions that, at the time of the relevant drawing request under the Overdraft Facility or the relevant Issue Request in respect of the relevant L/C (as the case may be) and at the time of the making of the relevant drawing under the Overdraft Facility or on the Issue Date of the relevant L/C (as the case may be):

- 9.2.1 the representations and warranties contained in (i) clauses 7.1, 7.2 and 7.3(b), (ii) clause 4 of the Corporate Guarantee and (iii) clause 4 of each Owner's Guarantee, are true and correct on and as of each such time as if each was made with respect to the facts and circumstances existing at such time; and
- 9.2.2 no Default shall have occurred and be continuing or would result from the making of the relevant drawing or the issuing of the relevant L/C (as the case may be).

## 9.3 Waiver of conditions precedent

The conditions specified in this clause 9 are inserted solely for the benefit of the Creditors and may be waived by the Agent (acting on the instructions of the Majority Banks) in whole or in part and with or without conditions.

## 9.4 Further conditions precedent

Not later than five (5) Banking Days prior to each Issue Date and not later than five (5) Banking Days prior to each Interest Payment Date or each Reset Date, the Agent may request and the Borrower shall, not later than two (2) Banking Days prior to such date, deliver to the Agent on such request further favourable certificates and/or opinions as to any or all of the matters which are the subject of clauses 7, 8, 9 and 10 of this Agreement.

## 10 Events of Default

### 10.1 Events

There shall be an Event of Default if:

- 10.1.1 Non-payment:** any Security Party fails to pay any sum payable by it under any of the Security Documents or the Underlying Documents at the time, in the currency and in the manner stipulated in the Security Documents or the Underlying Documents (and so that, for this purpose, sums payable on demand shall be treated as having been paid at the stipulated time if paid within three (3) Banking Days of demand); or
- 10.1.2 Breach of Insurances and certain other obligations:** any of the Owners or the Manager fails to obtain and/or maintain the Insurances (in accordance with the requirements of the Security Documents) for any of the Mortgaged Ships or if any insurer in respect of such Insurances cancels any of such Insurances or disclaims liability by reason, in either case, of mis-statement in any proposal for any of such Insurances or for any other failure or default on the part of the Owners or any of them or any other person or the Borrower or the Corporate Guarantor or any of the Owners commit any breach of or omit to observe any of the obligations or undertakings expressed to be assumed by them under clauses 8.1.3, 8.1.14, 8.2, 8.3 or 8.4 of this Agreement or clauses 5.2 or 5.3 of the Corporate Guarantee or clause 5 of any Owner's Guarantee, respectively; or



- 10.1.3 Breach of other obligations:** any Security Party commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under any of the Security Documents or any of the Underlying Documents (other than those referred to elsewhere in this clause 10.1) and, in respect of any such breach or omission which in the opinion of the Agent (acting on the instructions of the Majority Banks) is capable of remedy, such action as the Agent (acting on the instructions of the Majority Banks) may require shall not have been taken within fourteen (14) days of the Agent notifying the relevant Security Party of such default and of such required action; or
- 10.1.4 Misrepresentation:** any representation or warranty made or deemed to be made or repeated by or in respect of any Security Party in or pursuant to any of the Security Documents or in any notice, certificate or statement referred to in or delivered under any of the Security Documents is or proves to have been incorrect or misleading in any material respect; or
- 10.1.5 Cross-default:** any Indebtedness of any Relevant Party is not paid when due or any Indebtedness of any Relevant Party becomes (whether by declaration or automatically in accordance with the relevant agreement or instrument constituting the same) due and payable prior to the date when it would otherwise have become due (unless as a result of the exercise by the relevant Relevant Party of a voluntary right of prepayment), or any creditor of any Relevant Party becomes entitled to declare any such Indebtedness due and payable or any facility or commitment available to any Relevant Party relating to Indebtedness, is withdrawn, suspended or cancelled by reason of any default (however described) of the person concerned unless the relevant Relevant Party shall have satisfied the Agent that such withdrawal, suspension or cancellation will not affect or prejudice in any way the relevant Relevant Party's ability to pay its debts as they fall due and fund its commitments, or any guarantee given by any Relevant Party in respect of Indebtedness is not honoured when due and called upon; or
- 10.1.6 Legal process:** any judgment or order made against any Relevant Party is not stayed or complied with within seven (7) days or a creditor attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any of the undertakings, assets, rights or revenues of any Relevant Party and is not discharged within seven (7) days; or
- 10.1.7 Insolvency:** any Relevant Party is unable or admits inability to pay its debts as they fall due; suspends making payments on any of its debts or announces an intention to do so; becomes insolvent; has assets the value of which is less than the value of its liabilities (taking into account contingent and prospective liabilities); or suffers the declaration of a moratorium in respect of any of its Indebtedness; or
- 10.1.8 Reduction or loss of capital:** a meeting is convened by any Relevant Party for the purpose of passing any resolution to purchase or reduce its share capital or to redeem any of its shares; or
- 10.1.9 Winding up:** any corporate action, legal proceedings or other procedure or step is taken for the purpose of winding up any Relevant Party or an order is made or resolution passed for the winding up of any Relevant Party or a notice is issued convening a meeting for the purpose of passing any such resolution; or

- 10.1.10 Administration:** any petition is presented, notice given or step is taken for the purpose of the appointment of an administrator of any Relevant Party or the Agent believes that any such petition or other step is imminent or an administration order is made in relation to any Relevant Party; or
- 10.1.11 Appointment of receivers and managers:** any administrative or other receiver is appointed of any Relevant Party or any part of its assets and/or undertaking or any other steps are taken to enforce any Encumbrance over all or any part of the assets of any Relevant Party; or
- 10.1.12 Compositions:** any corporate action, legal proceedings or other procedures or steps are taken, or negotiations commenced, by any Relevant Party or by any of its creditors with a view to the general readjustment or rescheduling of all or part of its indebtedness or to proposing any kind of composition, compromise or arrangement involving such company and any of its creditors; or
- 10.1.13 Analogous proceedings:** there occurs, in relation to any Relevant Party, in any country or territory in which any of them carries on business or to the jurisdiction of whose courts any part of their assets is subject, any event which, in the reasonable opinion of the Agent, appears in that country or territory to correspond with, or have an effect equivalent or similar to, any of those mentioned in clauses 10.1.6 to 10.1.12 (inclusive) or any Relevant Party otherwise becomes subject, in any such country or territory, to the operation of any law relating to insolvency, bankruptcy or liquidation; or
- 10.1.14 Cessation of business:** any Relevant Party suspends or ceases or threatens to suspend or cease to carry on its business; or
- 10.1.15 Seizure:** all or a material part of the undertaking, assets, rights or revenues of, or shares or other ownership interests in, any Relevant Party are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; or
- 10.1.16 Invalidity:** any of the Security Documents shall at any time and for any reason become invalid or unenforceable or otherwise cease to remain in full force and effect, or if the validity or enforceability of any of the Security Documents shall at any time and for any reason be contested by any Security Party which is a party thereto, or if any such Security Party shall deny that it has any, or any further, liability thereunder; or
- 10.1.17 Unlawfulness:** it becomes impossible or unlawful at any time for any Security Party, to fulfil any of the covenants and obligations expressed to be assumed by it in any of the Security Documents or for the Agent to exercise the rights or any of them vested in it under any of the Security Documents or otherwise; or
- 10.1.18 Repudiation:** any Security Party repudiates any of the Security Documents or does or causes or permits to be done any act or thing evidencing an intention to repudiate any of the Security Documents; or
- 10.1.19 Encumbrances enforceable:** any Encumbrance (other than Permitted Liens) in respect of any of the property (or part thereof) which is the subject of any of the Security Documents becomes enforceable; or

- 10.1.20 Material adverse change:** there occurs, in the reasonable opinion of the Agent (acting on the instructions of the Majority Banks), a material adverse change in the financial condition of any Security Party or the Group or by reference to the financial position of that Security Party or (as the case may be) the Group as described by or on behalf of the Borrower or any Security Party to the Agent and/or the Banks in the negotiation of this Agreement; or
- 10.1.21 Arrest:** any Mortgaged Ship is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim or otherwise taken from the possession of the relevant Owner and such Owner shall fail to procure the release of such Mortgaged Ship within a period of two (2) days thereafter; or
- 10.1.22 Registration:** the registration of any Mortgaged Ship under the laws and flag of the relevant Flag State is cancelled or terminated without the prior written consent of the Agent (acting on the instructions of the Majority Banks) or if such registration of any Mortgaged Ship is not renewed at least forty five (45) days prior to the expiry of such registration; or
- 10.1.23 Unrest:** the Flag State in respect of a Mortgaged Ship becomes involved in hostilities or civil war or there is a seizure of power in any Flag State in respect of a Mortgaged Ship by unconstitutional means if, in any such case, such event could in the opinion of the Agent (acting on the instructions of the Majority Banks) reasonably be expected to have a material adverse effect on the security constituted by any of the Security Documents; or
- 10.1.24 Environment:** the Borrower and/or any other Relevant Party and/or any of their respective Environmental Affiliates fails to comply with any Environmental Law or any Environmental Approval or the Borrower and/or any other Relevant Party and/or any of their respective Environmental Affiliates or any Ship or any other Relevant Ship is involved in any incident which gives rise or may give rise to an Environmental Claim if, in any such case, such non-compliance or incident or the consequences thereof could, in the opinion of the Agent reasonably be expected to have a material adverse effect on the business, assets, operations, property or financial condition of the Borrower or the Corporate Guarantor or any other Security Party or the Group or on the security constituted by any of the Security Documents; or
- 10.1.25 P&I:** any Owner or the Manager or any other person fails or omits to comply with any requirements of the protection and indemnity association or other insurer with which a Ship is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover (including, without limitation, any cover in respect of liability for Environmental Claims arising in jurisdictions where such Ship operates or trades) is or may be liable to cancellation, qualification or exclusion at any time; or
- 10.1.26 Shareholdings:**
- (a) there is any change in the legal and/or ultimate beneficial ownership of any of the shares in the Corporate Guarantor from that existing on the date of this Agreement, which results in (i) Mr Dimitrios Melissanidis being the ultimate beneficial owner of less than 32% of the total issued voting share capital of the Corporate Guarantor at any relevant time or (ii) any person or persons acting in concert (other than Mr Dimitrios Melissanidis) becoming at any relevant time the ultimate beneficial owners of more than 50% (or of a percentage higher than that then owned by Mr Dimitrios Melissanidis), of the total issued voting share capital of the Corporate Guarantor or having the control of the Corporate Guarantor or of its board of directors (and “**control**” shall have the meaning given to it in the definition of “Subsidiary” in clause 1.2); or

- (b) there is any change in the legal and/or beneficial ownership of any of the shares in the Borrower or any Owner or the Manager which results in any such Security Party ceasing to be a wholly-owned direct or indirect Subsidiary of the Corporate Guarantor; or

**10.1.27 Accounts:** moneys are withdrawn from any of the Accounts other than in accordance with clause 14; or

**10.1.28 Listing:** the shares of the Corporate Guarantor are de-listed or suspended from trading on, or cease to trade (whether temporarily for longer than ten (10) consecutive days, or permanently) on, the New York Stock Exchange; or

**10.1.29 Licences, etc:** any licence, authorisation, consent or approval at any time necessary to enable any Security Party to comply with its obligations under the Security Documents or the Underlying Documents is revoked or withheld or modified or is otherwise not granted or fails to remain in full force and effect or if any exchange control or other law or regulation shall exist which would make any transaction under the Security Documents or the Underlying Documents or the continuation thereof, unlawful or would prevent the performance by any Security Party of any term of any of the Security Documents or the Underlying Documents; or

**10.1.30 Material events:** any other event occurs or circumstance arises which, in the reasonable opinion of the Agent (acting on the instructions of the Majority Banks), is likely materially and adversely to affect either (i) the ability of any Security Party to perform all or any of its obligations under or otherwise to comply with the terms of any of the Security Documents or (ii) the security created by any of the Security Documents.

## **10.2 Acceleration**

The Agent shall, if so requested by the Majority Banks, without prejudice to any other rights of the Agent, at any time after the happening of an Event of Default by notice to the Borrower:

- 10.2.1 declare that the obligation of each Bank to make the Overdraft Facility and the Guarantee Facility available shall be terminated, whereupon the Overdraft Facility Limit and the Guarantee Facility Commitment shall be reduced to zero forthwith; and/or
- 10.2.2 declare that the Overdraft and all interest and commissions accrued and all other sums payable under the Security Documents have become due and payable, whereupon the same shall, immediately or in accordance with the terms of such notice, become due and payable; and/or
- 10.2.3 make a demand on the Borrower pursuant to clause 8.4 for payment of cash collateral to the Account Bank for credit to the Cash Collateral Account forthwith and/or at any other time specified by the Agent (acting on the instructions of the Majority Banks), whereupon any such amount shall become due and payable immediately or in accordance with each such notice (it being understood that the Agent (acting on the instructions of the Majority Banks) shall be entitled to give multiple such notices for further payment of moneys by the Borrower to the Cash Collateral Account, at any time and from time to time following an Event of Default, notwithstanding that the Borrower may have complied with one or more earlier notices).

### **10.3 Demand basis**

If, pursuant to clause 10.2.2, the Agent declares the Overdraft to be due and payable on demand, the Agent may (and if so requested by the Majority Banks shall) by written notice to the Borrower:

10.3.1 call for repayment of the Overdraft on such date as may be specified whereupon the Overdraft shall become due and payable on the date so specified together with all interest and commissions accrued and all other sums payable under this Agreement; or

10.3.2 withdraw such declaration with effect from the date specified in such notice.

