

AEGEAN MARINE PETROLEUM NETWORK INC.  
Form 6-K  
January 19, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13A-16 OR 15D-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934

For the month of January 2010

Commission File Number: 001-33179

AEGEAN MARINE PETROLEUM NETWORK INC.  
(Translation of registrant's name into English)

42 Hatzikyriakou Avenue  
Piraeus, Athens 185 38  
Greece

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F [ X ] Form 40-F [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_.

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_.

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

INFORMATION CONTAINED IN THIS FORM 6-K REPORT

Attached hereto as Exhibit 1 is the Management's Discussion and Analysis of Financial Condition and Results of Operations and the unaudited interim condensed consolidated financial statements and related information and data of Aegean Marine Petroleum Network Inc. (the "Company"), as of and for the nine month period ended September 30, 2009.

This Report on Form 6-K and the exhibits hereto are hereby incorporated by reference into the Company's Registration Statement on Form F-3 (Registration No. 333-162935), filed with the U.S. Securities and Exchange Commission on November 6, 2009, as amended on December 4, 2009.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AEGEAN MARINE PETROLEUM  
NETWORK INC.  
(registrant)

Dated: January 19, 2010

By: /s/ E. Nikolas Tavlarios  
Name: E. Nikolas Tavlarios  
Title: President

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations for the nine month periods ended September 30, 2009 and 2008. Unless otherwise specified herein, references to the "Company" or "we" shall include Aegean Marine Petroleum Network Inc. and its applicable subsidiaries. The following management's discussion and analysis of financial condition and results of operations 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 section entitled "Risk Factors" included in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2008, filed with the U.S. Securities and Exchange Commission, or the Commission, on April 22, 2009.

### 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, Ghana 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, Ghana, the United Arab Emirates and Jamaica, utilizing our storage facilities, 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 quantity. 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 is 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)

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and, as a group, represents 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. Gross spread on marine fuel represents the margin that we generate on sales of various classifications of MFO or MGO. Gross spread on lubricants represents the margin that we generate on sales of lubricants. We calculate the gross spreads by subtracting from the sales of the respective marine petroleum product the cost of the marine petroleum product sold and 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:

	Nine months ended September 30,	
	2008	2009
	(in thousands of U.S. dollars, unless otherwise stated)	
Sales of marine petroleum products	2,217,570	1,630,968
Less: Cost of marine petroleum products sold	(2,092,669)	(1,501,179)
Less: Cargo transportation costs	(9,569 )	(3,470 )
Gross spread on marine petroleum products	115,332	126,319
Less: Gross spread on lubricants	(964 )	(1,985 )

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Gross spread on marine fuel	114,368	124,334
Sales volume of marine fuel (metric tons)	3,631,486	4,444,447
Gross spread per metric ton of marine fuel sold (U.S. dollars)	31.5	28.0

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

	Nine months ended September 30, 2008                      2009	
	(in thousands of U.S. dollars)	
Gross spread on marine petroleum products	115,332	126,319
Add: Voyage revenues	-	7,390
Add: Other revenues	6,054	5,705
Add: Gain on sale of vessels	-	4,185
Add: Cargo transportation costs	9,569	3,470
Less: Salaries, wages and related costs	(29,384 )	(34,341 )
Less: Depreciation	(8,998 )	(12,077 )
Less: Amortization	(2,860 )	(3,503 )
Less: Other operating expenses	(53,736 )	(54,055 )
Operating income	35,977	43,093

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 (including gross spread on marine fuel and gross spread on lubricants) 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 the 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.

- Number of markets served. The number of markets served includes our operations at our service centers in the United Arab Emirates, Gibraltar, Jamaica, Singapore, Northern Europe, West Africa, Vancouver, Portland (U.K.), Trinidad and Tobago, Tanger-Med in Morocco and Greece, where we conduct operations through our related company, Aegean Oil, as well as our trading operations in Montreal and Mexico. The number of markets served 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, in Northern Europe on October 9, 2007, in Ghana on January 15, 2008, in Portland (U.K.) on April 1, 2008, in



Trinidad on April 1, 2009, and in the port of Tanger-Med, Morocco on August 25, 2009. On July 1, 2008, we acquired ICS Petroleum Ltd., or ICS Petroleum, a Canadian based marketer and supplier of marine petroleum products in Vancouver, Montreal and Mexico.

- Average number of operating bunkering vessels. Average number of operating bunkering vessels is the number of operating bunkering vessels in our fleet for the relevant period, as measured by the sum of the number of days each bunkering vessel 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 vessels at the end of the period. This figure does not take into account non-operating days due to either scheduled or unscheduled maintenance. The average number of operating bunkering vessels 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 vessels for the periods indicated.

