

WORLD FUEL SERVICES CORP  
Form 424B5  
September 13, 2010  
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**As filed pursuant to Rule 424(b)(5)  
with the Securities and Exchange Commission  
Registration No. 333-169325**

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion**

**Preliminary Prospectus Supplement dated September 13, 2010**

**PROSPECTUS SUPPLEMENT**

(To prospectus dated September 13, 2010)

**7,570,000 Shares**

**Common Stock**

We are selling 7,570,000 shares of our common stock.

Our shares trade on the New York Stock Exchange under the symbol INT . On September 10, 2010, the last sale price of the shares as reported on the New York Stock Exchange was \$26.42 per share.

**Investing in our common stock involves risks that are described in Risk Factors beginning on page S-10 of this prospectus supplement.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to the Company	\$	\$

The underwriters may also purchase up to an additional 1,135,500 shares from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallocments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about September , 2010.

**BofA Merrill Lynch**

**Credit Suisse**

**J.P. Morgan**

The date of this prospectus supplement is September , 2010.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

In this prospectus supplement, unless the context otherwise requires, the terms World Fuel, we, our, our company, the Company and us refer to World Fuel Services Corporation, a Florida corporation, whose shares of common stock are publicly traded on the New York Stock Exchange under the symbol INT, and its subsidiaries.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The second part, the accompanying prospectus, gives more general information about us and our common stock. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent information in this prospectus supplement conflicts with information in the accompanying prospectus, you should rely on the information in this prospectus supplement.

Terms used but not defined in this prospectus supplement shall have the meanings ascribed to them in the accompanying prospectus.

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus supplement and the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of the common stock in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus supplement and the accompanying prospectus is accurate only as of the date on its cover page and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It may not contain all the information that is important to you. You should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein in their entirety before making an investment decision.*

**Our Company**

We are a leading global fuel logistics company, principally engaged in the marketing, sale and distribution of marine, aviation and land fuel products and related services on a worldwide basis. We compete by providing our customers value-added benefits, including single-supplier convenience, competitive pricing, the availability of trade credit, price risk management, logistical support, fuel quality control and fuel procurement outsourcing. We have three reportable operating business segments: marine, aviation and land. We primarily contract with third parties for the delivery and storage of fuel products and in some cases own storage and transportation assets for strategic purposes. In our marine segment, we offer fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines and time-charter operators, as well as to the U.S. and foreign governments. In our aviation segment, we offer fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low cost carriers, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments, and we also offer a private label charge card used to purchase aviation fuel and related services. In our land segment, we offer fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial and government customers.

*Marine Fuel Solutions*

We market fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines and time-charter operators, as well as to the U.S. and foreign governments. Through our extensive network of offices, we provide our customers with real-time global market intelligence and rapid access to quality and competitively priced marine fuel 24 hours a day, every day of the year. Our marine fuel related services include management services for the procurement of fuel, cost control through the use of price hedging instruments, quality control and claims management. Our customers require cost effective and professional fuel services, since fuel is a major component of a vessel's operating costs.

We primarily act as a reseller, where we take delivery for fuel purchased at the same place and time as the fuel is sold, mark it up and contemporaneously resell the fuel to our customer. In connection with our activities as a reseller, we maintain inventory in certain locations for strategic reasons in storage facilities that we own or lease, which is generally hedged in an effort to protect us against price risk. We also act as a broker where we are paid a commission for negotiating the transaction by arranging the fuel purchase contract between the supplier and the end user and expediting the arrangements for the delivery of fuel. In 2009, less than 20% of our marine business was transacted on a brokered basis. In addition, we enter into derivative contracts in order to mitigate the risk of market price fluctuations and to offer our customers fuel pricing alternatives to meet their needs.

The majority of our marine segment activity consists of spot sales, which are sales that do not involve continuing contractual obligations by our customers to purchase fuel from us. Our cost of fuel is generally tied to spot pricing or market-based formulas or is government controlled, and our suppliers typically extend unsecured trade credit to us.

We also contract with third parties to provide various services to our customers, including fueling of vessels in port and at sea, and transportation of fuel and fuel products.

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During each of 2007, 2008, 2009 and the first half of 2010, none of our marine customers accounted for more than 10% of total consolidated revenue. Our marine segment income from operations was \$97.6 million and \$44.0 million for 2009 and the first six months of 2010, respectively.

### *Aviation Fuel Solutions*

We market fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low-cost carriers, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments. Our aviation-related services include fuel management, price risk management, arranging ground handling, providing 24/7 global dispatch services and arranging and providing international trip planning, including flight plans, weather reports and overflight permits. In addition, we offer a private label charge card to customers in the general aviation industry. We have developed an extensive network of third-party suppliers and service providers that enables us to provide aviation fuel and related services throughout the world. We believe the breadth of our service offering combined with our global supplier network is a strategic differentiator that allows customers to secure fuel and high-quality services in any location worldwide on short notice.

We purchase our aviation fuel from suppliers worldwide and then it is typically delivered into our customers' aircraft or designated storage directly from our suppliers pursuant to arrangements with them or from our fuel inventory pursuant to contracts with various third parties. Inventory is purchased at airport locations or shipped via pipelines and held at multiple locations for strategic reasons. We typically hedge inventory in pipelines in an effort to protect us against price risk. We also engage in both contract sales, which are sales made pursuant to fuel purchase contracts with customers who commit to purchasing fuel from us over the contract term, and spot sales. Our cost of fuel is generally tied to market-based formulas or is government controlled and our suppliers typically extend unsecured trade credit to us. We may prepay our fuel purchases when limited by the amount of credit extended to us by suppliers or as required to transact business in certain countries. We also enter into derivative contracts in order to mitigate the risk of market price fluctuations and to offer our customers fuel pricing alternatives to meet their needs.

During each of 2007, 2008, 2009 and the first half of 2010, none of our aviation customers accounted for more than 10% of total consolidated revenue. Our aviation segment income from operations was \$75.5 million and \$55.4 million for 2009 and the first six months of 2010, respectively.

### *Land Fuel Solutions*

We market fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators and industrial, commercial and government customers and operate a small number of retail gasoline stations. Our land-related services include management services for the procurement of fuel and price risk management. We provide land fuel and related services throughout most of the United States as well as parts of Brazil and the United Kingdom.

We primarily act as a reseller, where we purchase fuel from a supplier, mark it up and contemporaneously resell it to our customers through spot sales and contract sales. Fuel is delivered to our customers directly or at designated tanker truck loading terminals commonly referred to as racks, which are owned and operated by our suppliers or other third-parties, or directly to customer locations through third party carriers. Our cost of fuel is generally tied to market-based formulas, and our suppliers typically extend unsecured trade credit to us. We also enter into derivative contracts to offer our customers fuel pricing alternatives to meet their needs.

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During each of 2007, 2008, 2009 and the first half of 2010, none of our land customers accounted for more than 10% of total consolidated revenue. Our land segment income from operations was \$10.8 million and \$4.1 million for 2009 and the first six months of 2010, respectively.

### **Our Strengths**

We believe that we are distinguished by the following key competitive strengths:

#### *Leading global energy logistics provider with a long track record of earnings growth*

We are a global leader in the marketing, sale and distribution of aviation, marine and land fuel products and related logistics and other services, serving more than 8,500 customers throughout the world. We believe that our global scale and comprehensive understanding of the markets in which we operate, combined with significant value-added services provided to our customers, such as single supplier convenience, competitive prices, trade credit, logistical support, fuel quality control and fuel procurement outsourcing, significantly differentiate us from our competition. Our comprehensive fuel price risk management solutions are also a competitive differentiator. Our global team of approximately 1,300 professionals and other support staff provides our customers with local market knowledge and an extensive network of relationships. We believe the breadth of our global customer and supplier base provides us with a superior understanding of the world's fuel markets, thereby strengthening our position as a trusted partner to our customers and a stable counterparty for more than 2,000 fuel and third-party logistics suppliers worldwide. We believe that these attributes have contributed to a compound annual growth rate of net income since 2002 of 35.2%.

#### *Asset-light business model*

We operate using an asset-light business model that relies upon our extensive industry knowledge and strong third-party relationships to arrange for fuel distribution to our customers using our global network of asset-based suppliers. Our business model minimizes the need for us to invest in physical assets, and for holding and transporting fuel. Where we do maintain fuel inventory (principally jet fuel in the United States and marine fuel in the United Kingdom), we hedge any associated risk with derivative instruments. We believe that our operating model contributed to an attractive return on equity of 17.5% in 2009 and is highly scalable to accommodate future growth.

While we maintain an asset-light business model, we have also invested in limited strategic assets, which we believe provide us with a competitive advantage in certain niche markets. At June 30, 2010, our fixed assets represented less than 3% of our total consolidated assets.

#### *Diversification via segments, geography and limited customer concentration*

Our business is diversified across transportation modes and geography, with limited customer concentration. On a pro forma basis after giving effect to the acquisition of certain assets of Lakeside Oil Company, Inc., which we refer to as the Lakeside business and the recently announced agreement to purchase Western Petroleum Company, which we refer to as Western, our marine, aviation and land fuel services revenue would have accounted for approximately 45%, 31% and 24% of our total consolidated revenue for 2009, respectively. None of our customers accounted for more than 10% of our total consolidated revenue in 2009. In addition, for 2009, approximately 45% of our total consolidated revenue was generated in the United States,

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approximately 29% was generated in Singapore, approximately 14% was generated in the United Kingdom and approximately 12% was generated in other foreign countries.

Our business mix continues to evolve. Our growth in government activity has further diversified revenues in our aviation segment, and, with the recent acquisition of the Lakeside business and the anticipated acquisition of Western, we will add scale and expanded service and product offerings to our land fuel segment.

### *Demonstrated ability to successfully operate during periods of volatile fuel prices and global economic instability*

We have a successful track record of operating profitability, including during periods of challenging economic conditions and significant fuel price volatility. We believe that during periods of economic weakness or financial instability, suppliers and customers view us as a counterparty of choice given our financial strength and market expertise. Our strategic focus on the credit quality of our customers, together with our strategy of requiring credit protection from certain customers, has enabled us to minimize credit losses despite weak macro-economic market conditions. For example, in 2008 we experienced a global economic recession and a 39% increase in average crude oil prices as compared to 2007, while our net income increased by 62% as compared to 2007. Additionally, in 2009, the global economic recession continued while average crude oil prices declined 38% as compared to 2008, while our net income increased by 12% in 2009 as compared to 2008.

### *Conservative financial approach and extensive risk management expertise*

We maintain a conservative financial profile with approximately \$1 billion of liquidity, including approximately \$720 million of available liquidity under our recently amended and restated senior credit facility as described below under **Recent Developments**. We believe that our significant liquidity position demonstrates our financial strength and enables us to continue our strategic growth initiatives, while ensuring ample working capital availability, even during periods of significant economic and fuel price volatility.

Risk management is a core competency of our business. Our experienced global risk management team consisting of 75 risk management professionals closely manages our global receivables portfolio on a local basis in the markets we serve worldwide. Our prudent risk management practices have resulted in strong long-term performance with a long-term average bad debt expense of less than 0.05% of total consolidated revenue.

### *Experienced management team*

We are led by Paul H. Stebbins, our Chairman and Chief Executive Officer, and Michael J. Kasbar, our President and Chief Operating Officer, who co-founded our marine fuel services business in 1985 while at Trans-Tec Services, Inc. Each has more than 25 years of experience in the fuel services industry. Our broader management team has extensive experience in the fuel logistics and services industry as well as a broad range of other industries. While the management team has demonstrated long-term success in driving organic growth initiatives, they have also demonstrated success in identifying investment opportunities that present a strategic, financial and cultural fit with our business, structuring acquisitions and successfully integrating acquired businesses. In addition, a core element of our acquisition strategy involves the retention of the management teams of our acquired businesses, further adding experience and depth to our global team.

## **Our Strategy**

### *Organic volume growth*

We believe our deep market knowledge and strong liquidity profile position us to benefit from growth opportunities in the fuel logistics and services market by increasing current volumes of business with existing



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customers and building new relationships in all of the markets we serve. We intend to continue to grow organically by taking advantage of smaller competitors that are not as well capitalized, major oil companies focusing on their upstream businesses and divesting their downstream assets and a fragmented market. We believe these circumstances provide us the opportunity to demonstrate the value of our global presence, platform and ability to aggregate demand to existing and new customers.

### *Continue to consolidate large and fragmented fuel logistics space*

The fragmented fuel logistics and services market presents significant opportunities for further consolidation. We believe that we have been successful at identifying strategic investment opportunities and seamlessly integrating acquired businesses. We believe that our strong balance sheet and entrepreneurial culture, combined with our consistent track record of successfully integrating acquired businesses, provide us with a significant advantage in competing for strategic opportunities. We believe that these investments will enable us to continue our strategic growth trajectory, further expanding our distribution platform for our suppliers and enhancing procurement leverage for our customers.

For example, in August 2010, we announced the acquisition of Western, which will increase the breadth of our unbranded land based fuel business and provides us with a strategic presence in the branded aviation fuel distribution business. We believe that the acquisitions we have completed over the past two years, combined with Western, have enhanced our position as a leading player in the land fuel distribution market. After giving effect to the Western acquisition, our land segment will generate approximately 1.5 billion gallons of annual volume. We believe that our experienced team and disciplined approach will enable us to capitalize on the considerable consolidation opportunities in our industry and further enhance our competitive advantage in pursuing attractive strategic target companies across all of the segments we serve.

### *Continue to grow operating profitability*

We remain focused on profitable growth. By maintaining our focus on providing greater value to our customers and suppliers, integrating accretive acquisitions and efficiently managing costs, we believe we can continue to generate returns on invested capital well above our cost of capital.

We believe that our focus on achieving cost efficiencies will lead to continued operating profitability. Our management team's focus on controlling costs reduced operating expenses (including compensation, general and administrative and bad debt expense) as a percentage of gross profit below 60% in 2009, from 65% in 2007. In 2008, we implemented a global ERP platform that further enhanced our service offerings and improved operating efficiency. We believe that these enhancements, together with additional investments in our platform, will continue to enable us to provide greater value to our customers and suppliers at a reduced cost, further enhancing our leading market position. For example, our ability to aggregate demand across all three market segments that we serve eliminates our suppliers' need to market fuel to what remains a highly fragmented group of customers. Our ability to purchase aggregated volumes from our suppliers often allows our customers to benefit from the cost savings that we achieve.