### **10.4 Negotiation with Beneficiaries after Default**

The Borrower:

10.4.1 irrevocably authorises the Agent (acting on the instructions of the Majority Banks) negotiate with any Beneficiary at any time after the occurrence of any Default with a view to arranging for the prepayment by the Issuing Bank, for the account of the Borrower, of any moneys outstanding under any L/C; and

10.4.2 agrees that at any time after the occurrence of any Default the Issuing Bank shall be entitled (but not, so far as the Borrower is concerned, bound) to and, if directed by the Agent (acting on the instructions of the Majority Banks), it shall pay to a Beneficiary, in such manner and upon such terms as the Issuing Bank and the Beneficiary shall agree, any moneys outstanding under any L/C.

### **10.5 Conversion into Dollars**

10.5.1 The Agent (acting on the instructions of all the Banks) may, following a notice given to the Borrower under clause 10.2, declare that the part (if any) of the Outstandings of the Banks which is then outstanding and/or denominated in one or more Optional Currencies, be converted into, and outstanding in, Dollars with effect from the date of conversion selected by the Agent (acting on the instructions of all the Banks in their discretion) and notified by the Agent to the Issuing Bank, the Banks and the Borrower. In making such conversion the Agent shall use the Issuing Bank's spot rate(s) of exchange referred to in clause 2.8 as of the date of such conversion (as advised to it by the Issuing Bank), and the amount of the Outstandings so converted and outstanding in Dollars shall be such amount of Dollars as is required for the purchase of the amount of the total Outstandings of all Banks in the relevant Optional Currencies by applying such rate(s) on the relevant date of conversion.

10.5.2 With effect on and from the date when the conversion has taken place (as notified by the Agent to the Borrower, the Banks and the Issuing Bank pursuant to clause 10.5.1), all the Outstandings of all Banks shall be denominated in Dollars and the liabilities of the Borrower to the Banks, the Agent, the Security Agent and the Issuing Bank under this Agreement in respect of the Outstandings shall also be denominated and owing in Dollars.

## 11 Indemnities

### 11.1 Miscellaneous indemnities

The Borrower shall on demand indemnify each Creditor, without prejudice to any of such Creditor's other rights under any of the Security Documents, against any loss (including loss of Margin) or expense which such Creditor shall certify as sustained or incurred by it as a consequence of:

11.1.1 any default in payment of any sum under any of the Security Documents when due;

11.1.2 the occurrence of any other Event of Default;

11.1.3 applying any sum standing to the credit of the Cash Collateral Account otherwise than on the last day of a deposit period relating thereto;

11.1.4 any L/C not being issued for any reason (excluding any default by any Creditor) after the Issue Request for such L/C has been given,

including, in any such case, but not limited to, any loss or expense sustained or incurred in maintaining or funding the Overdraft or any part thereof or any amount owing under clauses 2.10.2 or 4.1.1 or in liquidating or re-employing deposits from third parties acquired to effect or maintain the Overdraft or any part thereof or any amount owing under clauses 2.10.2 or 4.1.1.

### 11.2 Currency indemnity

If any sum due from the Borrower under any of the Security Documents or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under the relevant Security Document or under such order or judgment into another currency (the "**second currency**") for the purpose of:

11.2.1 making or filing a claim or proof against the Borrower;

11.2.2 obtaining an order or judgment in any court or other tribunal; or

11.2.3 enforcing any order or judgment given or made in relation to any of the Security Documents,

the Borrower shall indemnify and hold harmless each Creditor from and against any loss suffered as a result of any difference between:

- (a) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency; and

- (b) the rate or rates of exchange at which the relevant Creditor may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

Any amount due from the Borrower under this clause shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of any of the Security Documents and the term “**rate of exchange**” includes any premium and costs of exchange payable in connection with the purchase of the first currency with the second currency.

### **11.3 Environmental indemnity**

The Borrower shall indemnify each Creditor on demand and hold it harmless from and against all costs, expenses, payments, charges, losses, demands, liabilities, actions, proceedings (whether civil or criminal), penalties, fines, damages, judgements, orders, sanctions or other outgoings of whatever nature which may be suffered, incurred or paid by, or made or asserted against such Creditor at any time, whether before or after the repayment in full of principal and interest under this Agreement, relating to, or arising directly or indirectly in any manner or for any cause or reason whatsoever out of an Environmental Claim made or asserted against such Creditor if such Environmental Claim would not have been, or been capable of being, made or asserted against such Creditor if it had not entered into any of the Security Documents and/or exercised any of its rights, powers and discretions thereby conferred and/or performed any of its obligations thereunder and/or been involved in any of the transactions contemplated by the Security Documents.

## **12 Unlawfulness and increased costs**

### **12.1 Unlawfulness**

If any law, regulation or regulatory requirement or any judgment, order or direction of any court, tribunal or authority binding upon the Issuing Bank, the Account Bank or, as the case may be, a Bank in the jurisdiction in which it is formed or has its principal or lending office or in which any action is required to be performed by it for the purposes of this Agreement (whether or not in force before the date of this Agreement):

12.1.1 renders it unlawful for the Issuing Bank to issue any or any further L/Cs, or for a Bank to perform its obligations under clauses 2.14.1 or 4.2.1 in respect of any further L/Cs to be issued by the Issuing Bank, the Issuing Bank or (as the case may be) the relevant Bank shall promptly inform the Agent and the Agent shall notify the Borrower, and the obligations of the Issuing Bank to issue any or any further L/Cs under this Agreement shall forthwith terminate and the Borrower shall within ten (10) Banking Days after such notice pay to the Account Bank for credit to the Illegality Security Account for each issued and outstanding L/C, an amount (in the currency of the relevant L/C) equal to the difference between (a) the Outstanding Amount of such L/C and (b) the amount then standing to the credit of the Illegality Security Account for that L/C (less any amount already standing to the credit of such account as a result of a previous payment in respect of a Bank pursuant to this clause 12.1); or

12.1.2 renders it unlawful for a Bank to perform its obligations under clauses 2.14.1 or 4.2.1 in respect of any L/C which has previously been opened, then that Bank shall promptly inform the Agent and the Agent shall notify the Borrower, and the Borrower shall within ten (10) Banking Days after such notice pay to the Account Bank for credit to the Illegality Security Account for each issued and outstanding L/C an amount (and in the currency of the relevant L/C) equal to such Bank's Percentage of the difference between (a) the Outstanding Amount of such L/C and (b) the amount then standing to the credit of the Illegality Security Account for such L/C (less any amount standing to the credit of such account as a result of payment in respect of another Bank under this clause 12.1.2); or

12.1.3 renders it unlawful for the Account Bank to maintain or fund the Overdraft, the Account Bank shall promptly inform the Agent and the Agent shall forthwith notify the Borrower. If it shall so be unlawful for the Account Bank to maintain or fund the Overdraft, the Account Bank shall promptly inform the Agent and the Agent shall notify the Borrower and the obligation of the Banks to make the Overdraft Facility available, shall forthwith terminate and the Agent shall, at the request and on behalf of the Account Bank, give notice to the Borrower requiring the Borrower to prepay the Overdraft either (a) forthwith or (b) on a future specified date and the Borrower shall prepay the Overdraft in full in accordance with and subject to such notice; or

12.1.4 renders it unlawful for a Bank to perform its obligations under clauses 2.14.2 or 4.2.2, that Bank shall promptly inform the Agent and the Agent shall notify the Borrower accordingly and the Overdraft Facility Limit shall be reduced forthwith by an amount equal to the Percentage of such Bank over the Overdraft Facility Limit.

If the Borrower has made the payment to one or more Illegality Security Accounts required of it in respect of an L/C under clause 12.1.2, the Percentage of the Bank in respect of which such payment was made of the liabilities of the Banks for such L/C shall be reduced to zero. To the extent that the Borrower has not made such payment, such Bank shall continue to be liable to the Issuing Bank under clauses 2.14.1 and 4.2.1 for an amount equal to its Percentage of such L/C less the amount of any such payment by the Borrower to the relevant Illegality Security Account for such L/C. For the avoidance of doubt, the reduction of the "Percentage" of a Bank under this paragraph shall be made only in connection with a specific L/C as referred to above and only for the purpose of the calculation of the commissions under clauses 5.1.3 and 5.1.4 for such L/C and also for the purpose of any indemnities given under this Agreement by that Bank to the Issuing Bank in connection with such L/C or in relation to the Guarantee Facility but insofar as such indemnities relate to the relevant L/C for which moneys have been paid to an Illegality Security Account in respect of that Bank under clause 12.1.2.

## **12.2 Increased costs**

If the result of any change in, or in the interpretation or application of, or the introduction of, any law or any regulation, request or requirement (whether or not having the force of law, but, if not having the force of law, with which a Bank or the Issuing Bank or the Account Bank or, as the case may be, their respective holding company habitually complies), including (without limitation) those relating to Taxation, capital adequacy, liquidity, reserve assets, cash ratio deposits and special deposits, is to:

12.2.1 subject any Bank or the Issuing Bank or the Account Bank to Taxes or change the basis of Taxation of such Bank or the Issuing Bank or the Account Bank with respect to any payment under any of the Security Documents (other than Taxes or Taxation on the overall net income, profits or gains of such Bank or the Issuing Bank or the Account Bank imposed in the jurisdiction in which its principal or lending office under this Agreement is located); and/or

12.2.2 increase the cost to, or impose an additional cost on (a) a Bank or the Account Bank or their respective holding company in maintaining or funding all or part of the Overdraft or any amounts owing under clauses 2.10.2 or 4.1.1 or 4.2 or (b) the Issuing Bank or its holding company in making or keeping available its obligation to issue any L/C or to maintain or fund all or part of any amounts owing under clauses 2.10.2 or 4.1.1 or 4.2; and/or

12.2.3 reduce the amount payable or the effective return to a Bank or the Issuing Bank or the Account Bank under any of the Security Documents; and/or

12.2.4 reduce a Bank's or the Issuing Bank's or the Account Bank's or their respective holding company's rate of return on its overall capital by reason of a change in the manner in which it is required to allocate capital resources to such Bank's or the Issuing Bank's or the Account Bank's obligations under any of the Security Documents; and/or



- 12.2.5 require a Bank or the Issuing Bank or the Account Bank or their respective holding company to make a payment or forego a return on or calculated by reference to any amount received or receivable by such Bank or the Issuing Bank or the Account Bank under any of the Security Documents; and/or
- 12.2.6 require a Bank or the Issuing Bank or the Account Bank or their respective holding company to incur or sustain a loss (including a loss of future potential profits) by reason of being obliged to deduct, all or part of the Overdraft or any amount owing under clauses 2.10.2, 4.1.1 or 4.2, all or part of the amount that will be guaranteed by an L/C when it is issued or the Outstanding Amount or any amount owing under clauses 2.10.2, 4.1.1 or 4.2, from its capital for regulatory purposes,

then and in each such case (subject to clause ):

- (a) such Bank or the Issuing Bank, as the case may be, the Account Bank shall (through the Agent) notify the Borrower in writing of such event promptly upon its becoming aware of the same; and
- (b) the Borrower shall on demand pay to the Agent for the account of such Bank or the Issuing Bank, as the case may be, the Account Bank the amount which such Bank, Account Bank or, as the case may be, the Account Bank specifies (in a certificate setting forth the basis of the computation of such amount but not including any matters which such Bank or the Issuing Bank or, as the case may be, the Account Bank or their respective holding company regards as confidential) is required to compensate such Bank and/or the Issuing Bank and/or the Account Bank and/or (as the case may be) their respective holding company for such liability to Taxes, cost, reduction, payment , forgone return or loss.

For the purposes of this clause and clause 12.4 “**holding company**” means, in relation to a Bank or the Issuing Bank or the Account Bank, the company or entity (if any) within the consolidated supervision of which such Bank or the Issuing Bank or, as the case may be, the Account Bank is included.

### 12.3 Exception

Nothing in clause shall entitle a Bank or the Issuing Bank or the Account Bank to receive any amount in respect of compensation for any such liability to Taxes, increased or additional cost, reduction, payment, foregone return or loss to the extent that the same is the subject of an additional payment under clause .

## 13 Security, set-off and pro-rata payments

### 13.1 Application of moneys

All moneys received by the Agent and/or the Security Agent under or pursuant to any of the Security Documents and expressed to be applicable in accordance with the provisions of this clause shall be applied in the following manner:

- 13.1.1 first, in or towards payment of all unpaid costs and expenses which may be owing to the Creditors or any of them under any of the Security Documents;
- 13.1.2 secondly, in or towards payment, on a pro rata basis, of any unpaid fees and commissions payable to the Creditors or any of them;
- 13.1.3 thirdly, in or towards payment, on a pro rata basis, of any arrears of interest owing in respect of the Overdraft or any part thereof or in respect of the Guarantee Facility (including under clause 4.1.1);

- 13.1.4 fourthly, in or towards repayment, on a pro rata basis, of any amounts of principal in respect of the Overdraft (including any part of the Margin payable by the Account Bank to the Agent for the account of the Banks under clause 5.5) or in respect of the Guarantee Facility (including under clause 4.1.1) (whether the same is due and payable or not);
- 13.1.5 fifthly, in or towards payment to the Cash Collateral Account of any amounts so payable pursuant to the terms of this Agreement or the other Security Documents;
- 13.1.6 sixthly, in or towards payment to any Bank for any loss suffered by reason of any payment in respect of principal not being effected on an Interest Payment Date relating to the part of the principal so repaid and which amounts are so payable under this Agreement;
- 13.1.7 seventhly, in or towards payment to any Creditor of any other sums owing to it under any of the Security Documents; and
- 13.1.8 eighthly, the surplus (if any) shall be paid to the Borrower or to whomsoever else may be entitled to receive such surplus,

Provided however that amounts standing to the credit of an Illegality Security Account shall be applied first, in accordance with clause 14.8 and, if there is a surplus following such application, secondly, and as to such surplus, in accordance with the order specified in this clause 13.1 above.