	Nine months ended September 30,	
	2008	2009
	(in thousands of U.S. dollars) unless otherwise stated)	
Sales volume of marine fuel (metric tons)	3,631,486	4,444,447
Gross spread on marine petroleum products	115,332	126,319
Gross spread per metric ton of marine fuel sold (U.S. dollars)	31.5	28.0
Number of markets served, end of period	11	14
Average number of operating bunkering vessels	22.2	32.4

#### 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 processes. The cost of marine petroleum products sold is driven primarily by the 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 sales of marine petroleum products in each of the continents our service centers are located based on the point-of-delivery geographical location of the customer vessels for the periods indicated.

	Nine months ended September 30,	
	2008	2009
	(in thousands of U.S. dollars)	
Europe	919,924	638,125
America	351,398	239,457
Africa	80,073	57,709
Asia	866,175	695,677
Total	2,217,570	1,630,968

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 nine month periods ended September 30, 2008 and 2009, 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 our customers. 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, the United Arab Emirates and West Africa, 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.



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.

	Nine months ended September 30,	
	2008	2009
	(in thousands of U.S. dollars)	
Third-party suppliers	1,815,755	1,295,026
Related company suppliers	276,914	206,153
Total	2,092,669	1,501,179

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 center that we may establish, gross spread on marine petroleum products may be lower than from 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

Our voyage revenues are derived from the employment of our specialty tanker with roll-on roll-off facilities and refueling capabilities for fuel trucks and from the employment of our bunkering tankers based in Greece. In 2008, we have employed our double hull specialty tanker, Maistros, under a contract of affreightment with Aegean Oil for the distribution of gasoline and other refined petroleum products in the Greek islands. During the nine month period ended September 30, 2009, we recognized \$2.1 million in revenue from Aegean Oil under this contract of affreightment. This contract was terminated on June 10, 2009, when we sold the two specialty tankers, Maistros and Ostria, to an unaffiliated third-party purchaser.

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.

#### 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, where we oversee our financial and other reporting functions. We maintain a minimal number of salaried employees at our service centers and 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.

	Nine months ended September 30,	
	2008	2009
	(in thousands of U.S. dollars)	
Shipboard personnel	15,004	17,054
Shoreside personnel	14,380	17,287
Total	29,384	34,341

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 vessels 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 acquisition of additional bunkering tankers and floating storage facilities.

#### Other Operating Expenses

Other operating expenses primarily include the operating expenses of our vessels, 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 vessel 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 vessels 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.

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 from acquisitions and use of floating storage facilities, such as our tankers, Ouranos, Fos, Leader and Aegean IX. 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, thereby 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, 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.

### 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 incurred and expect to continue incurring interest expense and financing costs under our existing credit facilities to finance the construction of our new bunkering tankers and 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.

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, Aegean Marine Petroleum S.A., or AMP, is incorporated in the Republic of Liberia. Under regulations promulgated by the Liberian Ministry of Finance, AMP is considered a non-resident domestic corporation, and is therefore 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, Belgium, the United Kingdom and Canada.

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. Other than in Canada, we do not pay a material amount of tax in any jurisdiction in which we operate. For the nine month periods ended September 30, 2008 and 2009, our income tax amounted to \$0.9 and \$0.7 million, respectively. Our income tax amount was mainly attributable to our Canadian operations. We are currently in the process of restructuring our Canadian operations and expect to decrease our future income tax liability in Canada.

## Results of Operations

Nine months ended September 30, 2009 compared to nine months ended September 30, 2008

### Selected financial data

	Nine months ended September 30,		Change \$	%
	2008	2009		
Sales of marine petroleum products	2,217,570	1,630,968	(586,602 )	(26.5 %)
Voyage and other revenues	6,054	13,095	7,041	116.3 %
Total revenues	2,223,624	1,644,063	(579,561 )	(26.1 %)
Cost of marine petroleum products sold	2,092,669	1,501,179	(591,490 )	(28.3 %)
Salaries, wages and related costs	29,384	34,341	4,957	16.9 %
Depreciation and amortization	11,858	15,580	3,722	31.4 %
All other operating expenses	53,736	49,870	(3,866 )	(7.2 %)
Operating income	35,977	43,093	7,116	19.8 %
Net financing costs	7,919	7,195	(724 )	(9.1 %)
Other non-operating expenses (income)	1,215	1,072	(143 )	(11.8 %)
Net income	26,843	34,826	7,983	29.7 %