## **Recent Developments**

On September 8, 2010, we entered into a third amended and restated credit agreement with certain financial institutions named therein as lenders, and Bank of America, N.A., as administrative agent, which we refer to as the Amended Credit Facility, which amended and restated the terms of our senior revolving credit facility, which we refer to as the Credit Facility. Under the terms of the Amended Credit Facility, the facility size was increased from \$475 million to \$800 million (which, upon our request and subject to the satisfaction of certain conditions, may be increased by an additional amount of up to \$150 million) and the maturity date was

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extended to September 2015. In connection with entering into the Amended Credit Facility, we terminated our \$160 million revolving accounts receivable facility, which we refer to as the Receivable Facility, which was scheduled to mature in September 2010. As of September 10, 2010, we had approximately \$720 million of availability under our Amended Credit Facility.

On August 20, 2010, World Fuel Services, Inc., our wholly-owned subsidiary which we refer to as WFSI, signed a definitive agreement to acquire the capital stock of Western, including the assets comprising Western's wholesale motor fuel distribution business, branded aviation fuel distribution business and wholesale lubricants distribution business. Western, based in Eden Prairie, Minnesota, with 2009 volumes of more than 500 million gallons of gasoline and diesel fuel and approximately 100 million gallons of branded aviation fuel, is one of the nation's largest independently owned petroleum marketing companies. The purchase price for the transaction will be \$95 million and may be increased by up to an additional \$20 million to the extent that Western's net assets exceed an agreed target at closing. Up to \$30 million of the purchase price, and up to \$10 million of the additional purchase price, if payable, may be paid in the form of our common stock and \$12.5 million of the purchase price is payable in the form of a subordinated promissory note. We expect to complete the acquisition in the fourth quarter of 2010.

On July 1, 2010, WFSI completed the acquisition of the Lakeside business, including the assets comprising its wholesale motor fuel distribution business. The Lakeside business, based in Milwaukee, Wisconsin, is primarily an independent distributor of branded and unbranded gasoline and diesel fuel to retail petroleum operators and industrial, commercial and government customers. The estimated aggregate purchase price of the acquired net assets was approximately \$45 million, which is subject to change based on the finalization of the value of certain net assets acquired. Of the estimated aggregate purchase price, \$6.0 million was paid in the form of a subordinated promissory note.

As part of our strategy, we continuously evaluate, and engage in discussions concerning, potential acquisition opportunities. We are currently evaluating a number of such opportunities, including one such opportunity that would expand our aviation fuel business. We have not entered into any definitive agreements concerning any such acquisition, and cannot provide any assurance that we will do so.

**Corporate Information**

World Fuel Services Corporation is a Florida corporation. Our principal executive offices are located at 9800 Northwest 41st Street, Suite 400, Miami, Florida 33178, and our telephone number is (305) 428-8000. Our website can be found at <http://www.wfscorp.com>. Information on our website is not part of, and should not be construed as being incorporated by reference into, this prospectus supplement and the accompanying prospectus.

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**THE OFFERING**

Common stock offered by us	7,570,000 shares
Option to purchase additional shares	The underwriters have an option to purchase a maximum of 1,135,500 additional shares from the company.
Common stock outstanding immediately prior to this offering	59,515,780 shares
Common stock outstanding after this offering	67,085,780 shares
Use of Proceeds	We intend to use the net proceeds of the offering for general corporate purposes. See Use of Proceeds.
Dividend Policy	We expect to pay cash dividends at a rate of approximately \$0.0375 per share per quarter in 2010 on our common stock. We may be restricted from paying dividends by the terms of our Amended Credit Facility or may not achieve sufficient earnings to pay some or any dividends. See Dividend Policy.
Listing	Our common stock is listed on the NYSE under the symbol INT.
Risk Factors	See Risk Factors beginning on page S-10 of this prospectus supplement for a discussion of factors that you should refer to and carefully consider before deciding to invest in our common stock.
The number of shares of common stock that are outstanding immediately prior to and immediately after the offering is based on the number of shares of common stock outstanding as of September 10, 2010 and excludes:	

70,771 shares of common stock subject to outstanding stock options at a weighted average exercise price of \$2.98 per share;

1,502,115 shares of common stock reserved for issuance upon exercise with respect to outstanding stock-settled stock appreciation rights, at a weighted average conversion price of \$17.06 per share;

1,178,430 shares of common stock reserved for issuance with respect to outstanding stock units; and

4,341,580 shares of common stock reserved and available for future issuance under our stock-based compensation plans. Unless we indicate otherwise, all information in this prospectus supplement assumes no exercise of the underwriters' option to purchase additional shares and reflects the two-for-one split of our common stock in December 2009 for shareholders of record as of November 30, 2009.

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**Table of Contents****SUMMARY CONSOLIDATED FINANCIAL DATA**

The summary consolidated financial data presented below as of and for the fiscal years ended December 31, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements and the notes thereto. The summary consolidated financial data as of and for the six months ended June 30, 2009 and 2010 have been derived from our unaudited consolidated financial statements and the notes thereto, and include all adjustments, consisting of normal recurring accruals, that we consider necessary for a fair statement of our financial position and our results of operations for these periods. Data from interim periods are not necessarily indicative of the results to be expected for a full year. This financial data should be read in conjunction with, and is qualified in its entirety by reference to, the information in Selected Consolidated Financial Data, Use of Proceeds, Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, which are incorporated by reference in this prospectus supplement.

	Year ended December 31,			Six months ended June 30,	
	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>	2009 <sup>(3)</sup>	2010
	(in thousands, except per share data)				
Revenue	\$ 13,729,555	\$ 18,509,403	\$ 11,295,177	\$ 4,547,283	\$ 8,315,296
Gross profit	245,272	395,383	375,591	178,903	206,387
Income from operations	85,888	153,740	153,995	69,232	87,189
Net income attributable to World Fuel	\$ 64,773	\$ 105,039	\$ 117,139	\$ 53,572	\$ 70,680
Diluted earnings per share <sup>(4)(5)</sup>	\$ 1.11	\$ 1.80	\$ 1.96	\$ 0.91	\$ 1.17
Diluted weighted average shares <sup>(4)(5)</sup>	58,346	58,244	59,901	59,132	60,646
Cash dividends declared per share <sup>(5)</sup>	\$ 0.075	\$ 0.075	\$ 0.15	\$ 0.075	\$ 0.075
EBITDA <sup>(6)</sup>	\$ 94,828	\$ 161,620	\$ 171,320	\$ 77,812	\$ 96,580

	As of December 31,			As of June 30,	
	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>	2009 <sup>(3)</sup>	2010
Cash, cash equivalents and short-term investments	\$ 44,251	\$ 322,452	\$ 306,943	\$ 366,408	\$ 307,386
Accounts receivable, net	1,370,656	676,100	951,398	763,349	1,115,878
Total current assets	1,665,308	1,172,150	1,463,978	1,286,446	1,655,210
Total assets	1,798,046	1,404,626	1,741,228	1,570,467	1,943,443
Total current liabilities <sup>(4)</sup>	1,230,328	750,787	947,742	846,157	1,088,131
Total long-term liabilities	83,058	45,693	60,237	53,367	54,335
Total shareholders' equity <sup>(4)</sup>	484,660	608,146	733,249	670,943	800,977

- (1) In December 2007, we acquired all of the outstanding stock of each of Kropp Holdings, Inc., and Avcard Services, Ltd., which we collectively refer to as AVCARD. The financial position and results of operations of this acquisition have been included in our consolidated financial statements since December 1, 2007.
- (2) In June 2008, we acquired certain assets of Texor Petroleum Company, Inc., which we refer to as the Texor business. The financial position and results of operations of this acquisition have been included in our consolidated financial statements since June 1, 2008.
- (3) In April 2009, we acquired Henty Oil Limited, Tank and Marine Engineering Limited and Henty Shipping Services Limited, which we collectively refer to as Henty, and certain assets of TGS Petroleum, Inc., which we refer to as the TGS business. The financial position and results of operations of these acquisitions have been included in our consolidated financial statements since April 1, 2009.



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- (4) Certain amounts in prior years have been reclassified to conform to current year's presentation in connection with the adoption of certain new accounting standards in 2009.
- (5) All references to number of shares and per share amounts retroactively reflect the increase in the number of shares as a result of the December 2009 two-for-one stock split.
- (6) EBITDA is defined as net income attributable to World Fuel before interest expense and other financing costs, provision for income taxes and depreciation and amortization. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to EBITDA of other companies. We believe that EBITDA provides information that is useful in evaluating our operating performance because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of acquisitions and capital spending. EBITDA is not a measurement of financial performance under generally accepted accounting principles. It should not be considered in isolation or as a substitute for net income attributable to World Fuel or operating income, or any other measure calculated in accordance with generally accepted accounting principles. The following table sets forth a reconciliation of EBITDA to net income attributable to World Fuel:

	Year ended December 31,			Six months ended	
	2007	2008	2009	June 30, 2009	2010
Net income attributable to World Fuel	\$ 64,773	\$ 105,039	\$ 117,139	\$ 53,572	\$ 70,680
Interest expense and other financing costs	1,919	10,341	4,879	2,547	1,830
Provision for income taxes	21,235	32,370	32,346	13,553	15,446
Depreciation and amortization	6,901	13,870	16,956	8,140	8,624
<b>EBITDA</b>	<b>\$ 94,828</b>	<b>\$ 161,620</b>	<b>\$ 171,320</b>	<b>\$ 77,812</b>	<b>\$ 96,580</b>

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**RISK FACTORS**

*An investment in our common stock involves risks. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. The market or trading price of our common stock could decline due to any of these risks or other factors, and you may lose all or part of your investment.*

**Risks Related to our Business**

**We extend unsecured credit to most of our customers in connection with their purchases of fuel from us, and our business, financial condition and results of operations will be adversely affected if we are unable to collect accounts receivable.**

We extend unsecured credit to most of our customers in connection with their purchases of fuel from us. Our success in attracting customers has been due, in part, to our willingness to extend credit on an unsecured basis to customers that would otherwise be required to prepay or post letters of credit with other suppliers of fuel and related services. While no single customer represents more than 10% of our total consolidated revenue, diversification of credit risk is limited because we sell primarily within the marine, aviation and land transportation industries.

Our exposure to credit losses will depend on the financial condition of our customers and other factors beyond our control, such as deteriorating conditions in the world economy or in the marine, aviation or land transportation industries, political instability, terrorist activities, military action and natural disasters in our market areas. The unprecedented levels of disruption and volatility in the credit and financial markets over the past several years have increased our possible exposure to customer credit risk because it has made it harder for our customers to access sufficient capital to meet their liquidity needs. This market turmoil coupled with a reduction of business activity generally increases our risks related to our status as an unsecured creditor of most of our customers. Credit losses, if significant, would have a material adverse effect on our business, financial condition and results of operations.

**We are exposed to counterparty risk in connection with certain of our contracts. The soundness of our counterparties, which include our customers and suppliers and financial institutions, could adversely affect us.**

We have exposure to the marine, aviation and land fuel industries as well as to our customers and suppliers in those industries. As part of our price risk management services, we offer our customers various pricing structures on future purchases of fuel, as well as derivative products designed to assist our customers in hedging their exposure to fluctuations in fuel prices. For example, in the ordinary course of business we enter into fixed forward pricing contracts with our customers and suppliers under which we agree to sell or purchase, as the case may be, fuel at fixed prices and they agree to purchase or sell, as the case may be, fixed volumes of fuel during the term of the contract. If there is a significant fluctuation in the price of fuel, there is a risk they could decide to, or be forced to, default under their obligations to us. Even if the counterparty to a fixed forward pricing contract does not default, if a customer has agreed to purchase fuel from us at a fixed price and the price of fuel subsequently drops, we will be, in effect, extending unsecured credit to that customer at the time the fuel is purchased. We have credit standards and perform credit evaluations of our customers and suppliers, which are based in part on our credit history with the applicable party. In this difficult economic environment, our credit evaluations may be inaccurate and we cannot assure you that credit performance will not be materially worse than anticipated, and, as a result, materially and adversely affect our business, financial position and results of operations.



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We also use derivatives to hedge certain of our fuel inventories and certain purchase and sale commitments. In connection with these activities, we are exposed to financial risk associated with fluctuations in fuel prices. We typically hedge this risk by entering into commodity-based derivative instruments with financial institution counterparties, such as broker/dealers, commercial banks and investment banks. These transactions are typically done on an unsecured basis. Should any counterparty fail to honor its obligations under our agreements with them, we could sustain significant losses that could have a material adverse effect on our business, financial condition and results of operations.

In addition, the U.S. Senate, U.S. House of Representatives, U.S. Commodity Futures Trading Commission ( CFTC ), the SEC and other U.S. and foreign regulators have considered, and are expected to continue considering, greater regulation of oil, gas and other energy markets. The regulation under consideration includes, among other things, proposed position limits, climate change legislation and legislation that would require the central clearance of over-the-counter derivatives and impose margin requirements on certain market participants. On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law, including Title VII, titled Wall Street Transparency and Accountability Act of 2010 . Among other things, it provides for new federal regulation of the swaps market and gives the CFTC and the SEC broad authority to regulate the swaps market and its principal participants. We are currently evaluating how this legislation will impact our business, but because of the sweeping nature of the changes to be made, as well as the need for clarifying and implementing regulations and/or technical corrections, at this time, we cannot predict whether or how our ability to conduct our business will be impacted. Some of these new regulations could lead to increased costs and liquidity requirements to participants in the swaps market. The timing and scope of this and other regulation is uncertain, but any such regulation could change the efficiency of the derivative markets and the volatility in the commodity and underlying markets and impact our ability to offer derivative and other price management products. Any of the foregoing could have a material adverse effect on our and our customers' respective businesses, financial conditions and results of operations.