### 13.2 Set-off

The Borrower authorises each Creditor (without prejudice to any of such Creditor's rights at law, in equity or otherwise), at any time and without notice to the Borrower, to apply any credit balance to which the Borrower is then entitled standing upon any account of the Borrower with any branch of such Creditor in or towards satisfaction of any sum due and payable from the Borrower to such Creditor under any of the Security Documents. For this purpose, each Creditor is authorised to purchase with the moneys standing to the credit of such account such other currencies as may be necessary to effect such application. No Creditor shall be obliged to exercise any right given to it by this clause. Each Creditor shall notify the Agent and the Borrower forthwith upon the exercise or purported exercise of any right of set-off giving full details in relation thereto and the Agent shall inform the other Creditors. Nothing in this clause shall be effective to create a charge or other Encumbrance.

### 13.3 Pro rata payments

- 13.3.1 If at any time any Bank (the "**Recovering Bank**") receives or recovers any amount owing to it by the Borrower under this Agreement by direct payment, set-off or in any manner other than by payment through the Agent pursuant to clause 6.9 (not being, in the case of a Bank, a payment received from a Transferee Bank or a sub-participant in such Bank's participation under this Agreement or any other payment of an amount due to the Recovering Bank for its sole account pursuant to clauses 5, 6, 7, 8, or 9) the Recovering Bank shall, within two (2) Banking Days of such receipt or recovery (a "**Relevant Receipt**") notify the Agent of the amount of the Relevant Receipt. If the Relevant Receipt exceeds the amount which the Recovering Bank would have received if the Relevant Receipt had been received by the Agent and distributed pursuant to clauses 6.9 or 6.9 (as the case may be) then:
  - (a) within two (2) Banking Days of demand by the Agent, the Recovering Bank shall pay to the Agent an amount equal (or equivalent) to the excess;
  - (b) the Agent shall treat the excess amount so paid by the Recovering Bank as if it were a payment made by the Borrower and shall distribute the same to the Banks (other than the Recovering Bank) in accordance with clause 6.9; and

(c) as between the Borrower and the Recovering Bank the excess amount so re-distributed shall be treated as not having been paid but the obligations of the Borrower to the other Banks shall, to the extent of the amount so re-distributed to them, be treated as discharged.

13.3.2 If any part of the Relevant Receipt subsequently has to be wholly or partly refunded by the Recovering Bank (whether to a liquidator or otherwise) each Bank to which any part of such Relevant Receipt was so re-distributed shall on request from the Recovering Bank repay to the Recovering Bank such Bank's pro-rata share of the amount which has to be refunded by the Recovering Bank.

13.3.3 Each Bank shall on request supply to the Agent such information as the Agent may from time to time request for the purpose of this clause 13.3.

13.3.4 Notwithstanding the foregoing provisions of this clause, no Recovering Bank shall be obliged to share any Relevant Receipt which it receives or recovers pursuant to legal proceedings taken by it to recover any sums owing to it under this Agreement with any other party which has a legal right to, but does not, either join in such proceedings or commence and diligently pursue separate proceedings to enforce its rights in the same or another court (unless the proceedings instituted by the Recovering Bank are instituted by it without prior notice having been given to such party through the Agent).

#### **13.4 No release**

For the avoidance of doubt it is hereby declared that failure by any Recovering Bank to comply with the provisions of clause shall not release any other Recovering Bank from any of its obligations or liabilities under clause 13.3.

#### **13.5 No charge**

The provisions of this clause 13 shall not, and shall not be construed so as to, constitute a charge by a Bank over all or any part of a sum received or recovered by it in the circumstances mentioned in clause 13.3.

#### **13.6 Further assurance**

The Borrower undertakes with the Creditors that the Security Documents shall both at the date of execution and delivery thereof and so long as any moneys are owing under any of the Security Documents be valid and binding obligations of the respective parties thereto and rights of the Agent and the other Creditors enforceable in accordance with their respective terms and that it will, at its expense, execute, sign, perfect and do and will procure the execution, signing, perfecting and doing by each of the other Security Parties of, any and every such further assurance, document, act or thing as in the reasonable opinion of the Agent may be necessary or desirable for perfecting the security contemplated or constituted by the Security Documents.

#### **13.7 Conflicts**

In the event of any conflict between this Agreement and any of the other Borrower's Security Documents, the provisions of this Agreement shall prevail.

### **14 Accounts**

#### **14.1 General**

The Borrower undertakes with each Creditor that:

14.1.1 on or before the date of this Agreement, it will open the Operating Account, the Overdraft Account and the Cash Collateral Account;

- 14.1.2 on or before the date of this Agreement, it will procure that the Manager will open the Manager's Operating Account;
- 14.1.3 it will procure that all moneys payable to each Owner in respect of the Earnings of such Owner's Ship shall, unless and until the Security Agent directs to the contrary pursuant to the provisions of the relevant Deed of Covenant, be paid at all times to the Manager's Operating Account; and
- 14.1.4 it will procure that all Receivables shall be paid at all times to the Operating Account.

#### **14.2 Borrower's Accounts: withdrawals**

The Borrower shall not be entitled to withdraw moneys from any of its own Accounts provided however that, unless and until a Default shall occur and the Agent (acting on the instructions of the Majority Banks) shall direct to the contrary:

- 14.2.1 the Borrower may withdraw moneys from the Overdraft Account for the purposes specified in clause 1.1.1 subject always to clause 8.1.3(b);
- 14.2.2 the Borrower may withdraw moneys from the Cash Collateral Account for any purpose not expressly prohibited by the terms of this Agreement or any other Security Document provided that there are and, following any such withdrawal, there will be sufficient funds in the Cash Collateral Account to ensure that the Borrower is in compliance with this Agreement; and
- 14.2.3 the Borrower may withdraw moneys from the Operating Account only for the following purposes:
- (a) to make payments to the credit of the Cash Collateral Account; and
  - (b) provided that there are and, following any such withdrawal there will be, sufficient funds in the Cash Collateral Account to ensure that the Borrower is in compliance with this Agreement; and
  - (c) for any other purpose not expressly prohibited by the terms of this Agreement or the other Security Documents.

#### **14.3 Interest**

Amounts standing to the credit of each Account of the Borrower (other than the Overdraft Account) shall bear interest at the rate (unless otherwise agreed between the Account Bank and the Borrower) which is certified by the Account Bank to the Borrower to be the rate quoted by the Account Bank to its customers for deposits in the relevant account currency or currencies for such period as the Account Bank may determine and in an amount comparable with the amount for the time being standing to the credit of that Account, such interest to be credited to such Account at the expiry of each such period of deposit and to accrue from day to day and to be calculated on the basis of a three hundred and sixty (360) day year and the actual number of days elapsed **Provided however that** the Overdraft Account shall be a non-interest bearing account.

#### **14.4 Set-off**

Without in any way affecting the rights of the Creditors under clause 13.2, upon the occurrence of a Default or at any time thereafter the Agent (acting on the instructions of the Majority Banks) shall be entitled (but not obliged) to instruct the Account Bank to set-off and apply all sums standing to the credit of any Account of the Borrower and accrued interest (if any) thereon without notice to the Borrower in the manner specified in clause 13.1.

## **14.5 Deductions**

The Agent (acting on the instructions of the Majority Banks) shall be entitled (but not obliged) at any time to instruct the Account Bank to deduct from the balance for the time being standing to the credit of any Account of the Borrower all other moneys which may fall due to be paid to the Creditors or any of them under the terms of this Agreement and the other Security Documents or otherwise howsoever in connection with the Aggregate Liabilities.

## **14.6 Pledging of Accounts**

The Accounts and all amounts from time to time standing to the credit thereof shall be subject to the security constituted and the rights conferred by the Account Pledges.

## **14.7 Illegality Security Accounts**

The Agent shall, at such time as it considers appropriate or following a request by the Issuing Bank (and it is hereby irrevocably authorised by the Borrower to), instruct the Account Bank to open in its books an Illegality Security Account in relation to each L/C to which shall be credited all sums required to be paid to the Account Bank under clause 12.1 for credit to the Illegality Security Account for such L/C and the Borrower undertakes to execute on demand by the Agent an Illegality Security Account Pledge for such account.

## **14.8 Payments out of Illegality Security Accounts**

The Agent shall (and it is hereby irrevocably authorised by the Borrower to) instruct the Account Bank to pay to the Issuing Bank and debit to the Illegality Security Account for an L/C, on the date on which the Issuing Bank makes any payment to the relevant Customer under an L/C, an amount equal to the amount of such payment (or the amount standing to the credit of such Illegality Security Account, if less).

## **14.9 Payments into Illegality Security Accounts**

Any amount which the Borrower has paid to the Account Bank for credit to an Illegality Security Account pursuant to clause 12.1 shall be applied solely in or towards the discharge of the obligations of the Borrower which, but for such payment, would have fallen to be satisfied by the Bank in respect of which the Borrower has paid that amount for credit to such Illegality Security Account. However, the payment of funds to the credit of an Illegality Security Account in respect of a Bank (and any application thereof under clause 14.8), shall not affect the obligations of the other Banks to the Issuing Bank under this Agreement in respect of the L/C relevant to such account or the Guarantee Facility or any relevant claims of the Issuing Bank against such other Banks.

## **15 Assignment, transfer and lending office**

### **15.1 Benefit and burden**

This Agreement shall be binding upon, and enure for the benefit of, the Creditors and the Borrower and their respective successors in title.

### **15.2 No assignment by Borrower**

The Borrower may not assign or transfer any of its rights or obligations under this Agreement.

### 15.3 Transfers by Banks

Subject to the prior written consent of the Agent (such consent not to be unreasonably withheld), any Bank (the “**Transferor Bank**”) may at any time cause all or any part of its rights, benefits and/or obligations under this Agreement and the Security Documents to be transferred to any other bank or financial institution (a “**Transferee Bank**”) by delivering to the Agent a Transfer Certificate duly completed and duly executed by the Transferor Bank and the Transferee Bank. No such transfer is binding on, or effective in relation to, the Borrower or the Agent unless (i) it is effected or evidenced by a Transfer Certificate which complies with the provisions of this clause and is signed by or on behalf of the Transferor Bank, the Transferee Bank and the Agent (on behalf of itself, the Borrower and the other Creditors) and (ii) such transfer of rights under the other Security Documents as the Agent or the Transferee Bank may deem necessary has been effected and registered. Upon signature of any such Transfer Certificate by the Agent, which signature shall be effected as promptly as is practicable after such Transfer Certificate has been delivered to the Agent, and subject to the terms of such Transfer Certificate, such Transfer Certificate shall have effect as set out below.

The following further provisions shall have effect in relation to any Transfer Certificate:

- 15.3.1 a Transfer Certificate may be in respect of a Bank’s rights in respect of all, or part of, its rights and obligations under this Agreement;
- 15.3.2 a Transfer Certificate shall only be in respect of rights and obligations of the Transferor Bank in its capacity as a Bank and shall not transfer its rights and obligations as the Agent, or in any other capacity, as the case may be and such other rights and obligations may only be transferred in accordance with any applicable provisions of this Agreement;
- 15.3.3 a Transfer Certificate shall take effect in accordance with English law as follows:
  - (a) to the extent specified in the Transfer Certificate, the Transferor Bank’s payment rights and all its other rights (other than those referred to in clause 15.3.2 above) under this Agreement are assigned to the Transferee Bank absolutely, free of any defects in the Transferor Bank’s title and of any rights or equities which the Borrower had against the Transferor Bank;
  - (b) the Transferor Bank’s obligations are discharged to the extent specified in the Transfer Certificate;
  - (c) the Transferee Bank becomes a Bank with a Percentage specified in the Transfer Certificate;
  - (d) the Transferee Bank becomes bound by all the provisions of this Agreement and the Security Documents which are applicable to the Banks generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent, the Security Agent and the Arranger in accordance with the provisions of clause 16 and to the extent that the Transferee Bank becomes bound by those provisions, the Transferor Bank ceases to be bound by them;
  - (e) a payment which the Transferee Bank makes under this Agreement after the Transfer Certificate comes into effect ranks in point of priority and security in the same way as it would have ranked had it been made by the Transferor Bank, assuming that any defects in the Transferor Bank’s title and any rights or equities of any Security Party against the Transferor Bank had not existed; and

(f) the Transferee Bank becomes entitled to all the rights under this Agreement which are applicable to the Banks generally, including but not limited to those relating to the Majority Banks and those under clauses 3.6, 5 and 12 and to the extent that the Transferee Bank becomes entitled to such rights, the Transferor Bank ceases to be entitled to them;

15.3.4 the rights and equities of the Borrower or of any other Security Party referred to above include, but are not limited to, any right of set-off and any other kind of cross-claim; and

15.3.5 the Borrower, the Account Bank, the Security Agent, the Issuing Bank and the Banks hereby irrevocably authorise and instruct the Agent to sign any such Transfer Certificate on their behalf and undertake not to withdraw, revoke or qualify such authority or instruction at any time. Promptly upon its signature of any Transfer Certificate, the Agent shall notify the Borrower, the Transferor Bank, the Transferee Bank and the other Creditors.

#### **15.4 Reliance on Transfer Certificate**

15.4.1 The Agent shall be entitled to rely on any Transfer Certificate believed by it to be genuine and correct and to have been presented or signed by the persons by whom it purports to have been presented or signed, and shall not be liable to any of the parties to this Agreement and the Security Documents for the consequences of such reliance.

15.4.2 The Agent shall at all times during the continuation of this Agreement maintain a register in which it shall record the name, Percentages and administrative details (including the lending office) from time to time of the Banks holding a Transfer Certificate and the date at which the transfer referred to in such Transfer Certificate held by each Bank was transferred to such Bank, and the Agent shall make the said register available for inspection by any Bank, the Issuing Bank and the Account Bank or the Borrower during normal banking hours upon receipt by the Agent of reasonable prior notice requesting the Agent to do so.