**Sales of Marine Petroleum Products.** Sales of marine petroleum products decreased by \$586.6 million, or 26.5%, to \$1,631.0 million for the nine month period ended September 30, 2009 compared to \$2,217.6 million for the nine month period ended September 30, 2008. Of the total decrease in sales of marine petroleum products, \$891.6 million was attributable to a 40.4% decrease in the average price of marine fuel (using sales volumes for the nine month period ended September 30, 2008), while an increase in sales volume of marine fuel (using average prices for the nine month period ended September 30, 2009) and an increase in the sales of lubricants increased sales of marine petroleum products by \$294.2 and \$10.8 million, respectively. Sales volume of marine fuel increased by 812,961 metric tons, or 22.4%, to 4,444,447 metric tons for the nine month period ended September 30, 2009, compared to 3,631,486 metric tons for the nine month period ended September 30, 2008 due to additional volume of sales of marine fuel in Singapore, Greece and the U.A.E. and due to sales in our new markets: Canada, Mexico, Trinidad and Tobago and Tanger-Med, Morocco.

**Gross Spread on Marine Petroleum Products.** Gross spread on marine petroleum products increased by \$11.0 million, or 9.5%, to \$126.3 million for the nine month period ended September 30, 2009, compared to \$115.3 million for the nine month period ended September 30, 2008. 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 nine month period ended September 30, 2009 decreased by \$3.5, or 11.1%, to \$28.0 compared to \$31.5 for the nine month period ended September 30, 2008. Gross spreads per metric ton do not generally



increase or decrease proportionately with the price of marine fuel. Gross spread on marine petroleum products, as a percentage of total revenues, increased from 5.2% for the nine month period ended September 30, 2008 to 7.7% for the nine month period ended September 30, 2009. 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 were \$7.4 million for the nine month period ended September 30, 2009, compared to \$0 million for the nine month period ended September 30, 2008. Voyage revenues for the nine month period ended September 30, 2009 were attributable to the employment of our specialty tanker, Maistros, under the contract of affreightment with Aegean Oil, which commenced on October 1, 2008 and to the employment of our vessels Aegean III, Aegean VIII, Aegean XII, Aegean Daisy, Aegean Rose, Aegean Breeze, Aegean Tiffany to serve an unaffiliated third-party.

**Salaries, Wages and Related Costs.** Salaries, wages and related costs increased by \$4.9 million, or 16.7%, to \$34.3 million for the nine month period ended September 30, 2009, compared to \$29.4 million for the nine month period ended September 30, 2008. This increase was mainly due to increased full-time employees as we hired new employees to manage our expanded fleet and service center network. Furthermore, crew costs increased as the average number of operating bunkering vessels increased to 32.4 for the nine month period ended September 30, 2009, compared to 22.2 for the nine month period ended September 30, 2008.

**Depreciation.** Depreciation increased by \$3.1 million, or 34.4%, to \$12.1 million for the nine month period ended September 30, 2009, compared to \$9.0 million for the nine month period ended September 30, 2008. This increase is in line with the 45.7% increase in the average number of operating bunkering vessels.

**Other Operating Expenses.** Other operating expenses decreased by \$3.8 million, or 7.1%, to \$49.9 million for the nine month period ended September 30, 2009, compared to \$53.7 million for the nine month period ended September 30, 2008. This decrease in other operating expenses was primarily attributable to the gain on sale of the Roro vessels.

**Interest and Finance Costs.** Interest and finance costs decreased by \$1.1 million, or 13.3%, to \$7.2 million for the nine month period ended September 30, 2009, compared to \$8.3 million for the nine month period ended September 30, 2008. The decrease in interest and finance costs was mainly attributable to the lower interest rates despite the higher debt outstanding relating to the financing of our newbuildings.

#### Inflation

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

#### 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 British pound, the Canadian dollar, 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 the 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, (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.

On September 17, 2009, our subsidiary, AMP, entered into an annually renewable senior secured revolving credit facility with a Greek bank for an amount of \$50.0 million. The credit facility is secured by, among other things, our assigned receivables and corporate guarantee, and bears interest at LIBOR plus 2.50%. The credit facility contains certain covenants and undertakings that require, among other things:

- that we maintain our listing on the New York Stock Exchange (the "NYSE");
- that our net equity base will not be less than \$175.0 million;
- that our interest coverage ratio (i.e., EBIT over interest expenses) will not be less than 1.3:1;
- that our total liabilities to total assets will not exceed 65%;
- that we maintain additional free liquidity of \$25.0 million at the end of each calendar month and an average minimum daily free liquidity of \$10.0 million; and
- that Mr. Melisanidis directly or indirectly controls 26% of our total issued and outstanding common shares.