**We are exposed to various risks in connection with our use of derivatives.**

We enter into financial derivative contracts in order to mitigate the risk of market price fluctuations in marine, aviation and land fuel, to offer our customers fuel pricing alternatives to meet their needs and to mitigate the risk of fluctuations in foreign currency exchange rates. We also enter into proprietary derivative transactions, primarily intended to capitalize on arbitrage opportunities related to basis or time spreads related to fuel products we sell. The majority of our derivatives are not designated as cash flow hedges for accounting purposes and therefore changes in the fair market value of such derivatives are recognized as a component of revenue or cost of revenue (based on the underlying transaction type) in our consolidated income statement. Our efforts to hedge our exposure to fuel price fluctuations could be ineffective. For example, there currently is no market for aviation jet fuel futures so we enter into hedging transactions with respect to our aviation business by trading in heating oil futures. To the extent the price of aviation jet fuel and heating oil are not correlated, then our attempts to mitigate price risk associated with our aviation business would not be effective. For purposes of hedging, heating oil is not a perfect substitute for aviation jet fuel and short-term significant pricing differences may occur. For example, in the period immediately following Hurricane Katrina in 2005, the price of aviation jet fuel increased substantially while the price of heating oil remained relatively constant. Our hedging activity is in the Level II and Level III categories within the fair value hierarchy set out by accounting guidance for fair value measurements and as such requires a high degree of subjective assessment and judgment by management in connection with determining fair value. In addition, proprietary derivative transactions, by their nature, entail exposure to adverse changes in commodity prices in relation to the proprietary position. Although we have established limits on such exposure, any such adverse changes could result in losses. The risks we face because of our use of financial derivatives have been exacerbated by recent volatility in the financial and other markets. In addition, we may fail to adequately hedge our risks or could otherwise incur losses if our employees fail to comply with our policies and procedures on hedging or proprietary trading, for example by failing to hedge a specific financial risk or to observe limits on exposure, which could subject us to significant financial losses that could have a material adverse effect on our business, financial condition and results of operations.

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### **Changes in the market price of fuel may have a material adverse effect on our business.**

Fuel prices have been extremely volatile in the recent past, are likely to continue to be volatile in the future and depend on factors outside the control of the Company, such as:

expected and actual supply and demand for fuel;

political conditions;

laws and regulations related to environmental matters, including those mandating or incentivizing alternative energy sources or otherwise addressing global climate change;

changes in pricing or production controls by OPEC;

technological advances affecting energy consumption and supply;

energy conservation efforts;

price and availability of alternative fuels; and

weather.

A rapid decline in fuel prices could cause our inventory value to be higher than markets resulting in our inventory being marked down to market or the inventory itself sold at lower prices. If fuel prices increase, our customers may not be able to purchase as much fuel from us because of their credit limits, which could also adversely impact their businesses sufficiently to cause them to be unable to make payments owed to us for fuel we permitted them to purchase on credit. They may also choose to reduce the amount of fuel they consume in their operations to reduce costs or to otherwise comply with new environmental regulations to obtain incentives associated therewith. There would be no assurance that the volume of orders from our customers would increase again or that we would be able to replace lost volumes with new customers. In addition, if fuel prices increase, our own credit limits could prevent us from purchasing enough fuel from our suppliers to meet our customers' demands or could require us to use so much cash for fuel purchases as to impair our liquidity.

We maintain fuel inventories for competitive reasons. Because fuel is a commodity, we have no control over the changing market value of our inventory. Our inventory is valued using the average cost methodology and is stated at the lower of average cost or market. Accordingly, if the market value of our inventory was less than our average cost, we would record a write-down of inventory and a non-cash charge to cost of revenue. In addition, we may not be able to sell our inventory at the market value or average cost reflected in our financial statements at any given time.

### **Economic, political and other risks associated with international sales and operations could adversely affect our business and future operating results.**

Because we resell fuel worldwide, our business is subject to risks associated with doing business internationally. Our business and future operating results could be harmed by a variety of factors, including:

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trade protection measures and import or export licensing requirements, which could increase our costs of doing business internationally;

the costs of hiring and retaining senior management for overseas operations;

difficulty in staffing and managing widespread operations, which could reduce our productivity;

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unexpected changes in regulatory requirements, which may be costly and require significant time to implement;

laws restricting us from redeploying profits earned from our activities within foreign countries, including the payment of distributions;

political risks specific to foreign jurisdictions; and

terrorism, war, civil unrest and natural disasters.

In particular, we operate in emerging markets, such as Russia and certain countries in Asia and Latin America, which have been plagued by corruption and have uncertain regulatory environments, both of which could have a negative impact on our operations there. Many countries in which we operate historically have been and may continue to be susceptible to recessions or currency devaluation.

### **Fluctuations in foreign exchange rates could materially affect our reported results.**

The majority of our business transactions are denominated in U.S. dollars. However, in certain markets, payments to some of our fuel suppliers and from some of our customers are denominated in local currency. We also have certain liabilities primarily for local operations, including income and transactional taxes, which are denominated in foreign currencies. This subjects us to foreign currency exchange risk. Although we use hedging strategies to manage and minimize the impact of foreign currency exchange risk, at any given time, only a portion of such risk may be hedged and such risk may be substantial. As a result, fluctuations in foreign exchange rates could adversely affect our profitability.

In addition, many of our customers are foreign customers and may be required to purchase U.S. dollars to pay for our products and services. A rapid depreciation or devaluation in 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 increase our credit losses and could adversely affect our business, financial condition and results of operations.

### **Third parties who fail to provide contracted services to us and our customers could harm our business.**

We use third parties to provide various services to our customers, including into-plane fueling at airports, fueling of vessels in port and at sea and delivering land-based fuel. The failure of these third parties to perform these services in accordance with contractual terms for any reason, such as an interruption of their business because of weather, environmental or labor difficulties or political unrest, could affect our relationships with our customers and subject us to claims and other liabilities which might have a material adverse effect on our business, financial condition and results of operations.

To the extent that we use third parties in our operations in emerging markets, we are also subject to the risk that we could be held accountable for the failure of these third parties to comply with the laws and regulations of the U.S. government and various international jurisdictions.

### **If the fuel we purchase from our suppliers fails to meet our contractual specifications we have agreed to supply to our customers, our business could be adversely affected.**

We purchase the fuel we resell from various suppliers. If the fuel we resell fails to meet the specifications we have agreed to with customers, our relationship with our customers could be adversely affected and we could be subject to claims and other liabilities that could have a material adverse effect on our business, financial condition and results of operations. Although in most cases we have recourse against our suppliers for fuel which fails to meet contractual specifications, such recourse cannot be assured.

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### **Non-performance of suppliers on their sale commitments or customers on their purchase commitments could disrupt our business.**

We enter into sale and purchase agreements with customers and suppliers for fuel at fixed prices. To the extent either a customer or supplier fails to perform on their commitment, we may be required to sell or purchase the fuel at prevailing market prices, which could be significantly different than the fixed price within the sale and purchase agreements and therefore significant differences in these prices could cause losses that have a material adverse effect on our business, financial condition and results of operations.

### **Material disruptions in the availability or supply of fuel would adversely affect our business.**

The success of our business depends on our ability to purchase, sell and coordinate delivery of fuel and fuel-related services to our customers. Our business would be adversely affected to the extent that political instability, natural disasters, terrorist activity, military action or other conditions disrupt the availability or supply of fuel. In addition, we rely on a single or limited number of suppliers for the provision of fuel and related services in certain markets. These parties may have significant negotiation leverage over us, so should they be unable or unwilling to supply us on commercially reasonable terms, our business would be adversely affected.

### **Adverse conditions in the marine, aviation and land transportation industries may have an adverse effect on our business.**

Our business is focused on the marketing of fuel and fuel-related services to the marine, aviation and land transportation industries. Therefore, any adverse economic conditions in these industries may have an adverse effect on our business. Recently, the aviation industry has experienced a decline in passenger traffic and the marine industry has witnessed a slowdown in shipping, in both cases as a result of the deterioration of the global economy. In addition, any political instability, natural disasters, terrorist activity or military action that disrupts shipping, flight operations or land transportation will adversely affect our customers and may reduce the demand for our products and services. Our business could also be adversely affected by increased merger activity in the marine, aviation or land transportation industries, which may reduce the number of customers that purchase our products and services, as well as the prices we are able to charge for such products and services.

In addition, the marine, aviation and land transportation industries are subject to laws and regulations related to environmental matters, including those mandating or incentivizing alternative energy sources or otherwise addressing global climate change, which may reduce the demand for our products and services. The scientific community, led largely by the Intergovernmental Panel on Climate Change, has provided scientific evidence that human activity, and particularly the combustion of fossil fuels, has increased the levels of greenhouse gases, which we refer to as GHGs, in the atmosphere and contributed to observed changes in the global climate system. These findings have led to proposals for substantial transformation of the world's energy production and transportation systems in order to slow, and ultimately reduce, the production of CO<sub>2</sub> and other GHG emissions sufficiently to reduce their atmospheric concentrations. As a result, our customers could be required to purchase allowances or offsets to emit GHGs or other regulated pollutants or to pay taxes on such emissions. The ultimate legislation and regulations that result from these activities could have a material impact on our business and on the businesses of our customers.

### **Insurance coverage for some of our operations may be insufficient to cover losses.**

We do not maintain insurance coverage for various risks, such as the acts or omissions of our subcontractors and war and terrorism. Even if we are faced with a liability in connection with which we do maintain insurance, our insurance coverage may be inadequate, such as with environmental claims. Also, if we take, or fail to take, certain actions, our insurance carriers may refuse to pay particular claims. If the cost of insurance increases, we may decide to discontinue certain insurance coverage or reduce our level of coverage to offset the cost increase. In addition, insurance coverage that we currently have could become difficult or impossible to obtain in the future.

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### **Our failure to comply with the restrictions of our Amended Credit Facility could adversely affect our operating flexibility.**

We have the ability to borrow money pursuant to an Amended Credit Facility that imposes certain operating and financial covenants on us, such as limiting or prohibiting our ability to pay dividends, incur additional debt, create liens, make restricted payments, sell assets or engage in mergers or acquisitions. Our failure to comply with obligations under the Amended Credit Facility, including meeting certain financial ratios, could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the Amended Credit Facility, could trigger cross-defaults under other agreements to which we are a party, such as certain derivatives contracts and promissory notes issued in connection with acquisitions, and would impair our ability to obtain working capital advances and letters of credit, any of which could have a material adverse effect on our business, financial condition and results of operations.

### **Our cash equivalents and investments are subject to risks which may cause illiquidity and losses from declines in value.**

Our cash equivalents, principally consisting of overnight investments, bank money market accounts, bank time deposits, money market mutual funds, investment grade commercial paper and investments, are subject to credit, liquidity, market and interest rate risk, which have all been exacerbated recently due to the unprecedented volatility of the capital markets. Adverse changes to these risks have resulted, and could further result, in the decline of the fair value of our cash equivalents and investments and could materially affect our financial condition, results of operations, and cash flows.

### **Our business is dependent on the ability to obtain financing to meet our capital requirements and fund our future growth, which may be particularly difficult to obtain because of the recent tightening and volatility of the credit and capital markets.**

We rely on credit arrangements with banks, suppliers and other parties as a significant source of liquidity for capital requirements not satisfied by operating cash flow. Over the last several years there has been a substantial tightening of the global credit markets, which, along with our then-current financial condition and the restrictions in our existing debt agreements, could affect our ability to obtain credit as and when we need it on commercially reasonable terms or at all and, consequently, could have a negative impact on our future development and growth. If we are unable to obtain debt financing and instead raise capital through an equity issuance, existing shareholders would be diluted. Even if we are able to obtain debt financing, the restrictions creditors place on our operations and our increased interest expense and leverage could limit our ability to grow.

### **If we are unable to retain our senior management and key employees, our business and results of operations could be harmed.**

Our ability to maintain our competitive position is largely dependent on the services of our senior management and professional team. Although we have employment agreements with certain of our key executive officers, the employment agreements do not prevent those officers from ceasing their employment with us at any time. If we are unable to retain existing senior management and professional personnel, or to attract other qualified senior management and professional personnel on terms satisfactory to us, our business will be adversely affected. While we maintain key man life insurance with respect to certain members of our senior management, our coverage levels may not be sufficient to offset any losses we may suffer as a result of departing officers, and there is no assurance that we will continue to maintain key man life insurance in the future.

### **Businesses we have acquired or may acquire in the future as well as strategic investments will expose us to increased operating risks.**

As part of our growth strategy, we have been acquisitive and intend to continue to explore acquisition opportunities of fuel resellers and other related service businesses. For example, we purchased Henty and the

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TGS business in April 2009 and the Lakeside business in July 2010. We cannot provide any assurance that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms or that we will be able to finance acquisitions on economically acceptable terms. Even if we are able to acquire new businesses in the future, these acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or potentially dilutive issuances of equity securities and may affect the market price of our common stock, inhibit our ability to pay dividends or restrict our operations.

These investments could expose us to additional business and operating risks and uncertainties, including:

the ability to effectively integrate and manage acquired businesses or strategic investments, while maintaining uniform standards and controls;

the ability to realize our investment and anticipated synergies in the acquired businesses or strategic investments;

the diversion of management's time and attention from other business concerns, the potentially negative impact of changes in management on existing business relationships and other disruptions of our business;

the risk of entering markets in which we may have no or limited direct prior experience;

the potential loss of key employees, customers or suppliers of the acquired businesses;

the requirement to write-down acquired assets as a result of the acquired business being worth less than we paid for it;

additional capital expenditure requirements;

the risk that an acquisition or strategic investment could reduce our future earnings; and

the assumption of material liabilities, exposure to unknown liabilities, and no or limited indemnities.

### **Changes in U.S. or foreign tax laws could adversely affect our business and future operating results.**

We are affected by various U.S. and foreign taxes imposed on the purchase and sale of marine, aviation and land fuel products. These taxes include sales, excise, GST, VAT, and other taxes. Changes in U.S. and foreign tax laws or our failure to comply with those tax laws could adversely affect our business and operating results.

### **Our international operations require us to comply with applicable U.S. and international laws and regulations.**

Doing business on a worldwide basis requires the Company and its subsidiaries to comply with the laws and regulations of the U.S. government and various international jurisdictions. These regulations place restrictions on our operations, trade practices and partners and investment decisions. In particular, our international operations are subject to U.S. and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act (FCPA), and economic sanction programs administered by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). The FCPA prohibits us from providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business. As part of our business, we regularly deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, some of the international locations in which





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we operate lack a developed legal system and have higher than normal levels of corruption. Economic sanctions programs restrict our business dealings with certain countries and individuals. From time to time, certain of our subsidiaries have had limited business dealings in countries subject to comprehensive OFAC-administered sanctions, specifically Cuba, Iran and Sudan. These business dealings, which represent an insignificant amount of our consolidated revenues and income, generally consist of the purchase of overflight permits and the provision of flight support and fuel services pursuant to licenses issued by OFAC or as otherwise permitted by U.S. sanctions regulations. As a result of the above activities, we are exposed to a heightened risk of violating anti-corruption laws and OFAC regulations. Violations of these regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment.