15.4.3 The entries on the said register shall, in the absence of manifest error, be conclusive in determining the identities, the Percentages and the Transfer Certificates held by the Banks from time to time and the principal amounts of such Transfer Certificates and may be relied upon by the Agent and the other Security Parties for all purposes in connection with this Agreement and the Security Documents.

#### **15.5 Transfer fees and expenses**

If any Bank causes the transfer of all or any part of its rights, benefits and/or obligations under the Security Documents, it shall pay to the Agent and/or the Security Agent on demand all costs, fees and expenses (including, but not limited to, legal fees and expenses), and all value added tax thereon, verified by the Agent or, as the case may be, the Security Agent as having been incurred by it or any other Creditor in connection with such transfer.

#### **15.6 Documenting transfers**

If any Bank assigns all or any part of its rights or transfers all or any part of its rights, benefits and/or obligations as provided in clauses , the Borrower undertakes, immediately on being requested to do so by the Agent and at the cost of the Transferor Bank, to enter into, and procure that the other Security Parties shall (at the cost of the relevant Transferor Bank) enter into, such documents as may be necessary or desirable to transfer to the Transferee Bank, all or the relevant part of such Bank's interest in the Security Documents and all relevant references in this Agreement to such Bank shall thereafter be construed as a reference to the Transferor Bank and/or its Transferee Bank (as the case may be) to the extent of their respective interests.

## **15.7 Sub-participation**

A Bank may sub-participate all or any part of its rights and/or obligations under the Security Documents without the consent of, or notice to, the Borrower.

## **15.8 Lending office**

Each Bank shall lend through its office at the address specified in schedule 1 or, as the case may be, in any relevant Transfer Certificate or through any other office of such Bank selected from time to time by it through which such Bank wishes to lend for the purposes of this Agreement. If the office through which a Bank is lending is changed pursuant to this clause, such Bank shall notify the Agent promptly of such change and the Agent shall notify the Borrower, the Security Agent, the Account Bank, the Issuing Bank and the other Banks.

## **15.9 Disclosure of information**

A Bank may (having obtained the consents required (if any) by clause 15.3) disclose to a prospective Transferee Bank or to any other bank or financial institution who may propose entering into contractual relations with such Bank in relation to this Agreement such information about the Borrower or the other Security Parties as such Bank shall consider appropriate.

## **16 Arranger, Agent, Security Agent and Reference Banks**

### **16.1 Appointment of the Agent**

Each Bank, the Issuing Bank and the Account Bank irrevocably appoints the Agent as its agent for the purposes of this Agreement and such of the Security Documents to which it may be appropriate for the Agent to be party. By virtue of such appointment, each of the Banks, the Issuing Bank and the Account Bank hereby authorises the Agent:

16.1.1 to execute such documents as may be approved by the Majority Banks for execution by the Agent; and

16.1.2 (whether or not by or through employees or agents) to take such action on such Bank's, the Issuing Bank's or the Account Bank's behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Agent by this Agreement and/or any other Security Document, together with such powers and discretions as are reasonably incidental thereto.

### **16.2 Agent's actions**

Any action taken by the Agent under or in relation to this Agreement or any of the other Security Documents whether with requisite authority or on the basis of appropriate instructions, received from the Banks and/or the Issuing Bank and/or the Account Bank (or as otherwise duly authorised) shall be binding on all the Banks, the Issuing Bank and the Account Bank.

### **16.3 Agent's duties**

The Agent shall:

16.3.1 promptly notify each Bank, the Issuing Bank and the Account Bank of the contents of each notice, certificate or other document received by it from the Borrower under or pursuant to clauses .1, .5 and .6; and



16.3.2 (subject to the other provisions of this clause 16) take (or instruct the Security Agent to take) such action or, as the case may be, refrain from taking (or authorise the Security Agent to refrain from taking) such action with respect to the exercise of any of its rights, remedies, powers and discretions as agent, as the Majority Banks may direct.

#### **16.4 Agent's rights**

The Agent may:

- 16.4.1 in the exercise of any right, remedy, power or discretion in relation to any matter, or in any context, not expressly provided for by this Agreement or any of the other Security Documents, act or, as the case may be, refrain from acting (or authorise the Security Agent to act or refrain from acting) in accordance with the instructions of the Banks and/or the Issuing Bank and/or the Account Bank, and shall be fully protected in so doing;
- 16.4.2 unless and until it shall have received directions from the Majority Banks, take such action or, as the case may be, refrain from taking such action (or authorise the Security Agent to take or refrain from taking such action) in respect of a Default of which the Agent has actual knowledge as it shall deem advisable in the best interests of the Banks, the Issuing Bank and the Account Bank (but shall not be obliged to do so);
- 16.4.3 refrain from acting (or authorise the Security Agent to refrain from acting) in accordance with any instructions of the Banks and/or the Issuing Bank and/or the Account Bank to institute any legal proceedings arising out of or in connection with this Agreement or any of the other Security Documents until it and/or the Security Agent has been indemnified and/or secured to its satisfaction against any and all costs, expenses or liabilities (including legal fees) which it would or might incur as a result;
- 16.4.4 deem and treat each Bank as the person entitled to the benefit of any amounts owing to such Bank under clause 4.1.1 for all purposes of this Agreement unless and until a notice shall have been filed with the Agent pursuant to clause 15.3 and shall have become effective, and (iii) the office set opposite the name of each of the Banks in schedule 1 as such Bank's lending office under this Agreement unless and until a written notice of change of lending office shall have been received by the Agent and the Agent may act upon any such notice unless and until the same is superseded by a further such notice;
- 16.4.5 rely as to matters of fact which might reasonably be expected to be within the knowledge of any Security Party upon a certificate signed by any director or officer of the relevant Security Party on behalf of the relevant Security Party; and
- 16.4.6 do anything which is in its opinion necessary or desirable to comply with any law or regulation in any jurisdiction.

## 16.5 No liability of Arranger or Agent

Neither the Arranger nor the Agent nor any of their respective employees and agents shall:

- 16.5.1 be obliged to make any enquiry as to the use of any of the proceeds of the Overdraft Facility or the use of any L/C issued unless (in the case of the Agent) so required in writing by a Bank, in which case the Agent shall promptly make the appropriate request to the Borrower; or
- 16.5.2 be obliged to make any enquiry as to any breach or default by the Borrower or any other Security Party in the performance or observance of any of the provisions of this Agreement or any of the other Security Documents or as to the existence of a Default unless (in the case of the Agent) the Agent has actual knowledge thereof or has been notified in writing thereof by a Bank, the Issuing Bank or the Account Bank, in which case the Agent shall promptly notify the Banks, the Issuing Bank and the Account Bank of the relevant event or circumstance; or
- 16.5.3 be obliged to enquire whether or not any representation or warranty made by the Borrower or any other Security Party pursuant to this Agreement or any of the other Security Documents is true; or
- 16.5.4 be obliged to do anything (including, without limitation, disclosing any document or information) which would, or might in its opinion, be contrary to any law or regulation or be a breach of any duty of confidentiality or otherwise be actionable or render it liable to any person; or
- 16.5.5 be obliged to account to any Bank, the Issuing Bank or the Account Bank for any sum or the profit element of any sum received by it for its own account; or
- 16.5.6 be obliged to institute any legal proceedings arising out of or in connection with this Agreement or any of the other Security Documents other than on the instructions of the Majority Banks; or
- 16.5.7 be liable to any Bank, the Issuing Bank or the Account Bank for any action taken or omitted under or in connection with this Agreement or any of the other Security Documents unless caused by its gross negligence or wilful misconduct.

For the purposes of this clause 16, neither the Arranger nor the Agent shall be treated as having actual knowledge of any matter of which the corporate finance or any other division outside the agency or loan administration department of the Arranger or the person for the time being acting as the Agent may become aware in the context of corporate finance, advisory or lending activities from time to time undertaken by the Arranger or, as the case may be, the Agent for any Security Party or any other person which may be a trade competitor of any Security Party or may otherwise have commercial interests similar to those of any Security Party.

## **16.6 Non-reliance on Arranger or Agent**

Each Bank, the Issuing Bank and the Account Bank acknowledges that it has not relied on any statement, opinion, forecast or other representation made by the Arranger or the Agent to induce it to enter into this Agreement or any of the other Security Documents and that it has made and will continue to make, without reliance on the Arranger or the Agent and based on such documents as it considers appropriate, its own appraisal of the creditworthiness of the Security Parties and its own independent investigation of the financial condition, prospects and affairs of the Security Parties in connection with the making and continuation by such Bank of banking facilities under this Agreement. Neither the Arranger nor the Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Bank, the Issuing Bank or the Account Bank with any credit or other information with respect to any Security Party whether coming into its possession before the making of the facilities hereunder or the issuing of L/Cs, or at any time or times thereafter other than as provided in clause 16.3.1.

## **16.7 No responsibility on Arranger or Agent for Borrower's performance**

Neither the Arranger nor the Agent shall have any responsibility or liability to any Bank, the Issuing Bank or the Account Bank:

- 16.7.1 on account of the failure of any Security Party to perform its obligations under any of the Security Documents; or
- 16.7.2 for the financial condition of any Security Party; or
- 16.7.3 for the completeness or accuracy of any statements, representations or warranties in any of the Security Documents or any document delivered under any of the Security Documents; or
- 16.7.4 for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any of the Security Documents or of any certificate, report or other document executed or delivered under any of the Security Documents; or
- 16.7.5 to investigate or make any enquiry into the title of the Borrower or any other Security Party to the Ships or any other security or any part thereof; or
- 16.7.6 for the failure to register any of the Security Documents with any official or regulatory body or office or elsewhere; or
- 16.7.7 for taking or omitting to take any other action under or in relation to any of the Security Documents or any aspect of any of the Security Documents; or
- 16.7.8 on account of the failure of the Security Agent to perform or discharge any of its duties or obligations under the Security Documents; or
- 16.7.9 otherwise in connection with this Agreement or its negotiation or for acting (or, as the case may be, refraining from acting) in accordance with the instructions of the Banks, the Issuing Bank or the Account Bank.

## **16.8 Reliance on documents and professional advice**

Each of the Arranger and the Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person and shall be entitled to rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it (including those in the Arranger's or, as the case may be, the Agent's employment).

## **16.9 Other dealings**

Each of the Arranger and the Agent may, without any liability to account to the Banks, the Issuing Bank or the Account Bank, accept deposits from, lend money to, and generally engage in any kind of banking or other business with, and provide advisory or other services to, any Security Party or any of its Related Companies or any of the Banks, the Issuing Bank or the Account Bank as if it were not the Arranger or, as the case may be, the Agent.

## **16.10 Rights of Agent as Bank; no partnership**

With respect to its own participation (if any) to the Overdraft Facility or the Guarantee Facility the Agent shall have the same rights and powers under the Security Documents as any other Bank and may exercise the same as though it were not performing the duties and functions delegated to it under this Agreement and the term "**Banks**" shall, unless the context clearly otherwise indicates, include the Agent in its individual capacity as a Bank. This Agreement shall not and shall not be construed so as to constitute a partnership between the parties or any of them.

## **16.11 Amendments and waivers**

16.11.1 Subject to clause 16.11.2, the Agent may, with the consent of the Majority Banks (or if and to the extent expressly authorised by the other provisions of any of the Security Documents) and, if so instructed by the Majority Banks, shall:

- (a) agree (or authorise the Security Agent to agree) amendments or modifications to any of the Security Documents with the Borrower and/or any other Security Party; and/or
- (b) vary or waive breaches of, or defaults under, or otherwise excuse performance of, any provision of any of the other Security Documents by the Borrower and/or any other Security Party (or authorise the Security Agent to do so).

Any such action so authorised and effected by the Agent shall be documented in such manner as the Agent shall (with the approval of the Majority Banks) determine, shall be promptly notified to the Banks, the Issuing Bank and the Account Bank by the Agent and (without prejudice to the generality of clause ) shall be binding on the Banks, the Issuing Bank and the Account Bank (and the other Creditors).

16.11.2 Except with the prior written consent of all the Banks, the Agent shall have no authority on behalf of the Banks, the Issuing Bank or the Account Bank to agree (or authorise the Security Agent to agree) with the Borrower and/or any other Security Party any amendment or modification to any of the Security Documents or to grant (or authorise the Security Agent to grant) waivers in respect of breaches or defaults or to vary or excuse (or authorise the Security Agent to vary or excuse) performance of or under any of the Security Documents by the Borrower and/or any other Security Party, if the effect of such amendment, modification, waiver or excuse would be to:

- (a) reduce the Margin;
- (b) postpone the due date or reduce the amount of any payment of principal or interest (including amounts owing under clauses 2.10.2, 2.14, 4.1.1, 4.2.1 or 4.2.2), interest or other amount payable by any Security Party under any of the Security Documents;
- (c) change the currency in which any amount is payable by any Security Party under any of the Security Documents;
- (d) increase any Bank's Percentage or the Guarantee Facility Commitment or the Overdraft Facility Limit;
- (e) extend the Final Maturity Date;
- (f) change any provision of any of the Security Documents which expressly or impliedly requires the approval or consent of all the Banks such that the relevant approval or consent may be given otherwise than with the sanction of all the Banks;
- (g) change the order of distribution under clauses 6.9 or or any clauses concerning application of funds standing to the credit of the Cash Collateral Account or any Illegality Security Account;
- (h) change this clause 16.;
- (i) change clause 10.2;
- (j) change clause 8.1.5 of this Agreement or clause 5.1.4 of the Corporate Guarantee;
- (k) change the definitions of "**Majority Banks**", "**Outstandings**" and "**Outstanding Amount**" in clause ;
- (l) change any provisions regarding the payment of cash collateral to the credit of the Cash Collateral Account or any Illegality Security Account; or
- (m) release any Security Party from the security constituted by any Security Document (except as required by the terms thereof or by law) or change the terms and conditions upon which such security or guarantee may be, or is required to be, released.