As of September 30, 2009, the outstanding balance under this credit facility was \$50.0 million.

As of September 30, 2009, we believe that we were in compliance in all material respects with all covenants of our credit facilities. We also believe that our working capital resources are sufficient for our present requirements.

#### Cash Flow

##### Net Cash Provided By Operating Activities

Net cash used in operating activities was \$70.2 million for the nine month period ended September 30, 2009 as compared to net cash provided by operating activities of \$48.9 million for the same period in 2008. This decrease was



primarily attributable to an increase in working capital. Working capital excluding cash and debt increased by \$41.6 million, to a surplus of \$213.4 million as of September 30, 2009 compared to a surplus of \$171.8 million as of September 30, 2008.

#### Net Cash Used In Investing Activities

Net cash used in investing activities was \$55.7 million for the nine month period ended September 30, 2009. During the period, we paid \$70.8 million as milestone payments under our newbuilding and engineering contracts and we paid \$24.3 million mainly to acquire the secondhand vessels, Aegean Star, Aegean Champion and Aegean Ace. During the nine month period ended September 30, 2009, we received net cash consideration of \$34.1 million for the sale of our specialty tankers. Furthermore, our restricted cash balances decreased by \$5.5 million which increased our cash flows by the same amount.

Net cash used in investing activities was \$109.0 million for the nine month period ended September 30, 2008. During the period, we paid \$98.5 million as milestone payments under our newbuilding and engineering contracts and we paid \$13.4 million to acquire the secondhand tankers Orion, Aegean III, Aegean VIII, PT25 and PT36. During the nine month period ended September 30, 2008, our restricted cash balance decreased by \$12.5 million which increased our cash flows by the same amount. Furthermore, cash payments for the ICS Petroleum acquisition during the nine month period ended September 30, 2008 amounted to \$9.1 million.

#### Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$129.4 million for the nine month period ended September 30, 2009 mainly due to additional drawdowns of \$194.6 million under our term loan facilities to finance a portion of the construction costs of our new vessels. Part of this increase in funding was offset by repayments of long-term debt of \$25.9 million and \$36.9 million in payments to reduce short-term borrowings. Furthermore, during the nine month period ended September 30, 2009, we paid for financing costs \$1.1 million and declared and paid dividends of \$1.3 million to our shareholders.

Net cash provided by financing activities was \$88.2 million for the nine month period ended September 30, 2008 mainly due to additional drawdowns of \$75.7 million under our term loan facilities to finance a portion of the construction costs of our new vessels, and we drew down \$16.6 million under our senior secured credit facility primarily to finance working capital requirements. Furthermore, during the nine month period ended September 30, 2008, we performed repayments of our long-term debt of \$2.4 million and we declared and paid dividends of \$1.3 million to our shareholders.

#### Trend information

During the nine month period ended September 30, 2009, our sales volume of marine fuel increased by 22.4% as compared to the prior year, which was mainly due to additional volume of sales of marine fuel in Singapore, Greece and U.A.E. and due to sales in our new markets: Canada, Mexico, Trinidad and Tobago and Tanger-Med, Morocco. We have also expanded our bunkering fleet by taking delivery of three double-hull bunkering tanker newbuilding and one specialty tanker newbuilding and by acquiring three secondhand double-hull bunkering tankers during the period. We expect our growth to continue in 2009 as we expand our business and marine fuel delivery capabilities in existing markets and enter new markets. We have commenced operations in Tanger-Med, Morocco and Trinidad and Tobago in the second quarter of 2009 and we expect to expand our fleet by at least 17 new double hull bunkering tankers, for which we have firm orders, during the next two years, and may purchase additional secondhand vessels in the future.

In addition to our bunkering operations, we market and distribute marine lubricants under the Alfa Marine Lubricants brand. In February 2009, we entered into an agreement to join the Sealub Alliance Network, a group recently formed by Gulf Oil Marine Ltd. to collaborate in the marketing and distribution of marine lubricants. We expect the sales volumes of lubricants to increase in 2009.



Our success in attracting business has been due, in part, to our willingness to extend trade credit on an unsecured basis to our customers after suitable credit analysis of them. The recent adverse changes in world credit markets may adversely affect our ability to do business with customers whose creditworthiness may no longer meet our criteria. Volatility in the price of