We have established policies and procedures designed to assist the Company's and its personnel's compliance with applicable U.S. and international laws and regulations. However, there can be no assurance that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage, and such a violation could adversely affect our reputation, business, financial condition and results of operations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, which could adversely affect the market for our securities.

On April 19, 2009, we received an administrative subpoena from the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) requesting information regarding transactions that the Company has conducted involving Cuba since April 1, 2004. Upon receipt of this subpoena, we initiated an internal review to identify transactions involving Cuba, and we voluntarily expanded the scope of this review to include transactions involving Iran and Sudan. On December 8, 2009, we received a separate administrative subpoena from OFAC requesting information regarding the Company's transactions involving Sudanese overflight payments since June 30, 2008. We responded to both subpoenas and identified certain transactions that may have resulted in violations of U.S. sanctions regulations or our OFAC-issued licenses, including the failure to make certain periodic reports as required by our OFAC-issued licenses and a small number of sanctioned country-related transactions which took place after one of our licenses had expired. In our responses to OFAC, we noted that the transactions we identified as potential violations resulted in very small amounts of revenue to us, and that we intend to take certain remedial actions to further strengthen our compliance related policies and procedures. Nevertheless, should OFAC determine that these activities constituted violations of U.S. sanctions regulations, civil penalties, including fines, could be assessed against the Company. Additionally, in the course of its ongoing review, OFAC could request additional information from us, in the form of additional subpoenas or otherwise, and we intend to fully cooperate with any such additional subpoenas or requests. We cannot predict the ultimate outcome of the OFAC review, the total costs to be incurred in response to this review, the potential impact on our personnel, the effect of implementing any further measures that may be necessary to ensure full compliance with U.S. sanctions regulations or to what extent, if at all, we could be subject to fines, sanctions or other penalties.

### **We face intense competition and, if we are not able to effectively compete in our markets, our revenues and profits may decrease.**

Competitive pressures in our markets could adversely affect our competitive position, leading to a possible loss of market share or a decrease in prices, either of which could result in decreased revenues and profits. 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, we also compete with the major oil producers that market fuel directly to the large commercial airlines, shipping companies and petroleum distributors operating in the land transportation market. Our business could be adversely affected because of increased competition from these oil companies, who may choose to increase their direct marketing or provide less advantageous price and credit terms to us than to our fuel reseller competitors.

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### **If we fail to comply with environmental laws and other government regulations applicable to our operations, we could suffer penalties or costs that could have a material adverse effect on our business.**

We are required to comply with extensive and complex environmental laws and other regulations at the international, federal, state and local government levels relating to, among other things:

the handling of fuel and fuel products;

the operation of fuel storage and distribution facilities;

workplace safety;

fuel spillage or seepage;

environmental damage; and

hazardous waste disposal.

If we should fail to comply with these laws and other regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

If we are involved in a spill, leak, fire, explosion or other accident involving hazardous substances or if there are releases of fuel or fuel products we own, our operations could be disrupted and we could be subject to material liabilities, such as the cost of investigating and remediating contaminated properties or claims by customers, employees or others who may have been injured, or whose property may have been damaged. These liabilities could have a material adverse effect on our business, financial condition and results of operations. Some environmental laws impose strict liability, which means we could have liability without regard to whether we were negligent or at fault.

In addition, compliance with existing and future environmental laws regulating fuel storage terminals, fuel delivery vessels and barges and underground storage tanks that we own or operate may require significant capital expenditures and increased operating and maintenance costs. The remediation and other costs required to clean up or treat contaminated sites could be substantial.

### **Our fuel storage and vessel and barge operations have inherent risks that could negatively impact our results of operations and financial condition.**

Operating fuel storage terminals and fuel delivery vessels and barges carries with it the inherent risks of oil spills and other environmental mishaps, fires, collisions and other catastrophic disasters, loss of life, severe damage to and destruction of property and equipment, loss of product and business interruption. Damage arising from such occurrences may result in third party lawsuits asserting large claims. We maintain insurance to mitigate these costs, but there can be no assurance that our insurance would be sufficient to cover the liabilities suffered by us from the occurrence of one or more of the risks described above. Further, if we are negligent or otherwise responsible in connection with any such event, our insurance may not cover our claim. Any of these occurrences, and any resulting media coverage, could have a material adverse effect on our stock price and on our business, results of operations, cash flows and financial condition.

### **If we are held liable for clean up and other costs related to several businesses we exited, which handled hazardous and non-hazardous waste, such liability could adversely affect our business and financial condition.**

We have exited several businesses, such as the waste management and remediation services business, that handled hazardous and non-hazardous waste. We treated and/or transported this waste to various disposal



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facilities in the United States. We have been sued in the past and may be sued in the future as a potentially responsible party for the clean up of such disposal facilities and may be held liable for these and other clean up costs pursuant to U.S. federal and state laws and regulations. In addition, under these laws and regulations, we may be required to clean up facilities previously operated by us.

### **Our operations may be adversely affected by competition from other energy sources.**

Fuel competes with other sources of energy, some of which are less costly on an equivalent energy basis. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations.

### **Current and future litigation could have an adverse effect on the Company.**

The Company is currently involved in certain legal proceedings in the ordinary course of its business. Lawsuits and other legal proceedings can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Although insurance is maintained to mitigate these costs, there can be no assurance that costs associated with lawsuits or other legal proceedings will not exceed the limits of insurance policies. The Company's results of operations could be adversely affected if a judgment, penalty or fine is not fully covered by insurance.

### **We are exposed to risks from legislation requiring companies to have adequate internal controls over financial reporting and to evaluate those internal controls.**

Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to assess, and our independent registered public accounting firm to attest to, the effectiveness of our internal control structure and procedures for financial reporting. We completed an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2009, and we have an ongoing program to perform the system and process evaluation and testing necessary to continue to comply with these requirements. Our expansive international operations exacerbate the risks associated with the need to maintain effective internal controls. Accordingly, we expect to continue to incur increased expense and to devote additional management resources to Section 404 compliance. In the event that our chief executive officer, chief financial officer or independent registered public accounting firm determines that our internal control over financial reporting is not effective as defined under Section 404, investor perceptions and our reputation may be adversely affected and the market price of our stock could decline. Moreover, even if we and our auditors do not identify any concerns about our internal control system, it may not prevent all potential errors or fraud.

### **An increase in interest rates may cause the market price of our common stock to decline.**

Like all equity investments, an investment in our common stock is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly traded corporate interests. Reduced demand for our common stock resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common stock to decline.

### **Failure to comply with state laws regulating the sale of alcohol and tobacco products in our convenience stores may result in the loss of necessary licenses and the imposition of penalties on us, which could have an adverse effect on our business.**

State laws regulate the sale of alcohol and tobacco products in our convenience stores. A violation or change of these laws could adversely affect our business, financial condition and results of operations because

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state and local regulatory agencies have the power to approve, revoke, suspend or deny applications for, and renewals of, permits and licenses relating to the sale of these products or to seek other remedies.

### **Risks Related to the Offering**

#### **We may invest or spend the proceeds of this offering in ways with which you may not agree.**

We have broad discretion in the way we invest or spend the proceeds of this offering. We intend to use the proceeds from this offering for general corporate purposes, which may include future acquisitions, capital expenditures and working capital. Because of the number and variability of factors that determine our use of offering proceeds, the actual uses may vary substantially from our current intentions to use net proceeds from this offering as described in Use of proceeds.

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

We currently intend to pay regular cash dividends on a quarterly basis in 2010, but may be restricted from doing so by the terms of our Amended Credit Facility or may not achieve sufficient earnings to pay some or any dividends. The amount of cash we have available for distribution depends primarily on our cash flow, and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

#### **Provisions of our charter documents and Florida law may delay or prevent our acquisition by a third party.**

Certain provisions of our Restated Articles of Incorporation and Amended and Restated By-Laws or Florida law could discourage unsolicited proposals to acquire us, even though such proposals may be beneficial to you. These provisions include:

our board's authorization to issue preferred shares on terms the board determines in its discretion without shareholder approval;

a prohibition on cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of our outstanding stock to elect director candidates;

restrictions on who can call a special meeting of shareholders; and

provisions of Florida law that restrict certain business combinations.

We are subject to the provisions of the Affiliated Transactions section of the Florida Business Corporation Act, which could prevent us from engaging in a business combination with a 10% or greater shareholder unless appropriate disinterested director or shareholder approval is obtained, and the Control Share Acquisitions section of the Florida Business Corporation Act, which could prohibit a 20% or greater shareholder from voting his, her or its shares unless appropriate director or disinterested shareholder approval is obtained.

#### **Our stock price may be highly volatile, which could lead to a loss of all or part of your investment.**

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

fluctuations in interest rates;

fluctuations in the availability or the price of oil;



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fluctuations in foreign currency exchange rates;

announcements by us or our competitors;

strategic transactions by us or our competitors, such as acquisition and divestitures;

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;

the loss of any of our key management personnel;

general global macroeconomic conditions; and

economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

In addition, in recent years, the global equity markets have experienced substantial 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 stock, regardless of our operating performance. In the past, securities class action litigation has often been brought against companies that experience volatility in the market price of their securities. Whether or not meritorious, litigation brought against us could result in substantial costs and a diversion of management's attention and resources.

**Future sales of our common stock may cause our share price to decline.**

We may, in the future, sell additional common stock in subsequent public offerings and may also issue additional common stock to finance future acquisitions. Our common stock is also available for future sale pursuant to stock options that we have granted to our employees. Sales of substantial amounts of our common stock, or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock and could impair our ability to raise capital through future offerings.

We, our directors and our executive officers have agreed, with certain exceptions, not to sell or otherwise transfer any shares of our common stock for 90 days, 75 days and 75 days, respectively, after the date of this prospectus, without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, on behalf of the underwriters. With this consent, we and our directors and executive officers may sell shares before the expiration of such 90-day, 75-day and 75-day periods without prior notice to our other shareholders or to any public market in which our common stock trades. Such sales may adversely affect prevailing market prices for our common stock.





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**USE OF PROCEEDS**

We estimate that we will receive net proceeds of approximately \$190.1 million (based on an assumed public offering price of \$26.42 per share) from the sale of shares of our common stock by us in this offering after deducting underwriting discounts, commissions and estimated offering expenses.

We intend to use the net proceeds to us from this offering for working capital and general corporate purposes, including potential acquisitions and other strategic investments. We regularly evaluate acquisition opportunities for complementary businesses. As of the date hereof, we have signed a definitive agreement with Western. The purchase price for the transaction will be \$95 million and may be increased by up to an additional \$20 million to the extent that Western's net assets exceed an agreed target at closing. Up to \$30 million of the purchase price, and up to \$10 million of the additional purchase price, if payable, may be paid in the form of our common stock and \$12.5 million of the purchase price is payable in the form of a subordinated promissory note.

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**Table of Contents****PRICE RANGE OF COMMON STOCK**

Our common stock has been publicly traded since 1986. Shares of our common stock are listed on the New York Stock Exchange and trade under the symbol INT.

The following table sets forth the reported high and low closing sale prices per share of our common stock on the New York Stock Exchange for the periods indicated. In November 2009, we announced a two-for-one split of our common stock. The additional shares issued pursuant to the stock split were distributed in December 2009 to shareholders of record on November 30, 2009. The share prices listed below have been adjusted to reflect the stock split.

	<b>High</b>	<b>Low</b>
<b>Fiscal year 2010:</b>		
First quarter	\$ 29.07	\$ 22.68
Second quarter	30.32	24.03
Third quarter (through September 10, 2010)	28.99	24.14
<b>Fiscal year 2009:</b>		
First quarter	\$ 18.38	\$ 13.08
Second quarter	23.91	15.43
Third quarter	25.23	18.62
Fourth quarter	27.58	23.23
<b>Fiscal year 2008:</b>		
First quarter	\$ 15.64	\$ 12.21
Second quarter	15.86	10.60
Third quarter	14.88	9.79
Fourth quarter	19.23	7.81

On September 10, 2010, the last reported sale price of our common stock was \$26.42.

As of September 10, 2010, there were 230 holders of record of our common stock.

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**DIVIDEND POLICY**

We paid quarterly cash dividends on our common stock of \$0.0375 per share for the first two quarters of 2010 and 2009 and \$0.0188 per share for 2008 and 2007, as adjusted for the December 2009 two-for-one stock split.

Our current dividend policy anticipates the payment of \$0.0375 per share per quarter in 2010 on our common stock. Our Amended Credit Facility limits the payment of cash dividends and other distributions on our common stock. Pursuant to the Amended Credit Facility, subject to certain exceptions, we may not make dividend payments or other distributions that, in the aggregate, exceed the sum of (i) \$50 million, plus (ii) (beginning with the fiscal year ending December 31, 2011) 50% of consolidated net income calculated quarterly for the previous four fiscal quarters (beginning with the fiscal year ended December 31, 2010), plus (iii) 100% of the net proceeds of any equity issuances made after the closing of the Amended Credit Facility. For further information about our dividend policy and our ability to pay dividends, see Risk Factors Risks Related to the Offering We may not achieve sufficient earnings to pay dividends to our shareholders.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2010, on an actual basis and on an as adjusted basis to give effect to the issuance and sale by us of shares of our common stock in this offering at an assumed offering price of \$26.42 per share, less the estimated underwriting discounts, commissions and offering expenses.

You should read this table in conjunction with, and this table is qualified in its entirety by reference to, the sections in this prospectus entitled Summary Consolidated Financial Data, Use of Proceeds, Selected Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the notes thereto incorporated by reference in this prospectus.