## **16.12 Reimbursement and indemnity by Banks**

Each Bank shall reimburse the Agent (rateably in accordance with such Bank's Percentage), to the extent that the Agent is not reimbursed by the Borrower, for the costs, charges and expenses incurred by the Agent which are expressed to be payable by the Borrower under clause 5.1 including (in each case) the fees and expenses of legal or other professional advisers. Each Bank shall on demand indemnify the Agent (rateably in accordance with such Bank's Percentage) against all liabilities, damages, costs and claims whatsoever incurred by the Agent in connection with any of the Security Documents or the performance of its duties under any of the Security Documents or any action taken or omitted by the Agent under any of the Security Documents, unless such liabilities, damages, costs or claims arise from the Agent's own gross negligence or wilful misconduct.

## **16.13 Retirement of Agent**

16.13.1 The Agent may, having given to the Borrower and each of the Banks, the Issuing Bank and the Account Bank not less than fifteen (15) days' notice of its intention to do so, retire from its appointment as Agent under this Agreement, provided that no such retirement shall take effect unless there has been appointed by the Banks, the Issuing Bank and the Account Bank as a successor agent:

- (a) a Related Company of the Agent nominated by the Agent which the Banks, the Issuing Bank and the Account Bank hereby irrevocably and unconditionally agree to appoint or, failing such nomination,
- (b) a Bank nominated by the Majority Banks or, failing such a nomination,
- (c) any reputable and experienced bank or financial institution nominated by the retiring Agent.

Any corporation into which the retiring Agent may be merged or converted or any corporation with which the Agent may be consolidated or any corporation resulting from any merger, conversion, amalgamation, consolidation or other reorganisation to which the Agent shall be a party shall, to the extent permitted by applicable law, be the successor Agent under this Agreement and the other Security Documents without the execution or filing of any document or any further act on the part of any of the parties to this Agreement and the other Security Documents save that notice of any such merger, conversion, amalgamation, consolidation or other reorganisation shall forthwith be given to each Security Party and the Banks, the Issuing Bank and the Account Bank. Prior to any such successor being appointed, the Agent agrees to consult with the Borrower as to the identity of the proposed successor and to take account of any reasonable objections which the Borrower may raise to such successor being appointed.

16.13.2 Upon any such successor as aforesaid being appointed, the retiring Agent shall be discharged from any further obligation under the Security Documents (but shall continue to have the benefit of this clause 16 in respect of any action it has taken or refrained from taking prior to such discharge) and its successor and each of the other parties to this Agreement shall have the same rights and obligations among themselves as they would have had if such successor had been a party to this Agreement in place of the retiring Agent. The retiring Agent shall (at its own expense) provide its successor with copies of such of its records as its successor reasonably requires to carry out its functions under the Security Documents.

## 16.14 Appointment and retirement of Security Agent

### 16.14.1 Appointment

Each of the Banks, the Agent, the Issuing Bank and the Account Bank irrevocably appoints the Security Agent as its security agent and trustee for the purposes of this Agreement and the Security Documents, in each case on the terms set out in this Agreement. By virtue of such appointment, each of the Banks, the Agent, the Issuing Bank and Account Bank hereby authorises the Security Agent (whether or not by or through employees or agents) to take such action on its behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Security Agent by this Agreement and/or the Security Documents, together with such powers and discretions as are reasonably incidental thereto.

### 16.14.2 Retirement

Without prejudice to clause 16.13, the Security Agent may, having given to the Borrower and each of the Banks, the Issuing Bank and the Account Bank not less than fifteen (15) days' notice of its intention to do so, retire from its appointment as Security Agent under this Agreement and any Trust Deed, provided that no such retirement shall take effect unless there has been appointed by the Banks, the Agent, Issuing Bank and the Account Bank as a successor security agent and trustee:

- (a) a Related Company of the Security Agent nominated by the Security Agent which the Banks, the Account Bank and the Issuing Bank hereby irrevocably and unconditionally agree to appoint or, failing such nomination,
- (b) a bank or trust corporation nominated by the Majority Banks or, failing such a nomination,
- (c) any bank or trust corporation nominated by the retiring Security Agent,

and, in any case, such successor security agent and trustee shall have duly accepted such appointment by delivering to the Agent (i) written confirmation (in a form acceptable to the Agent) of such acceptance agreeing to be bound by this Agreement in the capacity of Security Agent as if it had been an original party to this Agreement and (ii) a duly executed Trust Deed.

Any corporation into which the retiring Security Agent may be merged or converted or any corporation with which the Security Agent may be consolidated or any corporation resulting from any merger, conversion, amalgamation, consolidation or other reorganisation to which the Security Agent shall be a party shall, to the extent permitted by applicable law, be the successor Security Agent under this Agreement, any Trust Deed and the other Security Documents without the execution or filing of any document or any further act on the part of any of the parties to this Agreement, any Trust Deed and the other Security Documents save that notice of any such merger, conversion, amalgamation, consolidation or other reorganisation shall forthwith be given to each Security Party and the Banks, the Issuing Bank and the Account Bank. Prior to any such successor being appointed, the Security Agent agrees to consult with the Borrower as to the identity of the proposed successor and to take account of any reasonable objections which the Borrower may raise to such successor being appointed.

Upon any such successor as aforesaid being appointed, the retiring Security Agent shall be discharged from any further obligation under the Security Documents (but shall continue to have the benefit of this clause 16 in respect of any action it has taken or refrained from taking prior to such discharge) and its successor and each of the other parties to this Agreement shall have the same rights and obligations among themselves as they would have had if such successor had been a party to this Agreement in place of the retiring Security Agent. The retiring Security Agent shall (at its own expense) provide its successor with copies of such of its records as its successor reasonably requires to carry out its functions under the Security Documents.

#### **16.15 Powers and duties of the Security Agent**

16.15.1 The Security Agent shall have no duties, obligations or liabilities to any of the Banks, the Agent, the Issuing Bank or the Account Bank beyond those expressly stated in any of the Security Documents. Each of the Banks, the Agent, the Issuing Bank and the Account Bank hereby authorises the Security Agent to enter into and execute:

- (a) each of the Security Documents to which the Security Agent is or is intended to be a party; and
- (b) any and all such other Security Documents as may be approved by the Agent in writing (acting on the instructions of the Majority Banks) for entry into by the Security Agent,

and, in each and every case, to hold any and all security thereby created upon trust for the other Creditors in the manner contemplated by this Agreement.

16.15.2 Subject to clause 16.15.3 the Security Agent may, with the prior consent of the Majority Banks communicated in writing by the Agent, concur with any of the Security Parties to:

- (a) amend, modify or otherwise vary any provision of the Security Documents to which the Security Agent is or is intended to be a party; or
- (b) waive breaches of, or defaults under, or otherwise excuse performance of, any provision of the Security Documents to which the Security Agent is or is intended to be a party.

Any such action so authorised and effected by the Security Agent shall be promptly notified to the Banks, the Agent, the Issuing Bank and the Account Bank by the Security Agent and shall be binding on the other Creditors.

16.15.3 The Security Agent shall not concur with any Security Party with respect to any of the matters described in clause 16.11.2 without the consent of the Banks communicated in writing by the Agent.



- 16.15.4 The Security Agent shall (subject to the other provisions of this clause 16) take such action or, as the case may be, refrain from taking such action, with respect to any of its rights, powers and discretions as security agent and trustee, as the Agent may direct. Subject as provided in the foregoing provisions of this clause, unless and until the Security Agent shall have received such instructions from the Agent, the Security Agent may, but shall not be obliged to, take (or refrain from taking) such action under or pursuant to the Security Documents referred to in clause 16.14 as the Security Agent shall deem advisable in the best interests of the Creditors provided that (for the avoidance of doubt), to the extent that this clause might otherwise be construed as authorising the Security Agent to take, or refrain from taking, any action of the nature referred to in clause 16.15.2 - and for which the prior consent of the Banks is expressly required under clause 16.15.3 - clauses 16.15.2 and 16.15.3 shall apply to the exclusion of this clause.
- 16.15.5 None of the Banks nor the Agent nor the Issuing Bank nor the Account Bank shall have any independent power to enforce any of the Security Documents referred to in clause 16.15.1 or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to such Security Documents or any of them or otherwise have direct recourse to the security and/or guarantees constituted by such Security Documents or any of them except through the Security Agent.
- 16.15.6 For the purpose of this clause 16, the Security Agent may rely, and act in reliance, upon any information from time to time furnished to the Security Agent by the Agent (whether pursuant to clause 16.15.7 or otherwise) unless and until the same is superseded by further such information, so that the Security Agent shall have no liability or responsibility to any party as a consequence of placing reliance on and acting in reliance upon any such information unless the Security Agent has actual knowledge that such information is inaccurate or incorrect.
- 16.15.7 Without prejudice to the foregoing each of the Agent, the Issuing Bank, the Account Bank and the Banks (whether directly or through the Agent) shall provide the Security Agent with such written information as it may reasonably require for the purpose of carrying out its duties and obligations under the Security Documents referred to in clause 16.15.1.

## **16.16 Trust provisions**

- 16.16.1 The trusts constituted or evidenced in or by this Agreement and the Trust Deed shall remain in full force and effect until whichever is the earlier of:

- (a) the expiration of a period of eighty (80) years from the date of this Agreement; and
- (b) receipt by the Security Agent of confirmation in writing by the Agent that there is no longer outstanding any Indebtedness (actual or contingent) which is secured or guaranteed or otherwise assured by or under any of the Security Documents,

and the parties to this Agreement declare that the perpetuity period applicable to this Agreement and the trusts declared by the Trust Deed shall for the purposes of the Perpetuities and Accumulations Act 1964 be the period of eighty (80) years from the date of this Agreement.

16.16.2 In its capacity as trustee in relation to the Security Documents specified in clause 16.15.1, the Security Agent shall, without prejudice to any of the powers, discretions and immunities conferred upon trustees by law (and to the extent not inconsistent with the provisions of any of those Security Documents), have all the same powers and discretions as a natural person acting as the beneficial owner of such property and/or as are conferred upon the Security Agent by any of those Security Documents.

16.16.3 It is expressly declared that, in its capacity as trustee in relation to the Security Documents specified in clause 16.15.1, the Security Agent shall be entitled to invest moneys forming part of the security and which, in the opinion of the Security Agent, may not be paid out promptly following receipt in the name or under the control of the Security Agent in any of the investments for the time being authorised by law for the investment by trustees of trust moneys or in any other property or investments whether similar to the aforesaid or not or by placing the same on deposit in the name or under the control of the Security Agent as the Security Agent may think fit without being under any duty to diversify its investments and the Security Agent may at any time vary or transpose any such property or investments for or into any others of a like nature and shall not be responsible for any loss due to depreciation in value or otherwise of such property or investments. Any investment of any part or all of the security may, at the discretion of the Security Agent, be made or retained in the names of nominees.

#### **16.17 Independent action by Creditors**

No Creditor shall enforce, exercise any rights, remedies or powers or grant any consents or releases under or pursuant to, or otherwise have a direct recourse to the security and/or guarantees constituted by any of the Security Documents without the prior written consent of the Majority Banks but, Provided such consent has been obtained, it shall not be necessary for any other Creditor to be joined as an additional party in any proceedings for this purpose.

#### **16.18 Common Agent and Security Agent**

The Agent and the Security Agent have entered into the Security Documents in their separate capacities (a) as agent for the Banks, the Issuing Bank and the Account Bank under and pursuant to this Agreement (in the case of the Agent) and (b) as security agent and trustee for the Banks, the Agent, the Issuing Bank and the Account Bank under and pursuant to this Agreement, to hold the guarantees and/or security created by the Security Documents specified in clause 16.15.1 on the terms set out in such Security Documents (in the case of the Security Agent). However, from time to time the Agent and the Security Agent may be the same entity. When the Agent and the Security Agent are the same entity and any Security Document provides for the Agent to communicate with or provide instructions to the Security Agent (and vice versa), it will not be necessary for there to be any such formal communications or instructions on those occasions.

## **16.19 Co-operation to achieve agreed priorities of application**

The Banks, the Agent, the Issuing Bank and the Account Bank shall co-operate with each other and with the Security Agent and any receiver under the Security Documents in realising the property and assets subject to the Security Documents and in ensuring that the net proceeds realised under the Security Documents after deduction of the expenses of realisation are applied in accordance with clause 13.1.

## **16.20 Prompt distribution of proceeds**

Moneys received by any of the Creditors (whether from a receiver or otherwise) pursuant to the exercise of (or otherwise by virtue of the existence of) any rights and powers under or pursuant to any of the Security Documents shall (after providing for all costs, charges, expenses and liabilities and other payments ranking in priority) be paid to the Agent for distribution (in the case of moneys so received by any of the Creditors other than the Agent or the Security Agent) and shall be distributed by the Agent or, as the case may be, the Security Agent (in the case of moneys so received by the Agent or, as the case may be, the Security Agent) in each case in accordance with clause 13.1. The Agent or, as the case may be, the Security Agent shall make each such application and/or distribution as soon as is practicable after the relevant moneys are received by, or otherwise become available to, the Agent or, as the case may be, the Security Agent save that (without prejudice to any other provision contained in any of the Security Documents) the Agent or, as the case may be, the Security Agent (acting on the instructions of the Majority Banks) or any receiver may credit any moneys received by it to a suspense account for so long and in such manner as the Agent or such receiver may from time to time determine with a view to preserving the rights of the Agent or, as the case may be, the Security Agent and/or the Account Bank and/or the Arranger and/or the Banks and/or the Issuing Bank and/or the Account Bank or any of them to provide for the whole of their respective claims against the Borrower or any other person liable.

## **17 Notices and other matters**

### **17.1 Notices**

Every notice, request, demand or other communication under this Agreement or (unless otherwise provided therein) under any of the other Security Documents shall:

17.1.1 be in writing delivered personally or by first-class prepaid letter (airmail if available) or facsimile transmission or other means of telecommunication in permanent written form;

17.1.2 be deemed to have been received, subject as otherwise provided in the relevant Security Document, in the case of a letter, when delivered personally or five (5) days after it has been put in to the post and, in the case of a facsimile transmission or other means of telecommunication in permanent written form, at the time of despatch (provided that if the date of despatch is not a business day in the country of the addressee or if the time of despatch is after the close of business in the country of the addressee it shall be deemed to have been received at the opening of business on the next such business day); and

17.1.3 be sent:

(a) if to the Borrower at:

c/o Aegean Marine Petroleum S.A.  
42 Hatzikiriakou Street  
185 38 Piraeus  
Greece

Fax no: +30 210 458 6243  
Attention: Theodora Papadogianni

if to the Agent and/or the Account Bank and/or the Security Agent and/or the Issuing Bank and/or the Arranger at:

The Royal Bank of Scotland plc  
Piraeus Branch  
45 Akti Miaouli  
185 36 Piraeus  
Greece

Fax No: +30 210 459 6600  
Attention: Shipping Department

(b) if to a Bank, to its address or fax number specified in schedule 1 or in any relevant Transfer Certificate, or, in any case, to such other address and/or numbers as is notified by one party to the other parties under this Agreement.

## **17.2 Notices through the Agent**

Every notice, request, demand or other communication under this Agreement to be given by the Borrower to any other party shall be given to the Agent for onward transmission as appropriate and if such notice, request, demand or other communication is to be given to the Borrower it shall (except if otherwise provided in the Security Documents) be given through the Agent.

## **17.3 No implied waivers, remedies cumulative**

No failure or delay on the part of any Creditor to exercise any power, right or remedy under any of the Security Documents shall operate as a waiver thereof, nor shall any single or partial exercise by any Creditor of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The remedies provided in the Security Documents are cumulative and are not exclusive of any remedies provided by law.

## **17.4 English language**

All certificates, instruments and other documents to be delivered under or supplied in connection with any of the Security Documents shall be in the English language or shall be accompanied by a certified English translation upon which the Creditors shall be entitled to rely.

## **18 Governing law and jurisdiction**

### **18.1 Law**

This Agreement is governed by, and shall be construed in accordance with, English law.

### **18.2 Submission to jurisdiction**

The Borrower agrees, for the benefit of each of the Creditors, that any legal action or proceedings arising out of or in connection with this Agreement against the Borrower or any of its assets may be brought in the English courts. The Borrower irrevocably and unconditionally submits to the jurisdiction of such courts and irrevocably designates, appoints and empowers Riches Consulting at present of Old Jarretts Farmhouse, Brantridge Lane, Balcombe, West Sussex RH17 6JR, England to receive for it and on its behalf, service of process issued out of the English courts in any such legal action or proceedings. The submission to such jurisdiction shall not (and shall not be construed so as to) limit the right of any Creditor to take proceedings against the Borrower in the courts of any other competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

The parties further agree that only the Courts of England and not those of any other State shall have jurisdiction to determine any claim which the Borrower may have against any Creditor arising out of or in connection with this Agreement.

### **18.3 Contracts (Rights of Third Parties) Act 1999**

No term of this Agreement is enforceable under the provisions of the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

**IN WITNESS** whereof the parties to this Agreement have caused this Agreement to be duly executed on the date first above written.

## Schedule 1

### The Banks and their Percentages

Name	Lending Office	Address for Notices	Percentage
<b>The Royal Bank of Scotland plc</b>	45 Akti Miaouli 185 36 Piraeus Greece	45 Akti Miaouli 185 36 Piraeus Greece  Fax no:+30 210 459 6600 Att:Shipping Department	50%
<b>HSH Nordbank AG</b>	Gerhart-Hauptmann- Platz 50 20095 Hamburg Germany	Gerhart-Hauptmann- Platz 50 20095 Hamburg Germany  Fax no:+49 40 3333 610100 Att:Mr Dirk Wahlers	50%

## Schedule 2

### Documents and evidence required as conditions precedent

(referred to in clause 9.1)

#### 1 Constitutional documents

Copies, certified by an officer of each Security Party as true, complete and up to date copies of all documents which contain or establish or relate to the constitution of that Security Party;

#### 2 Corporate authorisations

copies of resolutions of the directors and, if required, shareholders of each Security Party approving such of the Underlying Documents and the Security Documents to which such Security Party is, or is to be, party and authorising the signature, delivery and performance of such Security Party's obligations thereunder, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) by an officer of such Security Party as:

- (i) being true and correct;
- (ii) being duly passed at meetings of the directors of such Security Party and, if required, of the shareholders of such Security Party each duly convened and held;
- (iii) not having been amended, modified or revoked; and
- (iv) being in full force and effect,

together with originals or certified copies of any powers of attorney issued by any such Security Party pursuant to such resolutions;

#### 3 Specimen signatures

copies of the signatures of the persons who have been authorised on behalf of each Security Party to sign such of the Underlying Documents and the Security Documents to which such Security Party is, or is to be, party and to give notices and communications, including notices of drawing, under or in connection with the Security Documents, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) by an officer of such Security Party as being the true signatures of such persons;

#### 4 Certificates of incumbency

a list of directors and officers of each Security Party specifying the names and positions of such persons, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) by an officer of such Security Party to be true, complete and up to date;

#### 5 Borrower's consents and approvals

a certificate (dated no earlier than five (5) Banking Days prior to the date of this Agreement) from an officer of the Borrower that no consents, authorisations, licences or approvals are necessary for the Borrower to authorise or are required by the Borrower in connection with the borrowing by the Borrower of the Overdraft or any other borrowings or obligations under the Security Documents or the execution, delivery and performance of the Borrower's Security Documents;

**6 Other consents and approvals**

a certificate (dated no earlier than five (5) Banking Days prior to the date of this Agreement) from an officer of each Security Party that no consents, authorisations, licences or approvals are necessary for such Security Party to guarantee and/or grant security for the borrowing by the Borrower of the Overdraft or other borrowings or obligations under the Security Documents pursuant to this Agreement and execute, deliver and perform the Security Documents insofar as such Security Party is a party thereto;

**7 Underlying Documents**

a copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) as a true and complete copy by an officer of the Borrower of the Management Agreements in respect of the Ships;

**8 Accounts**

evidence that the Accounts have been opened and duly completed mandate forms in respect thereof have been delivered to the Account Bank and that the amount of \$10 is standing to the credit of each Account (other than the Overdraft Account);

**9 Security Documents**

the Corporate Guarantee, the Owner's Guarantee in respect of each Ship, the Mortgage in respect of each Ship (other than the Collateral Ships), the Deed of Covenant in respect of each Ship, the Manager's Undertaking in respect of each Ship, the Receivables Assignment, the Operating Account Pledge and the Cash Collateral Account Pledge, each duly executed;

**10 Fees**

evidence that the arrangement fee due under clause 5.1.1 has been paid in full;

**11 Due diligence**

evidence that all information required in relation to any Security Party in order for the each Creditor to complete its due diligence formalities in connection with this Agreement and the other Security Documents has been provided and is satisfactory in all respects to the such Creditor;

**12 Existing loan agreement**

evidence that the overdraft and guarantee facility made available under the facility agreement dated 19 December 2006 (as amended and supplemented) made (a) between The Royal Bank of Scotland plc as lender and (b) the Borrower and the Corporate Guarantor as joint and several borrowers, has been terminated and any amounts of such overdraft facility have been paid in full to the satisfaction of The Royal Bank of Scotland plc, and that any L/Cs (as defined therein) issued under such guarantee facility have been transferred, and deemed issued by the Issuing Bank, under this Agreement;

**13 Light displacement tonnage**

evidence of the light displacement tonnage of each Ship;

**14 Registration forms**

such statutory forms duly signed by the Borrower and the other Security Parties as may be required by the Agent to perfect the security contemplated by the Security Documents;



## **15 Ship conditions**

evidence that each Ship:

### **(a) Registration and Encumbrances**

is permanently registered in the name of the relevant Owner under the laws and flag of the relevant Flag State through the relevant Registry and that such Ship and its Earnings, Insurances and Requisition Compensation are free of Encumbrances (other than Permitted Encumbrances) (such evidence to include notices of re-assignment of Insurances of such Ship from previous assignees (as such term is defined in the relevant Ship Security Documents));

### **(b) Classification**

maintains the relevant Classification free of all requirements and recommendations of the relevant Classification Society; and

### **(c) Insurance**

is insured in accordance with the provisions of the relevant Ship Security Documents and all requirements of such Ship Security Documents in respect of such insurance have been complied with (including without limitation, confirmation from the protection and indemnity association or other insurer with which such Ship is, or is to be, entered for insurance or insured against protection and indemnity risks (including oil pollution risks) that any necessary declarations required by the association or insurer for the removal of any oil pollution exclusion have been made and that any such exclusion does not apply to such Ship);

## **16 Mortgage registration**

evidence that the Mortgage in respect of each Ship (other than the Collateral Ships) has been provisionally registered against each such Ship under the laws and flag of the relevant Flag State through the relevant Registry;

## **17 Notice of assignment and acknowledgements**

copies of duly executed notices of assignment and acknowledgements thereof in the forms prescribed by the Ship Security Documents;

## **18 SMC/DOC**

a copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) as a true and complete copy by an officer of the Borrower of the DOC issued to the Operator of each Ship and the SMC for each such Ship;

## **19 ISPS Code compliance**

(a) evidence satisfactory to the Agent that each Ship is subject to a ship security plan which complies with the ISPS Code; and

(b) a copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the date of this Agreement) as a true and complete copy by an officer of the Borrower of the ISSC for each such Ship;

## **20 Insurance Letter**

the Insurance Letter for each Ship duly executed;

**21 Maltese opinion**

an opinion of Ganado & Associates, special legal advisers on matters of Maltese law to the Agent;

**22 Gibraltar opinion**

an opinion of Triay & Triay, special legal advisers on matters of Gibraltar law to the Agent;

**23 Singapore opinion**

an opinion of Robert Wang & Woo LLC, special legal advisers on matters of Singapore law to the Agent;

**24 Panamanian opinion**

an opinion of Patton, Moreno & Asvat, special legal advisers on matters of Panamanian law to the Agent;

**25 Marshall Islands and Liberian opinion**

an opinion of Reeder & Simpson P.C., special legal advisers on matters of Marshall Islands and Liberian law to the Agent;

**26 United Arab Emirates opinion**

an opinion of such special legal advisers on matters of United Arab Emirates law to the Agent, as are acceptable to the Agent in its discretion;

**27 Insurance opinion**

an opinion (at the expense of the Borrower) from insurance consultants to the Agent on the insurances effected or to be effected in respect of each Ship upon and following the date of this Agreement;

**28 Borrower's process agent**

a letter from the Borrower's agent for receipt of service of proceedings referred to in clause 18.2 accepting its appointment under the said clause and under each of the other Security Documents in which it is or is to be appointed as the Borrower's agent; and

**29 Security Parties' process agent**

a letter from each Security Party's agent for receipt of service of proceedings referred to in each of the Security Documents to which such Security Party is a party, accepting its appointment under each such Security Document.

**Schedule 3**  
**The Owners and their Ships**  
**Part A**  
**The Owners**

	<b>(1)</b> <b>Owner</b>	<b>(2)</b> <b>Country of Incorporation</b>	<b>(3)</b> <b>Registered office</b>
1	Evian Enterprises Co.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
2	Carmel Investment Corp.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
3	Clyde I Shipping Corp.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
4	Baltic Navigation Company	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
5	Carnaby Navigation Inc.	Liberia	80 Broad Street, Monrovia, Republic of Liberia
6	Mare Vision S.A.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
7	Aegean Tanking S.A.	Liberia	80 Broad Street, Monrovia, Republic of Liberia
8	Ouranos Tanking S.A.	Liberia	80 Broad Street, Monrovia, Liberia
9	Sea Breezer Marine S.A.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
10	Aegean Breeze Shipping Pte. Ltd.	Singapore	4 Shenton Way, SGX Centre II # 04-03, Singapore 068807
11	Aegean Tiffany Shipping Pte. Ltd.	Singapore	4 Shenton Way, SGX Centre II # 04-03, Singapore 068807
12	Aegean X Maritime Inc.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
13	Pontos Navigation Inc.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960
14	Aegean Marine Petroleum LLC (Collateral Owner A)	United Arab Emirates	P.O. Box 2688, Khorfakkan, Emirate of Sharjah, United Arab Emirates
15	Aegean VII Shipping Ltd. (Collateral Owner B)	Malta	13/16 Vincenti Buildings, Strait Street, Valletta, Malta
16	Venus Holding Company (Collateral Owner C)	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960

**Part B**  
**The Ships and their details**

(1)	(2)	(3)	(4)	
Name/Hull Number	Flag State	IMO No.	Owning Company	
1	<i>Aegean Daisy</i>	Gibraltar	7729007	Evian Enterprises Co.
2	<i>Aegean Rose</i>	Gibraltar	7729019	Carmel Investment Corp.
3	<i>Aegean Tulip</i>	Liberia	8111257	Clyde I Shipping Corp.
4	<i>Aegean Force</i>	Liberia	8007080	Baltic Navigation Company
5	<i>Aegean Pride I</i>	Liberia	8027195	Carnaby Navigation Inc.
6	<i>Aegean XI</i>	Liberia	8411255	Mare Vision S.A.
7	<i>Fos</i>	Liberia	8033314	Aegean Tanking S.A.
8	<i>Ouranos</i>	Liberia	8138683	Ouranos Tanking S.A.
9	<i>Aegean Princess</i>	Liberia	8821759	Sea Breezer Marine S.A.
10	<i>Aegean Breeze I</i>	Singapore	9314466	Aegean Breeze Shipping Pte. Ltd.
11	<i>Aegean Tiffany</i>	Singapore	9314478	Aegean Tiffany Shipping Pte. Ltd.
12	<i>Aegean X</i>	Panama	8209664	Aegean X Maritime Inc.
13	<i>Leader</i>	Panama	8400000	Pontos Navigation Inc.
14	<i>Aegean Flower</i> (Collateral Ship A)	United Arab Emirates	8978394	Aegean Marine Petroleum LLC
15	<i>Aegean VII</i> (Collateral Ship B)	Malta	8313544	Aegean VII Shipping Ltd.
16	<i>Aegean IX</i> (Collateral Ship C)	Panama	7402623	Venus Holding Company
17	<i>Sara</i> (Additional Ship A)	N/A	N/A	Baldwin Management Co.
18	<i>Hope</i> (Additional Ship B)	N/A	N/A	Milos I Maritime Inc.
19	<i>Vera</i> (Additional Ship C)	N/A	N/A	Vera Navigation S.A.