	<b>As of June 30, 2010</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(unaudited) (unaudited)</b>	
	<b>(in thousands)</b>	
Cash and cash equivalents	\$ 297,386	\$ 487,485
Short-term debt	\$ 6,259	\$ 6,259
Long-term debt	4,728	4,728
Total debt	10,987	10,987
Shareholders' equity		
Preferred Stock, \$1.00 par value; 100,000 shares authorized, none issued		
Common Stock, \$0.01 par value, 100,000,000 shares authorized, 59,514,228 shares issued and outstanding, actual; 67,084,228 shares issued and outstanding, as adjusted	595	671
Capital in excess of par value	215,822	405,845
Retained Earnings	581,441	581,441
Accumulated other comprehensive income	2,680	2,680
Noncontrolling interest	439	439
Total Shareholders' equity	800,977	991,076
Total Capitalization	\$ 811,964	\$ 1,002,063

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL DATA**

The selected consolidated financial data presented below as of and for the fiscal years ended December 31, 2005, 2006, 2007, 2008 and 2009 have been derived from our audited consolidated financial statements and the notes thereto. The selected consolidated financial data as of and for the six months ended June 30, 2009 and 2010 have been derived from our unaudited consolidated financial statements and the notes thereto, and include all adjustments, consisting of normal recurring accruals, that we consider necessary for a fair statement of our financial position and our results of operations for these periods. Data from interim periods are not necessarily indicative of the results to be expected for a full year. This financial data should be read in conjunction with, and is qualified in its entirety by reference to, the information in Summary Consolidated Financial Data, Use of Proceeds, Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010, which are incorporated by reference in this prospectus supplement.

	Year ended December 31,					Six months ended	
	2005	2006	2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>	2009 <sup>(3)</sup>	2010
	(in thousands, except per share data)						
Revenue	\$ 8,733,947	\$ 10,785,136	\$ 13,729,555	\$ 18,509,403	\$ 11,295,177	\$ 4,547,283	\$ 8,315,296
Cost of revenue	8,555,283	10,571,067	13,484,283	18,114,020	10,919,586	4,368,380	8,108,909
Gross profit	178,664	214,069	245,272	395,383	375,591	178,903	206,387
Operating expenses <sup>(4)</sup>	122,044	137,423	159,384	241,643	221,596	109,671	119,198
Income from operations	56,620	76,646	85,888	153,740	153,995	69,232	87,189
Non-operating expense (income), net	792	(4,753)	(698)	16,165	4,086	1,917	852
Income before taxes	55,828	81,399	86,586	137,575	149,909	67,315	86,337
Provision for income taxes	15,475	17,353	21,235	32,370	32,346	13,553	15,446
Net income including noncontrolling interest	40,353	\$ 64,046	65,351	105,205	117,563	53,762	70,891
Less: net income attributable to noncontrolling interest	744	98	578	166	424	190	211
Net income attributable to World Fuel	\$ 39,609	\$ 63,948	\$ 64,773	\$ 105,039	\$ 117,139	\$ 53,572	\$ 70,680
Basic earnings per share <sup>(5)(6)</sup>	\$ 0.82	\$ 1.15	\$ 1.14	\$ 1.82	\$ 1.99	\$ 0.91	\$ 1.19
Basic weighted average shares <sup>(5)(6)</sup>	48,327	55,710	56,853	57,707	59,003	58,586	59,371
Diluted earnings per share <sup>(5)(6)</sup>	\$ 0.79	\$ 1.12	\$ 1.11	\$ 1.80	\$ 1.96	\$ 0.91	\$ 1.17
Diluted weighted average shares <sup>(5)(6)</sup>	50,428	56,870	58,346	58,244	59,901	59,132	60,646
Cash dividends declared per share <sup>(6)</sup>	\$ 0.075	\$ 0.075	\$ 0.075	\$ 0.075	\$ 0.15	\$ 0.075	\$ 0.075
EBITDA <sup>(8)</sup>	\$ 62,340	\$ 88,403	\$ 94,828	\$ 161,620	\$ 171,320	\$ 77,812	\$ 96,580

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	2005 <sup>(7)</sup>	2006	As of December 31,			As of June 30,	
			2007 <sup>(1)</sup>	2008 <sup>(2)</sup>	2009 <sup>(3)</sup>	2009 <sup>(3)</sup>	2010
(in thousands, except per share data)							
Cash, cash equivalents and short-term investments	\$ 143,284	\$ 188,995	\$ 44,251	\$ 322,452	\$ 306,943	\$ 366,408	\$ 307,386
Accounts receivable, net	689,605	860,084	1,370,656	676,100	951,398	763,349	1,115,878
Total current assets	948,310	1,196,091	1,665,308	1,172,150	1,463,978	1,286,446	1,655,210
Total assets	1,014,001	1,277,400	1,798,046	1,404,626	1,741,228	1,570,467	1,943,443
Total current liabilities <sup>(5)</sup>	634,613	826,130	1,230,328	750,787	947,742	846,157	1,088,131
Total long-term liabilities	25,098	24,670	83,058	45,693	60,237	53,367	54,335
Total shareholders' equity <sup>(5)</sup>	354,290	426,600	484,660	608,146	733,249	670,943	800,977

- (1) In December 2007, we acquired all of the outstanding stock of AVCARD. The financial position and results of operations of this acquisition have been included in our consolidated financial statements since December 1, 2007.
- (2) In June 2008, we acquired the Texor business. The financial position and results of operations of this acquisition have been included in our consolidated financial statements since June 1, 2008.
- (3) In April 2009, we acquired Henty and the TGS business. The financial position and results of operations of these acquisitions have been included in our consolidated financial statements since April 1, 2009.
- (4) Included in operating expenses are total compensation costs associated with share-based payment awards of \$7.2 million, \$14.7 million (including special bonus awards of \$4.5 million, which were settled in our common stock in 2009) and \$6.5 million for each of 2007, 2008 and 2009, respectively.
- (5) Certain amounts in prior years have been reclassified to conform to current year's presentation in connection with the adoption of certain new accounting standards in 2009.
- (6) All references to number of shares and per share amounts retroactively reflect the increase in the number of shares as a result of the December 2009 two-for-one stock split.
- (7) In September 2005, we completed a public offering of 8,223,000 shares of our common stock at a price of \$15.50 per share. We received net proceeds of \$120.3 million from the offering, after deducting \$6.4 million in commissions paid to the underwriters and \$0.8 million in other expenses incurred in connection with the offering, which was recorded as an increase in shareholders' equity.
- (8) EBITDA is defined as net income attributable to World Fuel before interest expense and other financing costs, provision for income taxes and depreciation and amortization. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to EBITDA of other companies. We believe that EBITDA provides information that is useful in evaluating our operating performance because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of acquisitions and capital spending. EBITDA is not a measurement of financial performance under generally accepted accounting principles. It should not be considered in isolation or as a substitute for net income attributable to World Fuel or operating income, or any other measure calculated in accordance with generally accepted accounting principles. The following table sets forth a reconciliation of EBITDA to net income attributable to World Fuel:

	Year ended December 31,					Six months ended	
	2005	2006	2007	2008	2009	2009	2010
Net income attributable to World Fuel	\$ 39,609	\$ 63,948	\$ 64,773	\$ 105,039	\$ 117,139	\$ 53,572	\$ 70,680
Interest expense and other financing costs	3,430	2,236	1,919	10,341	4,879	2,547	1,830
Provision for income taxes	15,475	17,353	21,235	32,370	32,346	13,553	15,446
Depreciation and amortization	3,826	4,866	6,901	13,870	16,956	8,140	8,624
EBITDA	\$ 62,340	\$ 88,403	\$ 94,828	\$ 161,620	\$ 171,320	\$ 77,812	\$ 96,580

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

*You should read the following discussion and analysis together with Selected Consolidated Financial Data and our consolidated financial statements and related notes incorporated by reference in this prospectus. The following discussion may contain forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. The cautionary statements made, or incorporated by reference, in this prospectus supplement should be read as applying to all related forward-looking statements whenever they appear, or are incorporated by reference, in this prospectus supplement. Our actual results may differ materially from those currently anticipated and expressed in such forward-looking statements as a result of a number of factors, including those we discuss herein under Risk Factors and those appearing elsewhere in this prospectus supplement or otherwise incorporated herein by reference. You should read Risk Factors and Forward-Looking Statements. Certain amounts in prior periods have been reclassified to conform to the current period's presentation in connection with the adoption of certain new accounting standards in 2009. All references to the number of shares and per share amounts retroactively reflect the increase in the number of shares as a result of the December 2009 two-for-one stock split.*

**Overview**

We are a leading global fuel logistics company, principally engaged in the marketing, sale and distribution of marine, aviation and land fuel products and related services on a worldwide basis. We compete by providing our customers value-added benefits, including single-supplier convenience, competitive pricing, the availability of trade credit, price risk management, logistical support, fuel quality control and fuel procurement outsourcing. We have three reportable operating business segments: marine, aviation and land. We primarily contract with third parties for the delivery and storage of fuel products and in some cases own storage and transportation assets for strategic purposes. In our marine segment, we offer fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines and time-charter operators, as well as to the U.S. and foreign governments. In our aviation segment, we offer fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low cost carriers, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments, and we also offer a private label charge card used to purchase aviation fuel and related services. In our land segment, we offer fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial and government customers.

In our marine segment, we primarily purchase and resell fuel and also act as brokers for others. Profit from our marine segment is determined primarily by the volume and gross profit achieved on fuel resales and by the volume and commission rate of the brokering business. In our aviation and land segments, we primarily purchase and resell fuel, and we do not act as brokers. Profit from our aviation and land segments is primarily determined by the volume and the gross profit achieved on fuel resales, and in the case of the aviation segment, a percentage of processed charge card revenue. Our profitability in our segments also depends on our operating expenses, which may be significantly affected to the extent that we are required to provide for potential bad debt.

Our revenue and cost of revenue are significantly impacted by world oil prices, as evidenced in part by our revenue and cost of revenue fluctuations in recent fiscal years, while our gross profit is not necessarily impacted by changes in world oil prices. However, due to our inventory average costing methodology, significant movements in fuel prices during any given financial period can have a significant impact on our gross profit, either positively or negatively depending on the direction, volatility and timing of such price movements.

We may experience decreases in future sales volumes and margins as a result of the ongoing deterioration in the world economy, transportation industry, natural disasters and continued conflicts and instability in the Middle East, Asia and Latin America, as well as potential future terrorist activities and possible military retaliation. In addition, because fuel costs represent a significant part of our customers' operating

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expenses, volatile and/or high fuel prices can adversely affect our customers' businesses, and consequently the demand for our services and our results of operations. Our hedging activities may not be effective to mitigate volatile fuel prices and may expose us to counterparty risk. See the Risk Factors section of this prospectus.

**Reportable segments**

We have three reportable operating segments: marine, aviation and land. Corporate expenses are allocated to the segment based on usage, where possible, or on other factors according to the nature of the activity. We evaluate and manage our business segments using the performance measurement of income from operations.

The following table provides the contribution percentage of each of our three reportable operating businesses on our total revenue and our operating income (before corporate overhead) for each of the periods presented in the accompanying consolidated statements of income:

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
<b>Revenue:</b>					
Marine segment	56%	54%	53%	55%	53%
Aviation segment	40%	39%	36%	34%	38%
Land segment	4%	7%	11%	11%	9%
	100%	100%	100%	100%	100%
<b>Operating income:</b>					
Marine segment	45%	63%	53%	60%	42%
Aviation segment	54%	35%	41%	34%	54%
Land segment	1%	2%	6%	6%	4%
	100%	100%	100%	100%	100%

**Critical accounting policies and estimates**

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements included elsewhere in this prospectus, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to unbilled revenue and related costs of sales, bad debt, share-based payment awards, investments, derivatives, goodwill and identifiable intangible assets and certain accrued liabilities. We base our estimates on historical experience and on other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have identified the policies below as critical to our business operations and the understanding of our results of operations.

*Revenue recognition*

Revenue from the sale of fuel is recognized when the sales price is fixed or determinable, collectability is reasonably assured and title passes to the customer, which is when the delivery of fuel is made to our customer directly from us, the supplier or a third-party subcontractor. Our fuel sales are generated as a fuel reseller as well as from on-hand inventory supply. When acting as a fuel reseller, we generally purchase fuel from the supplier,



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mark it up and contemporaneously resell the fuel to the customer, normally taking delivery for purchased fuel at the same place and time as the delivery is made to the customer. We record the gross sale of the fuel as we generally take inventory risk, have latitude in establishing the sales price, have discretion in the supplier selection, maintain credit risk and are the primary obligor in the sales arrangement.

Revenue from fuel-related services is recognized when services are performed, the sales price is fixed or determinable and collectability is reasonably assured. We record the sale of fuel-related services on a gross basis as we generally have latitude in establishing the sales price, have discretion in supplier selection, maintain credit risk and are the primary obligor in the sales arrangement.

Commission from fuel broker services is recognized when services are performed and collectability is reasonably assured. When acting as a fuel broker, we are paid a commission by the supplier.

Revenue from charge card transactions is recognized at the time the purchase is made by the customer using the charge card. Revenue from charge card transactions is generated from processing fees.

### *Share-Based Payment Awards*

We account for share-based payment awards on a fair value basis. Under fair value accounting, the grant-date fair value of the share-based payment award is amortized as compensation expense, on a straight-line basis, over the vesting period for both graded and cliff vesting awards. Annual compensation expense for share-based payment awards is reduced by an expected forfeiture amount on the outstanding share-based payment awards.

We use the Black-Scholes option pricing model to estimate the fair value of option awards, which we refer to as Option Awards. The estimation of the fair value of Option Awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rates and expected dividends. The expected term of Option Awards represents the estimated period of time from grant until exercise or conversion and is based on vesting schedules and expected post-vesting, exercise and employment termination behavior. Expected volatility is based on the historical volatility of our common stock over the period that is equivalent to the award's expected life. Any adjustment to the historical volatility as an indicator of future volatility would be based on the impact to historical volatility of significant non-recurring events that would not be expected in the future. Risk-free interest rates are based on the U.S. Treasury yield curve at the time of grant for the period that is equivalent to the award's expected life. Dividend yields are based on the historical dividends of World Fuel over the period that is equivalent to the award's expected life, as adjusted for stock splits.

The estimated fair value of common stock, restricted stock and restricted stock units is based on the grant-date market value of our common stock, as defined in the respective plans under which the awards were granted.

Cash flows from tax benefits resulting from tax deductions in excess of the compensation cost recognized for share-based payment awards (excess tax benefits) are classified as financing cash flows. These excess income tax benefits were credited to capital in excess of par value.

### *Accounts Receivable and Allowance for Bad Debt*

Credit extension, monitoring and collection are performed for each of our business segments. Each segment has a credit committee that is responsible for approving credit limits, setting and maintaining credit standards and managing the overall quality of the credit portfolio. We perform ongoing credit evaluations of our customers and adjust credit limits based upon a customer's payment history and creditworthiness, as determined

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by our review of our customer's credit information. We extend credit on an unsecured basis to most of our customers. 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 affecting our customers and any specific customer collection issues that we have identified. Historical payment trends may not be a useful indicator of current or future credit worthiness of our customers, particularly in these unprecedented difficult economic and financial markets. Accounts receivable are reduced by an allowance for estimated credit losses.

If credit losses exceed established allowances, our results of operations and financial condition may be adversely affected. For additional information on the credit risks inherent in our business, see "Risk Factors" on page S-10 of this prospectus.

### *Inventories*

Inventories are valued using the average cost methodology and are stated at the lower of average cost or market. Components of inventory include fuel purchase costs, the related transportation costs, storage fees, and for inventories included in a fair value hedge relationship, changes in the estimated fair market values.

### *Derivatives*

We enter into derivative contracts in order to mitigate the risk of market price fluctuations in marine, aviation and land fuel and to offer our customers fuel pricing alternatives to meet their needs. From time to time, we also enter into proprietary derivative transactions, primarily intended to capitalize on arbitrage opportunities related to basis or time spreads related to fuel products we sell. We also enter into derivatives in order to mitigate the risk of fluctuations in foreign currency exchange rates. We have applied the normal purchase and normal sales exception, which we refer to as NPNS, as provided by accounting guidance for derivative instruments and hedging activities, to certain of our physical forward sales and purchase contracts. While these contracts are considered derivative instruments under the guidance for derivative instruments and hedging activities, they are not recorded at fair value, but rather are recorded in our consolidated financial statements when physical settlement of the contracts occurs. If it is determined that a transaction designated as NPNS no longer meets the scope of the exception, the fair value of the related contract is recorded as an asset or liability on the consolidated balance sheet and the difference between the fair value and the contract amount is immediately recognized through earnings.

Our derivatives that are subject to the accounting guidance for derivative instruments are recognized at their estimated fair market value in accordance with the accounting guidance for fair value measurements. If the derivative does not qualify as a hedge or is not designated as a hedge, changes in the estimated fair market value of the derivative are recognized as a component of revenue or cost of revenue (based on the underlying transaction type) in the consolidated statement of income. Derivatives which qualify for hedge accounting may be designated as either a fair value or cash flow hedge. For our fair value hedges, changes in the estimated fair market value of the hedge instrument and the hedged item are recognized in the same line item as a component of either revenue or cost of revenue (based on the underlying transaction type) in the consolidated statement of income. For our cash flow hedges, the effective portion of the changes in the fair market value of the hedge is recognized as a component of other comprehensive income in the shareholders' equity section of the consolidated balance sheet and subsequently reclassified into the same line item as the forecasted transaction when both are settled, while the ineffective portion of the changes in the estimated fair market value of the hedge is recognized as a component of other non-operating expense/income in the consolidated statement of income. Cash flows for our hedging instruments used in our hedges are classified in the same category as the cash flow from the hedged items. If for any reason hedge accounting is discontinued, then any cash flows subsequent to the date of discontinuance shall be classified consistent with the nature of the instrument.

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To qualify for hedge accounting, as either a fair value or cash flow hedge, the hedging relationship between the hedging instruments and hedged items must be highly effective over an extended period of time in achieving the offset of changes in fair values or cash flows attributable to the hedged risk at the inception of the hedge. We use a regression analysis based on historical spot prices in assessing the qualification for our fair value hedges. However, our measurement of hedge ineffectiveness for our fair value inventory hedges utilizes spot prices for the hedged item (inventory) and forward or future prices for the hedge instrument. Therefore, the excluded component (forward or futures prices) in assessing hedge qualification, along with ineffectiveness, is included as a component of cost of revenue in earnings. Adjustments to the carrying amounts of hedged items is discontinued in instances where the related fair value hedging instrument becomes ineffective and any previously recorded fair market value changes are not adjusted until the fuel is sold.

### *Goodwill and Identifiable Intangible Assets*

Goodwill represents our cost in excess of the estimated fair value of net assets, including identifiable intangible assets of acquired businesses or companies. Goodwill is not subject to periodic amortization; instead, it is reviewed annually at year-end (or more frequently under certain circumstances) for impairment. The initial step of the goodwill impairment test compares the estimated fair value of a reporting unit, which is the same as our reporting segments, with its carrying amount, including goodwill. The fair value of our reporting segments is estimated using discounted cash flows and market capitalization methodologies.

In connection with our acquisitions, we recorded identifiable intangible assets existing at the date of the acquisitions for customer relationships, supplier and non-compete agreements and trademark/trade name rights. Identifiable intangible assets subject to amortization are amortized over their estimated lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable based on market factors and operational considerations. Identifiable intangible assets not subject to amortization are reviewed annually for impairment by comparing the estimated fair value of the intangible asset with its carrying value.

### *Extinguishment of Liability*

In the normal course of business, we accrue liabilities for fuel and services received for which invoices have not yet been received. These liabilities are derecognized, or extinguished, if either 1) payment is made to relieve our obligation for the liability or 2) we are legally released from our obligation for the liability, such as when our legal obligations with respect to such liabilities lapse or otherwise no longer exist. During the three and six months ended June 30, 2010, we derecognized vendor liability accruals due to the legal release of our obligations in the amount of \$1.5 million and \$4.6 million, as compared to \$1.5 million and \$3.3 million during the three months and six months ended June 30, 2009, which is reflected as a reduction of cost of revenue in the consolidated statements of income incorporated by reference in this prospectus.

## **Results of operations**

The results of operations do not include the results of Falmouth Oil Services Limited, which we refer to as the FOS business, prior to January 1, 2010, the results of Henty Oil Limited, Tank and Marine Engineering Limited and Henty Shipping Services Limited (marine and land segments), which we refer to as Henty, and TGS Petroleum, Inc. (land segment), which we refer to as the TGS business, prior to April 1, 2009, the results of Texor Petroleum Company, Inc. (land segment), which we refer to as the Texor business, prior to June 1, 2008, or the results of Kropp Holdings, Inc. and Avcard Services, Ltd. (aviation segment), which we refer to as AVCARD, prior to December 1, 2007, the respective acquisition date of each of these acquired businesses. In addition, the results of operations do not include the results of Lakeside Oil Company, Inc. (land segment), which we refer to as the Lakeside business, as this acquisition was not completed until July 2010.

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Six months ended June 30, 2010 compared to six months ended June 30, 2009

**Revenue.** Our revenue for the first six months of 2010 was \$8.3 billion, an increase of \$3.8 billion, or 82.9%, as compared to the first six months of 2009. Our revenue during these periods was attributable to the following segments (in thousands):

	Six Months ended June 30,		
	2009	2010	\$ Change
Marine segment	\$ 2,484,358	\$ 4,375,263	\$ 1,890,905
Aviation segment	1,542,581	3,150,766	1,608,185
Land segment	520,344	789,267	268,923
	\$ 4,547,283	\$ 8,315,296	\$ 3,768,013

Our marine segment contributed \$4.4 billion in revenue for the first six months of 2010, an increase of \$1.9 billion, or 76.1%, as compared to the first six months of 2009. Of the total increase in marine segment revenue, \$1.6 billion was due to an increase in the average price per metric ton sold as a result of higher world oil prices in the first six months of 2010 compared to the first six months of 2009. The remaining increase of \$0.3 billion was primarily due to increased sales volume from both new and existing customers.

Our aviation segment contributed \$3.2 billion in revenue for the first six months of 2010, an increase of \$1.6 billion as compared to the first six months of 2009. Of the total increase in aviation segment revenue, \$892.9 million was due to an increase in the average price per gallon sold as a result of higher world oil prices in the first six months of 2010 as compared to the first six months of 2009. The remaining increase of \$715.3 million was primarily due to increased sales volume from both new and existing customers.

Our land segment contributed \$789.3 million in revenue for the first six months of 2010, an increase of \$268.9 million, or 51.7%, as compared to the first six months of 2009. Of the total increase in land segment revenue, \$186.8 million was due to an increase in the average price per gallon sold as a result of higher world oil prices in the first six months of 2010 as compared to the first six months of 2009. The remaining increase of \$82.1 million was due to increased sales volume from additional sales to both new and existing customers as well as additional sales volume attributable to incremental sales from the inclusion of Henty and the TGS business in the 2010 results.

**Gross Profit.** Our gross profit for the first six months of 2010 was \$206.4 million, an increase of \$27.5 million, or 15.4%, as compared to the first six months of 2009. Our gross profit during these periods was attributable to the following segments (in thousands):

	Six Months ended		
	June 30,		\$
	2009	2010	Change
Marine segment	\$ 87,439	\$ 82,593	\$ (4,846)
Aviation segment	71,765	101,262	29,497
Land segment	19,699	22,532	2,833
	\$ 178,903	\$ 206,387	\$ 27,484

Our marine segment gross profit for the first six months of 2010 was \$82.6 million, a decrease of \$4.8 million, or 5.5%, as compared to the first six months of 2009. The decrease in marine segment gross profit was due to \$15.5 million in decreased gross profit per metric ton sold primarily due to periodic fluctuations in customer mix partially offset by \$10.6 million in increased gross profit from increased sales volume from both new and existing customers.

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Our aviation segment gross profit for the first six months of 2010 was \$101.3 million, an increase of \$29.5 million, or 41.1%, as compared to the first six months of 2009. The increase in aviation segment gross profit was due to increased sales volume from both new and existing customers.

Our land segment gross profit for the first six months of 2010 was \$22.5 million, an increase of \$2.8 million, or 14.4%, as compared to the first six months of 2009. The increase in land segment gross profit was primarily due to the results of Henty and the TGS business not being included in the first three months of 2009.

**Operating Expenses.** Total operating expenses for the first six months of 2010 were \$119.2 million, an increase of \$9.5 million, or 8.7%, as compared to the first six months of 2009. The following table sets forth our expense categories (in thousands):

	Six Months ended June 30,		\$ Change
	2009	2010	
Compensation and employee benefits	\$ 68,872	\$ 73,701	\$ 4,829
Provision for bad debt	922	2,065	1,143
General and administrative	39,877	43,432	3,555
	\$ 109,671	\$ 119,198	\$ 9,527

Of the total increase in operating expenses, \$4.8 million was related to compensation and employee benefits expenses, \$1.1 million was related to our provision for bad debt and \$3.6 million was related to general and administrative expenses. The increase in compensation and employee benefits was primarily due to salaries related to employees of acquired businesses and new hires to support our growing global business. The higher provision for bad debt was primarily due to a significantly higher overall accounts receivable balance in 2010 compared to 2009, which resulted from increases in average fuel prices and sales volume. The increase in general and administrative expenses was primarily due to the inclusion of the acquired businesses as well as increases related to systems development, depreciation and amortization and business travel.

**Income from Operations.** Our income from operations for the first six months of 2010 was \$87.2 million, an increase of \$18.0 million, or 25.9%, as compared to the first six months of 2009. Income from operations during these periods was attributable to the following segments (in thousands):

	Six Months ended June 30,		\$ Change
	2009	2010	
Marine segment	\$ 51,981	\$ 43,980	\$ (8,001)
Aviation segment	29,399	55,395	25,996
Land segment	4,971	4,128	(843)
	86,351	103,503	17,152
Corporate overhead unallocated	(17,119)	(16,314)	805
	\$ 69,232	\$ 87,189	\$ 17,957

Our marine segment earned \$44.0 million in income from operations for the first six months of 2010, a decrease of \$8.0 million, or 15.4%, as compared to the first six months of 2009. This decrease resulted from a \$4.8 million decrease in gross profit and increased operating expenses of \$3.2 million. The increase in marine segment operating expenses was attributable to higher compensation and employee benefits and general and administrative expenses, partially offset by lower provision for bad debt.

Our aviation segment income from operations was \$55.4 million for the first six months of 2010, an increase of \$26.0 million, or 88.4%, as compared to the first six months of 2009. This increase resulted from



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\$29.5 million in higher gross profit partially offset by increased operating expenses of \$3.5 million. The increase in aviation segment operating expenses was attributable to higher compensation and employee benefits, provision for bad debt and general and administrative expenses.

Our land segment income from operations was \$4.1 million for the first six months of 2010, a decrease of \$0.8 million, or 17.0%, as compared to the first six months of 2009. The decrease resulted from a \$3.7 million increase in land segment operating expenses attributable to higher compensation, employee benefits and general and administrative expenses and provision for bad debt, partially offset by the incremental income from operations due to the acquisitions of Henty and the TGS business.

Corporate overhead costs not charged to the business segments were \$16.3 million for the first six months of 2010, a decrease of \$0.8 million, or 4.7%, as compared to the first six months of 2009. The decrease in corporate overhead costs not charged to the business segments was attributable to decreases in compensation and employee benefits partially offset by increases in general and administrative expenses.

**Non-Operating Expenses, net.** For the first six months of 2010, we had non-operating expenses, net of \$0.9 million, a decrease of \$1.1 million, or 55.6%, as compared to the first six months of 2009. This decrease was primarily due to the recording of a \$1.9 million gain related to our short-term investments in 2010 and a reduction in interest expense and other financing charges during the first six months of 2010 as compared to the corresponding period of 2009, partially offset by increased foreign exchange losses during the first six months of 2010 as compared to the corresponding period of 2009.

**Taxes.** For the first six months of 2010, our effective tax rate was 17.9% and our income tax provision was \$15.4 million, as compared to an effective tax rate of 20.1% and an income tax provision of \$13.6 million for the first six months of 2009. The lower effective tax rate for the first six months of 2010 resulted primarily from differences in the actual and forecasted results of our subsidiaries in tax jurisdictions with different tax rates as compared to 2009.

**Net Income and Diluted Earnings per Share.** Our net income for the first six months of 2010 was \$70.7 million, an increase of \$17.1 million, or 31.9%, as compared to the first six months of 2009. Diluted earnings per share for the first six months of 2010 was \$1.17 per share, an increase of \$0.26 per share, or 28.6%, as compared to the first six months of 2009.