**Schedule 4**  
**Transfer Certificate**  
(referred to in clause )

**TRANSFER CERTIFICATE**

**Banks are advised not to employ Transfer Certificates or otherwise to assign or transfer interests in the Facility Agreement without further ensuring that the transaction complies with all applicable laws and regulations, including the Financial Services and Markets Act 2000 and regulations made thereunder and similar statutes which may be in force in other jurisdictions**

To: THE ROYAL BANK OF SCOTLAND PLC as agent on its own behalf and on behalf of the Borrower, the Account Bank, the Security Agent, the Issuing Bank and the Banks defined in the Facility Agreement referred to below.

[Date]

Attention: [•]

This certificate (“**Transfer Certificate**”) relates to a facility agreement dated [•] December 2007 (the “**Facility Agreement**”) and made between (1) Aegean Marine Petroleum S.A. (the “**Borrower**”), (2) the banks and financial institutions defined therein as banks (the “**Banks**”) and (3) The Royal Bank of Scotland plc as Arranger, Agent, Security Agent, Issuing Bank and Account Bank, in relation to an overdraft, guarantee and letter of credit facility of up to Three hundred million Dollars (\$300,000,000). Terms defined in the Facility Agreement shall, unless otherwise defined herein, have the same meanings herein as therein.

In this Certificate:

the “**Transferor**” means [full name] of [lending office]; and

the “**Transferee**” means [full name] of [lending office].

- 1 The Transferor with full title guarantee assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as a Bank under or by virtue of the Facility Agreement and all the Security Documents in relation to [ ] per centum ([ ]%) of the participation of the Transferor (or its predecessors in title) in the Facility Agreement details of which are set out in the schedule.
- 2 By virtue of this Transfer Certificate and clause 15 of the Facility Agreement, the Transferor is discharged [entirely from its participation] [from [ ] per centum ([ ]%) of its participation].
- 3 The Transferee hereby requests the Agent (on behalf of itself, the Borrower, the Account Bank, the Security Agent, the Issuing Bank and the Banks) to accept the executed copies of this Transfer Certificate as being delivered pursuant to and for the purposes of clause of the Facility Agreement so as to take effect in accordance with the terms thereof on [date of transfer].
- 4 The Transferee:
  - 4.1 confirms that it has received a copy of the Facility Agreement and the other Security Documents together with such other documents and information as it has required in connection with the transaction contemplated thereby;
  - 4.2 confirms that it has not relied and will not hereafter rely on the Transferor, the Agent, the Account Bank, the Security Agent, the Issuing Bank or the Banks to check or enquire on its

- 4.3 behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of the Facility Agreement, any of the Security Documents or any such documents or information;
- 4.4 agrees that it has not relied and will not rely on the Transferor, the Agent, the Account Bank, the Security Agent, the Issuing Bank or the Banks to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower, or any other Security Party (save as otherwise expressly provided therein);
- 4.5 warrants that it has power and authority to become a party to the Facility Agreement and has taken all necessary action to authorise execution of this Transfer Certificate and to obtain all necessary approvals and consents to the assumption of its obligations under the Facility Agreement and the Security Documents; and
- 4.6 if not already a Bank, appoints (i) the Agent to act as its agent and (ii) the Security Agent as its security agent and trustee, as provided in the Facility Agreement and the Security Documents and agrees to be bound by the terms of the Facility Agreement and the Security Documents.

5 The Transferor:

- 5.1 warrants to the Transferee that it has full power to enter into this Transfer Certificate and has taken all corporate action necessary to authorise it to do so;
  - 5.2 warrants to the Transferee that this Transfer Certificate is binding on the Transferor under the laws of England, the country in which the Transferor is incorporated and the country in which its lending office is located; and
  - 5.3 agrees that it will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Transfer Certificate or for a similar purpose.
- 6 The Transferee hereby undertakes with the Transferor and each of the other parties to the Facility Agreement and the other Security Documents that it will perform in accordance with its terms all those obligations which by the terms of the Facility Agreement and the other Security Documents will be assumed by it after delivery of the executed copies of this Transfer Certificate to the Agent and satisfaction of the conditions (if any) subject to which this Transfer Certificate is expressed to take effect.
- 7 By execution of this Transfer Certificate on their behalf by the Agent and in reliance upon the representations and warranties of the Transferee, the Borrower, the Agent, the Security Agent, the Account Bank, the Issuing Bank and the Banks accept the Transferee as a party to the Facility Agreement and the Security Documents with respect to all those rights and/or obligations which by the terms of the Facility Agreement and the Security Documents will be assumed by the Transferee (including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent, the Account Bank, the Issuing Bank and the Security Agent as provided by the Facility Agreement) after delivery of the executed copies of this Transfer Certificate to the Agent and satisfaction of the conditions (if any) subject to which this Transfer Certificate is expressed to take effect.
- 8 None of the Transferor, the Agent, the Security Agent, the Account Bank, the Issuing Bank or the Banks:
- 8.1 makes any representation or warranty nor assumes any responsibility with respect to the legality, validity, effectiveness, adequacy or enforceability of the Facility Agreement or any of the Security Documents or any document relating thereto; or
  - 8.2 assumes any responsibility for the financial condition of the Borrower or any other Security Party or any party to any such other document or for the performance and observance by the Borrower or any other Security Party or any party to any such other document (save as otherwise expressly provided therein) and any and all such conditions and warranties, whether express or implied by law or otherwise, are hereby excluded (except as aforesaid).

9. The Transferor and the Transferee each undertake that they will on demand fully indemnify the Agent in respect of any claim, proceeding, liability or expense which relates to or results from this Transfer Certificate or any matter concerned with or arising out of it unless caused by the Agent's gross negligence or wilful misconduct, as the case may be.
10. The agreements and undertakings of the Transferee in this Transfer Certificate are given to and for the benefit of and made with each of the other parties to the Facility Agreement and the Security Documents.
- 11 This Transfer Certificate is governed by, and shall be construed in accordance with, English law.

**Transferor**

**Transferee**

By: .....

By: .....

Dated: .....

Dated: .....

**Agent**

Agreed for and on behalf of itself as Agent, the Borrower, the Security Agent, the Account Bank, the Issuing Bank and the Banks

**THE ROYAL BANK OF SCOTLAND PLC**

By: .....

Dated: .....

**Note:** The execution of this Transfer Certificate alone may not transfer a proportionate share of the Transferor's interest in the security constituted by the Security Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of the Transferee to ascertain whether any other documents are required to perfect a transfer of such a share in the Transferor's interest in such security in any such jurisdiction and, if so, to seek appropriate advice and arrange for execution of the same.

## The Schedule

Outstandings of Transferor: \$[•]

Percentage: [•]%

Portion Transferred: [•]%

### Administrative Details of Transferee

Name of Transferee:

Lending Office:

Contact Person

(Loan Administration Department):

Telephone:

Telefax No:

Contact Person

(Credit Administration Department):

Telephone:

Telefax No:

Account for payments:



**Schedule 5**

**Form of Issue Request**

(referred to in clause 2.3)

To: The Royal Bank of Scotland plc  
45 Akti Miaouli  
185 36 Piraeus  
Greece  
(as Agent and Issuing Bank)

[•] 200[•]

**Overdraft, Guarantee and Letter of Credit Facility of up to US\$300,000,000  
Facility Agreement dated [•] December 2007 (the “Facility Agreement”)**

We refer to the Facility Agreement and hereby request that the Issuing Bank issues an L/C in the form attached as follows:

- (a) currency and amount of the L/C: [•];
- (b) Issue Date of the L/C: [•];
- (c) Expiry Date of the L/C: [•]; and
- (d) delivery instructions: [•].

We confirm that:

- (a) no event or circumstance has occurred and is continuing which constitutes a Default;
- (b) the representations and warranties contained in (i) clauses 7.1, 7.2 and 7.3(b) of the Facility Agreement, (ii) clause 4 of the Corporate Guarantee and (iii) clause 4 of each Owner’s Guarantee, are true and correct at the date hereof as if made with respect to the facts and circumstances existing at such date; and
- (c) there has been no material adverse change in our financial position or the financial position of the Owners or the Corporate Guarantor or any other Relevant Party or the consolidated financial position of the Group from that described by or on behalf of ourselves to the Agent and the Banks in the negotiation of the Facility Agreement.

Words and expressions defined in the Facility Agreement shall have the same meanings where used herein.

.....  
For and on behalf of  
**AEGEAN MARINE PETROLEUM S.A.**

## Schedule 6

### Mandatory Cost formula

- 1 The Mandatory Cost is an addition to the interest rate to compensate the Account Bank for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.
- 2 On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate per annum, a rate for the Account Bank, in accordance with the paragraphs set out below.
- 3 The Mandatory Cost for the Account Bank when lending from a lending office in a Participating Member State will be the percentage notified by the Account Bank to the Agent. This percentage will be certified by the Account Bank in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of the Overdraft or the relevant unpaid sum in respect of the Overdraft made available from that lending office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that lending office.
- 4 The Mandatory Cost for the Account Bank when lending from a lending office in the United Kingdom will be calculated by the Agent as follows:

$$\frac{E \times 0.01}{300} \text{ per cent per annum.}$$

Where  $E$  is designed to compensate banks for amounts payable under the Fees Rules and is calculated by the Agent as being the most recent rate of charge notified by the Account Bank to the Agent to be payable by the Account Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by the Account Bank as being the average of the Fee Tariffs applicable to the Account Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of the Account Bank.

- 5 For the purposes of this Schedule:
  - (a) "**Fees Rules**" means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;
  - (b) "**Fee Tariffs**" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and
  - (c) "**Tariff Base**" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.
- 6 The resulting figures will be rounded to four decimal places.
- 7 The Account Bank shall supply any information required by the Agent for the purpose of calculating the Mandatory Cost. In particular, but without limitation, the Account Bank shall supply the following information on or prior to the date of this Agreement:
  - (a) the jurisdiction of its lending office; and

(b) any other information that the Agent may reasonably require for such purpose.

The Account Bank shall promptly notify the Agent of any change to the information provided by it pursuant to this paragraph.

- 8 The Agent shall have no liability to any person if such determination results in the Mandatory Cost which over or under compensates the Account Bank and shall be entitled to assume that the information provided by the Account Bank pursuant to paragraphs 3, 4 and 7 above is true and correct in all respects.
- 9 The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Account Bank based on the information provided by the Account Bank pursuant to paragraphs 3, 4 and 7 above.
- 10 Any determination by the Agent pursuant to this schedule in relation to a formula, the Mandatory Cost or any amount payable to the Account Bank shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.
- 11 The Agent may from time to time, after consultation with the Borrower and the Account Bank, determine and notify to all parties to this Agreement any amendments which are required to be made to this schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties to this Agreement.

**Schedule 7**

**Form of Insurance Letter**

To: *[P&I Club]*

[•]

[•]

[•]

[•]

From: [•]

*[Insert relevant Owner's name]*

*[insert relevant Owner's registered address]*

[•] 200[•]

Dear Sirs

**m.v. [•] (the "Ship")**

Certain of our affiliates are obtaining finance from The Royal Bank of Scotland plc (the "**Bank**") secured by a first ship mortgage over the Ship. The Ship's insurances will also be assigned to the Bank.

You are hereby authorised to send a copy of the Certificate of Entry for the Ship to the Bank, c/o their lawyers, namely, Norton Rose of 126 Kolokotroni Street, 185 35 Piraeus, Greece. Further, you are also irrevocably authorised to provide the Bank from time to time with any other information whatsoever which they may require relating to the entry of the Ship in the association.

This letter is governed by, and shall be construed in accordance with, English law.

.....  
For and on behalf of

[•]

*[OWNER'S NAME]*

**Schedule 8**

**Form of Trust Deed**

**THIS DECLARATION OF TRUST** made by **THE ROYAL BANK OF SCOTLAND PLC** (the “**Security Agent**”) is made on [•] 2007 and is supplemental to (and made pursuant to the terms of) a Facility Agreement dated [•] 2007 (the “**Agreement**”) and made between (1) Aegean Marine Petroleum S.A. as Borrower, (2) the banks and financial institutions mentioned in schedule 1 to the Agreement as the Banks and (3) The Royal Bank of Scotland plc as Arranger, Agent, Security Agent, Issuing Bank and Account Bank. Words and expressions defined in the Agreement shall have the same meaning when used in this Deed.

**NOW THIS DEED WITNESSETH** as follows:

- 1 The Security Agent hereby acknowledges and declares that, from the date of this Deed, it holds and shall hold the Trust Property on trust for certain of the other Creditors on the terms and basis set out in the Agreement.
- 2 The declaration and acknowledgement contained in paragraph 1 above shall be irrevocable.