*Year ended December 31, 2009 compared to December 31, 2008*

**Revenue.** Our revenue for 2009 was \$11.3 billion, a decrease of \$7.2 billion, or 39.0%, as compared to 2008. Our revenue during these periods was attributable to the following segments (in thousands):

	2008	2009	\$ Change
Marine segment	\$ 9,915,291	\$ 6,040,643	\$ (3,874,648)
Aviation segment	7,294,466	4,049,565	(3,244,901)
Land segment	1,299,646	1,204,969	(94,677)
Total	\$ 18,509,403	\$ 11,295,177	\$ (7,214,226)

Our marine segment contributed \$6.0 billion in revenue for 2009, a decrease of \$3.9 billion, or 39.1%, as compared to 2008. Of the total decrease in marine segment revenue, \$2.4 billion was due to decreased sales volume primarily attributable to the deterioration in the overall volumes in the shipping industry compared to last year and our conscious effort to shed risk. The remaining decrease of \$1.5 billion was due to a decrease in the average price per metric ton sold as a result of lower world oil prices in 2009.

Our aviation segment contributed \$4.0 billion in revenue for 2009, a decrease of \$3.2 billion, or 44.5%, as compared to 2008. Of the total decrease in aviation segment revenue, \$2.7 billion was due to a decrease in the

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average price per gallon sold as a result of lower world oil prices in 2009 compared to record prices in 2008. The remaining decrease of \$501.1 million was due to decreased sales volume, reflecting the result of our efforts to change the business mix to yield higher margins and our continued efforts to achieve risk adjusted returns on invested capital, primarily in the first half of 2009.

Our land segment contributed \$1.2 billion in revenue for 2009, a decrease of \$94.7 million, or 7.3%, as compared to 2008. Of the total decrease in land segment revenue, \$349.5 million was due to a decrease in the average price per gallon sold as a result of lower world oil prices in 2009. Offsetting this decrease was \$254.8 million primarily due to increased sales volume attributable to incremental sales due to the inclusion of the results of the Texor business for all of 2009 and Henty and the TGS business since April 2009.

**Gross Profit.** Our gross profit for 2009 was \$375.6 million, a decrease of \$19.8 million, or 5.0%, as compared to 2008. Our gross profit during these periods was attributable to the following segments (in thousands):

	2008	2009	\$ Change
Marine segment	\$ 203,345	\$ 168,890	\$ (34,455)
Aviation segment	165,834	163,730	(2,104)
Land segment	26,204	42,971	16,767
Total	\$ 395,383	\$ 375,591	\$ (19,792)

Our marine segment gross profit for 2009 was \$168.9 million, a decrease of \$34.5 million, or 16.9%, as compared to 2008. In 2008, we were presented with extraordinary market opportunities, primarily in the second and third quarters, due to near record fuel prices, volatility and general financing constraints in the global credit market resulting in record gross profit. Of the total decrease in marine segment gross profit, \$49.6 million was due to decreased sales volume primarily attributable to the deterioration in the overall volumes in the shipping industry compared to last year, which was partially offset by \$15.1 million in increased gross profit per metric ton sold due to our continued efforts to achieve risk adjusted returns on invested capital which began in the latter part of the second quarter of 2008.

Our aviation segment gross profit for 2009 was \$163.7 million, a decrease of \$2.1 million, or 1.3%, as compared to 2008. Of the decrease in aviation segment gross profit, \$3.6 million was due to decreased sales volume which was partially offset by \$1.5 million in higher gross profit per gallon sold, reflecting the result of our efforts to change the business mix to yield higher margins and our continued efforts to achieve risk adjusted returns on invested capital.

Our land segment gross profit for 2009 was \$43.0 million, an increase of \$16.8 million, or 64.0%, as compared to 2008. Of the increase in land segment gross profit, \$13.5 million was primarily due to the inclusion of the results of the Texor business for all of 2009 and the acquisitions of Henty and the TGS business, which were both completed in April 2009. The remaining increase of \$3.3 million relates to a higher gross profit per gallon sold.

**Operating Expenses.** Total operating expenses for 2009 were \$221.6 million, a decrease of \$20.0 million, or 8.3%, as compared to 2008. The following table sets forth our expense categories (in thousands):

	2008	2009	\$ Change
Compensation and employee benefits	\$ 140,280	\$ 137,408	\$ (2,872)
Provision for bad debt	16,081	4,552	(11,529)
General and administrative	85,282	79,636	(5,646)
Total	\$ 241,643	\$ 221,596	\$ (20,047)



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Of the total decrease in operating expenses, \$2.9 million was related to compensation and employee benefits, \$11.5 million was related to provision for bad debt and \$5.6 million was related to general and administrative expenses. The decrease in compensation and employee benefits was primarily due to a reduction in incentive based compensation offset by salaries for new hires to support our growing global business and salaries related to employees of acquired businesses. The lower provision for bad debt was primarily attributable to the substantially greater bad debt provision in 2008 which resulted from near record fuel prices and corresponding accounts receivable. Additionally, during 2009, we were successful in making favorable changes in the customer mix as a result of our efforts to reduce exposure to high risk counterparties in the 2009 receivable portfolio as compared to 2008. The decrease in general and administrative expenses was due to our continuing efforts to control spending.

**Income from Operations.** Our income from operations for 2009 was \$154.0 million, an increase of \$0.3 million, or 0.2%, as compared to 2008. Income from operations during these periods was attributable to the following segments (in thousands):

	2008	2009	\$ Change
Marine segment	\$ 121,818	\$ 97,636	\$ (24,182)
Aviation segment	68,142	75,462	7,320
Land segment	3,489	10,778	7,289
	193,449	183,876	(9,573)
Corporate overhead-unallocated	(39,709)	(29,881)	(9,828)
Total	\$ 153,740	\$ 153,995	\$ 255

Our marine segment earned \$97.6 million in income from operations for 2009, a decrease of \$24.2 million, or 19.9%, as compared to 2008. This decrease resulted from \$34.5 million in lower gross profit, which was partially offset by \$10.3 million in decreased operating expenses. The decrease in marine segment operating expenses was attributable to decreases in compensation and employee benefits, general and administrative expenses and provision for bad debt.

Our aviation segment income from operations was \$75.5 million for 2009, an increase of \$7.3 million, or 10.7%, as compared to 2008. This increase resulted from decreased operating expenses of \$9.4 million which were partially offset by \$2.1 million in lower gross profit. The decrease in aviation segment operating expenses was attributable to decreases in provision for bad debt and general and administrative expenses.

Our land segment income from operations was \$10.8 million for 2009, an increase of \$7.3 million, as compared to 2008. The increase resulted from incremental income from operations due to full year results for the Texor business, and Henty and the TGS business acquired in April 2009.

Corporate overhead costs not charged to the business segments were \$29.9 million for 2009, a decrease of \$9.8 million, or 24.7%, as compared to 2008. The decrease in corporate overhead costs not charged to the business segments was attributable to decreases in compensation and employee benefits, primarily as a result of a larger amount of bonuses and stock compensation, including a special bonus award of \$5.0 million, in 2008, which was partially offset by increases in general and administrative expenses.

**Other Income and Expense, net.** For 2009, we had other expense, net of \$4.1 million, a decrease of \$12.1 million, or 74.7%, as compared to other expense, net of \$16.2 million for 2008. This decrease was primarily due to foreign currency losses related to our subsidiaries in Brazil during 2008 which we did not experience in 2009 due to a change in functional currency and a reduction in foreign exchange losses and decreased interest expense related to lower outstanding borrowings under our senior revolving credit facility, which we refer to as the Credit Facility, in 2009.

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**Taxes.** For 2009, our effective tax rate was 21.6% and our income tax provision was \$32.3 million, as compared to an effective tax rate of 23.5% and an income tax provision of \$32.4 million for 2008. The lower effective tax rate for 2009 resulted primarily from differences in the results of our subsidiaries in tax jurisdictions with different tax rates as compared to 2008.

**Net Income and Diluted Earnings per Share.** Our net income for 2009 was \$117.1 million, an increase of \$12.1 million, or 11.5%, as compared to 2008. Diluted earnings per share for 2009 was \$1.96 per share, an increase of \$0.16 per share, or 8.9%, as compared to 2008.

*Year ended December 31, 2008 compared to December 31, 2007*

**Revenue.** Our revenue for 2008 was \$18.5 billion, an increase of \$4.8 billion, or 34.8%, as compared to 2007. The significant increase in revenue from 2007 in total is primarily due to the rise in oil prices during most of the first three quarters of 2008 despite a sharp decline in oil prices during the fourth quarter. Our revenue during these periods was attributable to the following segments (in thousands):

	2007	2008	\$ Change
Marine segment	\$ 7,665,801	\$ 9,915,291	\$ 2,249,490
Aviation segment	5,460,838	7,294,466	1,833,628
Land segment	602,916	1,299,646	696,730
Total	\$ 13,729,555	\$ 18,509,403	\$ 4,779,848

Our marine segment contributed \$9.9 billion in revenue for 2008, an increase of \$2.2 billion, or 29.3%, as compared to 2007. Of the total increase in marine segment revenue, \$1.9 billion was due to an increase in the average price per metric ton sold as a result of higher world oil prices in 2008. The remaining increase of \$273.6 million was due to increased sales volume to both new and existing customers.

Our aviation segment contributed \$7.3 billion in revenue for 2008, an increase of \$1.8 billion, or 33.6%, as compared to 2007. Of the total increase in aviation segment revenue, \$2.1 billion was due to an increase in the average price per gallon sold as a result of higher world oil prices in 2008. Partially offsetting this increase was \$267.5 million in decreased sales volume primarily attributable to our efforts to reduce low margin business and to eliminate certain high risk business, offset by the incremental sales volume contributed by our AVCARD acquisition.

Our land segment contributed \$1.3 billion in revenue for 2008, an increase of \$696.7 million as compared to \$602.9 million in 2007. Of the total increase in land segment revenue, \$508.1 million was due to increased sales volume attributable to incremental sales resulting from the acquisition of the Texor business, which was completed in June 2008, partially offset by decreased volume in our existing business. The remaining increase of \$188.6 million was due to an increase in the average price per gallon sold as a result of higher world oil prices in 2008.

**Gross Profit.** Our gross profit for 2008 was \$395.4 million, an increase of \$150.1 million, or 61.2%, as compared to 2007. Our gross profit during these years was attributable to the following segments (in thousands):

	2007	2008	\$ Change
Marine segment	\$ 114,505	\$ 203,345	\$ 88,840
Aviation segment	122,797	165,834	43,037
Land segment	7,970	26,204	18,234
Total	\$ 245,272	\$ 395,383	\$ 150,111

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Our marine segment gross profit for 2008 was \$203.3 million, an increase of \$88.8 million, or 77.6%, as compared to 2007. Contributing to the total increase in marine segment gross profit was \$84.5 million in increased gross profit per metric ton sold due to favorable market conditions, as well as a focus to increase our return relative to invested working capital and \$4.3 million due to increased sales volume.

Our aviation segment gross profit for 2008 was \$165.8 million, an increase of \$43.0 million, or 35.0%, as compared to 2007. Of the increase in aviation gross profit, \$48.0 million was due to higher gross profit per gallon sold, which reflects favorable market conditions and the timing of price movements relative to our inventory position as well as changes in business mix yielding higher margins. Partially offsetting this increase was a decrease in aviation gross profit of \$5.0 million due to net decreased sales volume primarily attributable to our efforts to reduce low margin business and to eliminate certain high risk business and decreased gross profit related to aviation services, partially offset by the incremental sales volume contributed by our AVCARD acquisition.

Our land segment gross profit for 2008 was \$26.2 million, an increase of \$18.2 million, as compared to \$8.0 million in 2007. The increase was primarily due to the inclusion of the results of the Texor business as well as higher gross profit per gallon from our pre-existing business.

**Operating Expenses.** Total operating expenses for 2008 were \$241.6 million, an increase of \$82.3 million, or 51.6%, as compared to 2007. The following table sets forth our expense categories (in thousands):

	2007	2008	\$ Change
Compensation and employee benefits	\$ 93,732	\$ 140,280	\$ 46,548
Provision for bad debt	1,892	16,081	14,189
General and administrative	63,760	85,282	21,522
Total	\$ 159,384	\$ 241,643	\$ 82,259

Of the total increase in operating expenses, \$46.5 million was related to compensation and employee benefits, \$14.2 million was related to the provision for bad debt and \$21.5 million was related to general and administrative expenses. The increase in compensation and employee benefits was primarily due to higher incentive compensation, including special bonus awards to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Risk and Administrative Officer as a result of our strong financial performance in 2008, new hires to support our growing global business, and the incremental compensation and employee benefits costs related to the acquisitions of AVCARD and the Texor business. The increase in provision for bad debt was primarily due to our assessment of risk related to certain of our customers due in part to higher fuel prices and the consideration of the transportation economies of the regions in which we conduct business and its impact on our customers, which resulted in an increase in the provision for certain accounts in 2008. The increase in general and administrative expenses of \$21.5 million, which includes the incremental general and administrative expenses related to the acquisitions of AVCARD and the Texor business, was primarily attributable to the following expenses: depreciation and amortization, including amortization of the intangible assets related to the acquisitions of AVCARD and the Texor business, and depreciation from our enterprise integration project that went live in February 2008, professional and consulting fees, office rent and telecommunication expenses.

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**Income from Operations.** Our income from operations for 2008 was \$153.7 million, an increase of \$67.9 million, or 79.0%, as compared to 2007. Income from operations during these years was attributable to the following segments (in thousands):

	2007	2008	\$ Change
Marine segment	\$ 50,844	\$ 121,818	\$ 70,974
Aviation segment	60,796	68,142	7,346
Land segment	1,237	3,489	2,252
	112,877	193,449	80,572
Corporate overhead-unallocated	(26,989)	(39,709)	12,720
Total	\$ 85,888	\$ 153,740	\$ 67,852

Our marine segment earned \$121.8 million in income from operations for 2008, an increase of \$71.0 million as compared to \$50.8 million in 2007. This increase resulted from \$88.8 million in higher gross profit, which was partially offset by increased operating expenses of \$17.8 million. The increase in marine segment operating expenses, which includes an increase in allocated corporate expenses, was attributable to increases in compensation and employee benefits, primarily increases in incentive-based compensation, and general and administrative expenses, which were partially offset by a reduction in provision for bad debt.