**IN WITNESS** whereof the Security Agent has executed this Deed the day and year first above written.

**EXECUTED** as a **DEED** )  
by )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND PLC** )  
as Security Agent ) .....  
in the presence of: ) **Attorney-in-fact**

## Schedule 9

### Conditions subsequent

#### Part 1 - Collateral Ships

##### 1 Updated corporate authorisations/certificates of incumbency

A list of directors and officers of the Collateral Owner of the relevant Collateral Ship specifying the names and positions of such persons and copies of the signatures of the persons who have been authorised on behalf of such Collateral Owner to sign such of the Security Documents referred to in this Part 1 and to which such Collateral Owner is, or is to be, party and to give notices and communications, including notices of drawing, under or in connection with such Security Documents, certified (in a certificate dated no earlier than five (5) Banking Days prior to the relevant Collateral Mortgage Date) by an officer of such Collateral Owner to be, in the case of the list of directors and officers, true complete and up to date and, in the case of the specimen signatures, true signatures of such persons or a certificate by an officer of each of such Collateral Owner that the list provided in respect of such Collateral Owner pursuant to paragraph 4 of schedule 2, and that the specimen signatures provided in respect of such Collateral Owner pursuant to paragraph 3 of schedule 2, remain true, complete and up to date;

##### 2 Security Documents

the Collateral Mortgage for the relevant Collateral Ship (and any deed of covenant collateral thereto as the Agent may in its absolute discretion require) duly executed;

##### 3 Collateral Ship conditions

evidence that the relevant Collateral Ship:

###### (a) Registration and Encumbrances

is permanently registered in the name of the relevant Collateral Owner under the laws and flag of the relevant Flag State through the relevant Registry and that the Collateral Ship and its Earnings, Insurances and Requisition Compensation are free of Encumbrances (other than Permitted Encumbrances);

###### (b) Classification

maintains the relevant Classification free of all requirements and recommendations of the relevant Classification Society; and

###### (c) Insurance

is insured in accordance with the provisions of the relevant Ship Security Documents and all requirements of such Ship Security Documents in respect of such insurance have been complied with (including without limitation, confirmation from the protection and indemnity association or other insurer with which the relevant Collateral Ship is, or is to be, entered for insurance or insured against protection and indemnity risks (including oil pollution risks) that any necessary declarations required by the association or insurer for the removal of any oil pollution exclusion have been made and that any such exclusion does not apply to such Collateral Ship);

**4 Mortgage registration**

evidence that the Mortgage of the relevant Collateral Ship has been registered against such Collateral Ship under the laws and flag of the relevant Flag State through the relevant Registry;

**5 Registration forms**

such statutory forms duly signed by the Collateral Owner of the relevant Collateral Ship as may be required by the Agent to perfect the security contemplated by the Security Documents to be executed under this Part 1;

**6 Notices of assignment and acknowledgements**

copies of duly executed notices of assignment and acknowledgements thereof in the forms prescribed by the Ship Security Documents for the relevant Collateral Ship;

**7 Owner's opinion**

an opinion of special legal advisers to the Agent on matters of the laws of the country of incorporation of the Collateral Owner of the relevant Collateral Ship;

**8 Flag State opinion**

an opinion of special legal advisers to the Agent on matters of the laws of the Flag State of the relevant Collateral Ship;

**9 Security Parties' process agent**

a letter from each Security Party's agent for receipt of service of proceedings referred to in each of the Security Documents referred to in this Part 1 and to which such Security Party is a party, accepting its appointment under each such Security Document; and

**10 Further opinions or conditions**

any such further opinions or conditions as may be required by the Agent.

## **Part 2 - Additional Ships**

### **1 Constitutional documents**

Copies, certified by an officer of the Additional Owner of the relevant Additional Ship as true, complete and up to date copies of all documents which contain or establish or relate to the constitution of that Additional Owner;

### **2 Corporate authorisations**

copies of resolutions of the directors and, if required, shareholders of the Additional Owner of the relevant Additional Ship approving such of the Underlying Documents and the Security Documents to which such Additional Owner is, or is to be, party and authorising the signature, delivery and performance of such Additional Owner's obligations thereunder, certified (in a certificate dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for such Ship) by an officer of such Additional Owner as:

- (i) being true and correct;
- (ii) being duly passed at meetings of the directors of such Additional Owner and, if required, of the shareholders of such Additional Owner each duly convened and held;
- (iii) not having been amended, modified or revoked; and
- (iv) being in full force and effect,

together with originals or certified copies of any powers of attorney issued by any such Additional Owner pursuant to such resolutions;

### **3 Specimen signatures**

copies of the signatures of the persons who have been authorised on behalf of the Additional Owner of the relevant Additional Ship to sign such of the Underlying Documents and the Security Documents to which such Additional Owner is, or is to be, party and to give notices and communications, including notices of drawing, under or in connection with the Security Documents, certified (in a certificate dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for the relevant Additional Ship) by an officer of such Additional Owner as being the true signatures of such persons;

### **4 Certificates of incumbency**

a list of directors and officers of Additional Owner of the relevant Additional Ship specifying the names and positions of such persons, certified (in a certificate dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for the relevant Additional Ship) by an officer of such Additional Owner to be true, complete and up to date;

### **5 Other consents and approvals**

a certificate (dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for the relevant Additional Ship) from an officer of the relevant Additional Owner that no consents, authorisations, licences or approvals are necessary for such Additional Owner to guarantee and/or grant security for the borrowing by the Borrower of the Overdraft or other borrowings or obligations under the Security Documents pursuant to this Agreement and execute, deliver and perform the Security Documents insofar as such Additional Owner is a party thereto;



## **6 Underlying Documents**

a copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for the relevant Additional Ship) as a true and complete copy by an officer of the Borrower of the Management Agreement in respect of such Ship;

## **7 Security Documents**

the Mortgage, the Deed of Covenant and the Manager's Undertaking for the relevant Additional Ship and the Owner's Guarantee of the Additional Owner owning such Additional Ship, each duly executed;

## **8 Additional Ship conditions**

evidence that the relevant Additional Ship:

### **(a) Registration and Encumbrances**

is permanently registered in the name of the relevant Additional Owner under the laws and flag of the relevant Flag State through the relevant Registry and that the relevant Additional Ship and its Earnings, Insurances and Requisition Compensation are free of Encumbrances (other than Permitted Encumbrances);

### **(b) Classification**

maintains the relevant Classification free of all requirements and recommendations of the relevant Classification Society; and

### **(c) Insurance**

is insured in accordance with the provisions of the relevant Ship Security Documents and all requirements of such Ship Security Documents in respect of such insurance have been complied with (including without limitation, confirmation from the protection and indemnity association or other insurer with which the relevant Additional Ship is, or is to be, entered for insurance or insured against protection and indemnity risks (including oil pollution risks) that any necessary declarations required by the association or insurer for the removal of any oil pollution exclusion have been made and that any such exclusion does not apply to the relevant Additional Ship);

## **9 Mortgage registration**

evidence that the Mortgage over the relevant Additional Ship has been registered against such Ship under the laws and flag of the relevant Flag State through the relevant Registry;

## **10 Light displacement tonnage**

evidence of the light displacement tonnage of the relevant Additional Ship;

## **11 Registration forms**

such statutory forms duly signed by the Additional Owner of the relevant Additional Ship and the other Security Parties as may be required by the Agent to perfect the security contemplated by the Security Documents to be executed under this Part 2;

## **12 Notices of assignment and acknowledgements**

copies of duly executed notices of assignment and acknowledgements thereof in the forms prescribed by the Ship Security Documents for the relevant Additional Ship;

### **13 SMC/DOC**

a copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for the relevant Additional Ship) as a true and complete copy by an officer of the Borrower of the DOC issued to the Operator of such Ship and the SMC for such Ship;

### **14 ISPS Code compliance**

- (a) evidence satisfactory to the Agent that the relevant Additional Ship is subject to a ship security plan which complies with the ISPS Code; and
- (b) a copy, certified (in a certificate dated no earlier than five (5) Banking Days prior to the Additional Mortgage Date for the relevant Additional Ship) as a true and complete copy by an officer of the Borrower of the ISSC for such Additional Ship;

### **15 Insurance opinion**

an insurance opinion (at the cost of the Borrower) from insurance consultants to the Agent on the insurances effected or to be effected in respect of the relevant Additional Ship;

### **16 Insurance Letter**

the Insurance Letter for the relevant Additional Ship duly executed;

### **17 Owner's opinion**

an opinion of special legal advisers to the Agent on matters of the laws of the country of incorporation of the Additional Owner of the relevant Additional Ship;

### **18 Flag State opinion**

an opinion of special legal advisers to the Agent on matters of the laws of the Flag State of the relevant Additional Ship;

### **19 Security Parties' process agent**

a letter from each Security Party's agent for receipt of service of proceedings referred to in each of the Security Documents referred to in this Part 2 and to which such Security Party is a party, accepting its appointment under each such Security Document; and

### **20 Further opinions or conditions**

any such further opinions or conditions as may be required by the Agent.

**SIGNED** by )  
for and on behalf of )  
**AEGEAN MARINE PETROLEUM S.A.** )  
as Borrower )  
.....  
Attorney-in-fact

**SIGNED** by )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND PLC** )  
as Arranger, Agent, Security Agent, )  
Issuing Bank and Account Bank )  
.....  
Attorney-in-fact

**SIGNED** by )  
for and on behalf of )  
**THE ROYAL BANK OF SCOTLAND PLC** )  
as Bank )  
.....  
Attorney-in-fact

**SIGNED** by )  
for and on behalf of )  
**HSH NORDBANK AG** )  
as Bank )  
.....  
Attorney-in-fact

SK 23250 0002 870521



## SUBSIDIARIES OF AEGEAN MARINE PETROLEUM NETWORK INC.

<b>Name of Subsidiary</b>	<b>Jurisdiction of Incorporation</b>
Aegean Marine Petroleum S.A	Liberia
Aegean Bunkering Services Inc	Marshall Islands
Aegean Investments S.A.	Marshall Islands
Aegean Oil (USA) LLC	United States
Aegean Holdings S.A.	Marshall Islands
Aegean Shipholdings Inc.	Marshall Islands
Aegean Marine Petroleum LLC	United Arab Emirates
Aegean Bunkering (Gibraltar) Limited	Gibraltar
Aegean Bunkering (Jamaica) Limited	Jamaica
Aegean VII Shipping Ltd	Malta
Aegean X Maritime Inc	Marshall Islands
Baldwin Management Co.	Marshall Islands
Carmel Investments Corp.	Marshall Islands
Clyde Shipping Corp.	Marshall Islands
Evian Enterprises Co.	Marshall Islands
Pontos Navigation Inc.	Marshall Islands
Sea Breezer Marine S.A.	Marshall Islands
Tiffany Marine S.A.	Marshall Islands
Venus Holdings Co.	Marshall Islands
Amorgos Maritime Inc.	Marshall Islands
Kimolos Maritime Inc.	Marshall Islands
Kithnos Maritime Inc.	Marshall Islands
Milos I Maritime Inc.	Marshall Islands
Mykonos Maritime Inc.	Marshall Islands
Naxos Maritime Inc.	Marshall Islands
Paros Maritime Inc.	Marshall Islands
Santorini Maritime Inc.	Marshall Islands
Serifos Maritime Inc.	Marshall Islands
Syros Maritime Inc.	Marshall Islands
Ocean Dynamic Corp.	Marshall Islands
Sea Global S.A.	Marshall Islands
Aegean Bunkering (Singapore) Pte. Ltd	Singapore
Baltic Navigation Company	Marshall Islands
Carnaby Navigation Inc.	Liberia
Mare Vision S.A	Marshall Islands
Benmore Services S.A.	Liberia
Tasman Seaways Inc	Liberia
Santon Limited	Liberia
Ingram Enterprises Co	Liberia
Eton Marine Ltd	Liberia
Aegean Breeze Shipping Pte. Ltd.	Singapore
Aegean Tanking S.A	Liberia
Ouranos Tanking S.A	Liberia
Aegean Tiffany Shipping Pte. Ltd.	Singapore
Milos Shipping (Pte.) Ltd	Singapore
Tinos Marine Inc	Liberia
Sifnos Marine Inc	Liberia
Andros Marine Inc	Liberia
Dilos Marine Inc	Liberia
Ios Marine Inc	Liberia



Name of Subsidiary	Jurisdiction of Incorporation
Cephalonia Marine S.A	Liberia
Ithaki Marine S.A	Liberia
Kerkyra Marine S.A	Liberia
Kythira Marine S.A	Liberia
Lefkas Marine S.A	Liberia
Paxoi Marine S.A	Liberia
Zakynthos Marine S.A	Liberia
Aegean Bunkering (Ghana) Limited	Ghana
Bunkers at Sea NV	Belgium
Vera Navigation S.A.	Liberia
AMPN USA LLC	United States

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER**

I, E. Nikolas Tavlarios, certify that:

1. I have reviewed this annual report on Form 20-F of Aegean Marine Petroleum Network Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2008

/s/ E. Nikolas Tavlarios

E. Nikolas Tavlarios

Principal Executive Officer



**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER**

I, Ziad Nakhleh, certify that:

1. I have reviewed this annual report on Form 20-F of Aegean Marine Petroleum Network Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 7, 2008

/s/ Ziad Nakhleh  
Ziad Nakhleh  
Principal Financial Officer



**PRINCIPAL EXECUTIVE OFFICER CERTIFICATION**

**PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this annual report of Aegean Marine Petroleum Network Inc. (the "Company") on Form 20-F for the year ended December 31, 2007, as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, E. Nikolas Tavlarios, the Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: April 7, 2008

/s/ E. Nikolas Tavlarios

E. Nikolas Tavlarios

Principal Executive Officer

**PRINCIPAL FINANCIAL OFFICER CERTIFICATION  
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this annual report of Aegean Marine Petroleum Network Inc. (the “Company”) on Form 20-F for the year ended December 31, 2007, as filed with the Securities and Exchange Commission (the “SEC”) on or about the date hereof (the “Report”), I, Ziad Nakhleh, the Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: April 7, 2008

/s/ Ziad Nakhleh

Ziad Nakhleh

Principal Financial Officer