Our aviation segment income from operations was \$68.1 million for 2008, an increase of \$7.3 million, or 12.1%, as compared to 2007. This increase resulted from \$43.0 million in higher gross profit, which was offset by increased operating expenses of \$35.7 million. The increase in aviation segment operating expenses, which includes an increase in allocated corporate expenses and AVCARD's incremental operating expenses, was attributable to increases in compensation and employee benefits, provision for bad debt and general and administrative expenses.

Our land segment income from operations was \$3.5 million for 2008, an increase of \$2.3 million as compared to \$1.2 million in 2007. This increase resulted from the incremental income from operations as a result of the acquisition of the Texor business, partially offset by an increase in land segment operating expenses attributable to increases in compensation and employee benefits, provision for bad debt and general and administrative expenses.

Corporate overhead costs not charged to the business segments were \$39.7 million for 2008, an increase of \$12.7 million, or 47.1%, as compared to 2007. The increase in corporate overhead costs was primarily attributable to increases in compensation and employee benefits, including incentive-based compensation and special bonus awards, and general and administrative expenses.

**Other Income and Expense, net.** For 2008, we had other expense, net of \$16.2 million compared to other income, net of \$0.7 million for 2007. This \$16.9 million change was primarily due to increased interest expense related to higher outstanding borrowings under our Credit Facility, including fees related to the establishment of a facility to sell certain of our accounts receivable, increased foreign exchange losses and decreased interest income, partially offset by a \$1.9 million investment impairment charge in 2007.

**Taxes.** For 2008, our effective tax rate was 23.5% and our income tax provision was \$32.4 million, as compared to an effective tax rate of 24.5% and an income tax provision of \$21.2 million for 2007. The lower effective tax rate for 2008 resulted primarily from fluctuations in the actual results achieved by our subsidiaries in tax jurisdictions with different tax rates.

**Net Income and Diluted Earnings per Share.** Net income for 2008 was \$105.0 million, an increase of \$40.3 million, or 62.2%, as compared to 2007. Diluted earnings per share for 2008 was \$1.80 per share, an increase of \$0.69 per share, or 62.2%, as compared to 2007.

**Table of Contents****Liquidity and Capital Resources**

Over the last few years our principal sources of cash have been from operations. On September 8, 2010, we entered into a third amended and restated credit agreement, which we refer to as the Amended Credit Facility, which amended and restated the terms of our prior Credit Facility. In connection with entering into the Amended Credit Facility, we terminated our \$160.0 million revolving accounts receivable facility, which we refer to as the Receivable Facility, which was scheduled to mature later this month. Under the terms of the Amended Credit Facility, the facility size was increased from \$475 million to \$800 million (which, upon our request and subject to the satisfaction of certain conditions, may be increased by an additional amount of up to \$150 million) and the maturity date was extended to September 2015. The proceeds of this offering, as well as borrowings under our Amended Credit Facility, will provide additional sources of cash. We anticipate our primary uses of cash will be to provide working capital, finance capital expenditures, and finance acquisitions and other strategic investments.

Over the past several years the global financial markets have experienced unprecedented volatility, and we continue to closely monitor the potential impact of these market conditions on our liquidity. Despite this unprecedented volatility, to date, these market conditions have not had a material adverse impact on our liquidity. The following table reflects the major categories of cash flows for the years ended December 31, 2009, 2008 and 2007 and for the six months ended June 30, 2010 and 2009. For additional details, please see the consolidated statements of cash flows in the consolidated financial statements incorporated by reference in this prospectus.

	Year ended December 31,			Six Months ended	
	2007	2008	2009	June 30, 2009	June 30, 2010
Net cash (used in) provided by operating activities	\$ (77,927)	\$ 393,452	\$ 77,921	\$ 120,985	\$ 23,772
Net cash used in investing activities	(68,988)	(100,157)	(61,828)	(60,472)	(12,468)
Net cash provided by (used in) financing activities	6,571	(13,372)	(34,436)	(22,883)	(11,411)

*Six Months ended June 30, 2010 compared to June 30, 2009*

**Operating Activities.** For the six months ended June 30, 2010, net cash provided by operating activities totaled \$23.8 million as compared to \$121.0 million in 2009. The \$97.2 million decrease in operating cash flows was primarily due to changes in net operating assets and liabilities, driven by increased sales volume and world oil prices, as compared to 2009 partially offset by increased net income.

**Investing Activities.** For the six months ended June 30, 2010, net cash used in investing activities was \$12.5 million as compared to \$60.5 million in 2009. The \$48.0 million decrease in cash used in investing activities in 2010 was primarily due to the acquisitions of Henty and the TGS business in April 2009.

**Financing Activities.** For the six months ended June 30, 2010, net cash used in financing activities was \$11.4 million as compared to \$22.9 million in 2009. The \$11.5 million decrease in cash flows from financing activities was primarily due to lower repayment of debt other than the Credit Facility of \$14.5 million in 2010 compared to 2009.

*Year ended December 31, 2009 compared to December 31, 2008*

**Operating Activities.** For 2009, net cash provided by operating activities totaled \$78.0 million as compared to \$393.5 million in 2008. The change in cash flow provided by operating activities was primarily due to reduced cash flow provided from operating assets and liabilities primarily as a result of a steep decline in oil prices in the latter part of 2008 as compared to relatively stable oil prices in 2009 and increased inventory positions in 2009.

**Investing Activities.** During 2009, net cash used in investing activities was \$61.8 million as compared to \$100.2 million in 2008. The decrease in cash used in investing activities in 2009 was due to a reduction in the amount paid for acquisitions.

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**Financing Activities.** For 2009, net cash used in financing activities was \$34.4 million as compared to \$13.4 million in 2008. The increase in cash used in financing activities in 2009 was primarily due to repayments of debt consisting of bankers' acceptances and promissory notes issued in connection with our acquisitions.

*Year ended December 31, 2008 compared to December 31, 2007*

**Operating Activities.** For 2008, net cash provided by operating activities totaled \$393.5 million as compared to net cash used in operating activities of \$77.9 million in 2007. The increase in cash flow provided by operating activities was primarily due to increased net income and a reduction in operating assets and liabilities resulting from a decline in oil prices and an improvement in our net trade cycle as compared to 2007.

**Investing Activities.** During 2008, net cash used in investing activities was \$100.2 million as compared to \$69.0 million in 2007. The increase in cash used in investing activities in 2008 was due to increased acquisition activity which was offset by a reduction in capital expenditures. In 2008, we acquired the Texor business for \$93.4 million net of cash acquired of \$0.3 million.

**Financing Activities.** For 2008, net cash used in financing activities was \$13.4 million as compared to net cash provided by financing activities of \$6.6 million in 2007. The increase in cash used in financing activities in 2008 was primarily due to a \$40.0 million debt repayment under our Credit Facility which was offset by borrowings under our credit facility for the issuance of bankers' acceptances, which we refer to as the BA Facility, of \$14.5 million, a net increase of \$10.0 million resulting from the payment of restricted cash held as collateral from a customer and \$5.8 million in federal and state tax benefits resulting from a tax deduction in excess of compensation cost recognized for share-based payment awards.

## **Other Liquidity Measures**

**Cash and Cash Equivalents.** As of June 30, 2010, we had \$297.4 million of cash and cash equivalents compared to \$298.8 million and \$314.4 million of cash and cash equivalents as of December 31, 2009 and 2008, respectively. Our primary uses of cash and cash equivalents are to fund accounts receivable, purchase inventory and make strategic investments, primarily acquisitions. We are usually extended unsecured trade credit from our suppliers for our fuel purchases; however, certain suppliers require us to provide a letter of credit. Increases in oil prices can negatively affect liquidity by increasing the amount of cash needed to fund fuel purchases as well as reducing the amount of fuel which we can purchase on an unsecured basis from our suppliers.

**Short-Term Investments.** At December 31, 2009 and 2008, our short-term investments consisted of commercial paper valued at \$8.1 million, with a par value of \$10.0 million, as a result of a \$1.9 million impairment charge recorded in September 2007. During the second quarter of 2010, we recorded a gain of \$1.9 million due to the collection of the full par value of \$10.0 million in July 2010. Accordingly, as of June 30, 2010, our short-term investments were \$10.0 million.

**Credit Facility.** Our Amended Credit Facility, which expires in September 2015, permits borrowings of up to \$800.0 million with a sublimit of \$300.0 million for the issuance of letters of credit and bankers' acceptances. Under the Amended Credit Facility, we have the right to request increases in available borrowings up to an additional \$150.0 million, subject to the satisfaction of certain conditions. At September 10, 2010, we had no outstanding borrowings under our Amended Credit Facility, and our issued letters of credit and availability under our Amended Credit Facility totaled approximately \$79 million and \$721 million, respectively.

Outstanding borrowings under our Amended Credit Facility, our cash and cash equivalents and short-term investments fluctuate primarily based on operating cash flow, most significantly, the timing of receipts from our customers and payments to our suppliers. Higher interest rates can have a negative effect on our liquidity due to higher costs of borrowing under our Amended Credit Facility.

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Our Amended Credit Facility contains certain operating and financial covenants with which we are required to comply. Our failure to comply with the operating and financial covenants contained in our Amended Credit Facility could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the Amended Credit Facility, trigger cross-defaults under other agreements to which we are a party and impair our ability to obtain working capital advances and letters of credit, which would have a material adverse effect on our business, financial condition and results of operations. As of September 10, 2010, we believe we were in compliance with all covenants contained in our Amended Credit Facility.

Our Credit Facility permitted borrowings of up to \$475.0 million with a sublimit of \$125.0 million for the issuance of letters of credit and bankers' acceptances. Under the Credit Facility, we had the right to request increases in available borrowings up to an additional \$75.0 million, subject to the satisfaction of certain conditions. We had no outstanding borrowings under our Credit Facility at June 30, 2010 and December 31, 2009 and 2008. Our issued letters of credit under the Credit Facility totaled \$112.9 million, \$47.3 million and \$50.2 million at June 30, 2010, December 31, 2009 and 2008, respectively. There were no outstanding bankers' acceptances under our Credit Facility at June 30, 2010 and December 31, 2009 and 2008.

**Accounts Receivable Facility.** We had a Master Accounts Receivable Purchase Agreement with a syndicate of financial institutions which established the Receivable Facility for us to sell up to an aggregate of \$160.0 million of our accounts receivable on a revolving basis. As of June 30, 2010 and December 31, 2009 and 2008, no accounts receivable had been sold under the Receivable Facility. In connection with entering into the Amended Credit Facility, we terminated the Receivable Facility on September 7, 2010, which was scheduled to mature later this month.

**Other Credit Lines.** We have unsecured credit lines aggregating \$40.0 million for the issuance of letters of credit and bank guarantees. Letters of credit issued under these credit lines are subject to fees at market rates. These credit lines are renewable on an annual basis. As of June 30, 2010 and December 31, 2009 and 2008, our outstanding letters of credit and bank guarantees under these credit lines totaled \$10.3 million, \$20.2 million and \$20.9 million, respectively.

Additionally, we have a separate \$15.0 million BA facility for the issuance of bankers' acceptances with one of the banks participating in our Amended Credit Facility. The BA Facility is a continuing facility that will remain in full force and effect until revoked by us or the bank. Bankers' acceptances issued under the BA Facility are subject to commissions and fees (finance charges) at the bank's prevailing rate on the date of acceptance. There were no outstanding bankers' acceptances under the BA Facility at June 30, 2010 or December 31, 2009. As of December 31, 2008, we had \$14.7 million of outstanding bankers' acceptances.

We believe that available funds from existing cash and cash equivalents and our Amended Credit Facility, together with cash flows generated by operations, remain sufficient to fund our working capital and capital expenditure requirements for at least the next twelve months. In addition, to further enhance our liquidity profile, we may choose to raise additional funds which may or may not be needed for additional working capital, capital expenditures or other strategic investments. Our opinions concerning liquidity 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 forms of financing include our performance (as measured by various factors, including cash provided from operating activities), the state of worldwide credit markets, and our levels of outstanding debt. Depending on the severity and direct impact of these factors on us, financing may be limited or unavailable when needed or desired on terms that are favorable to us.

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Our significant contractual obligations and off-balance sheet arrangements are set forth below.

*Contractual Obligations*

As of December 31, 2009, our contractual obligations were as follows (in thousands):

	Total	< 1 year	1-3 years	3-5 years	> 5 years
Debt and interest obligations (1)	\$ 18,324	\$ 7,749	\$ 8,760	\$ 1,815	\$
Operating lease obligations	32,426	6,619	11,028	7,627	7,152
Employment agreement obligations	18,035	6,949	11,086		
Derivatives obligations	10,741	10,616	125		
Purchase commitment obligations	19,543	19,543			
Other obligations	3,260	1,968	1,107		185
<b>Total</b>	<b>\$ 102,329</b>	<b>\$ 53,444</b>	<b>\$ 32,106</b>	<b>\$ 9,442</b>	<b>\$ 7,337</b>

(1) Debt and interest obligations in this line item do not reflect the Amended Credit Facility entered into in September 2010.

**Debt and Interest Obligations.** These obligations include principal and interest payments on fixed-rate and variable-rate, fixed-term debt based on the expected payment dates.

**Other Obligations.** These obligations consist of deferred compensation arrangements and contracts with minimum service fees.

**Unrecognized Tax Liabilities.** As of December 31, 2009, our liabilities for unrecognized tax benefits, which we refer to as unrecognized tax liabilities, was \$37.7 million. The timing of any settlement of our unrecognized tax liabilities with the respective taxing authority cannot be reasonably estimated.

Except for changes in our derivatives obligations, our contractual obligations did not change materially from December 31, 2009 to June 30, 2010. For additional information on our derivatives, see the discussion thereof in Management's Discussion and Analysis- Quantitative and Qualitative Disclosures About Market Risk below.

*Off-Balance Sheet Arrangements*

**Letters of Credit and Bank Guarantees.** In the normal course of business, we are required to provide letters of credit to certain suppliers. A majority of these letters of credit expire within one year from their issuance, and expired letters of credit are renewed as needed. As of June 30, 2010 and December 31, 2009, we had issued letters of credit and bank guarantees totaling \$123.2 million and \$67.5 million, respectively, under our Credit Facility and other unsecured credit lines. For additional information on our Credit Facility and credit lines, see the discussion thereof in Management's Discussion and Analysis- Liquidity and Capital Resources above.

**Surety Bonds.** In the normal course of business, we are required to post bid, performance and garnishment bonds. The majority of the surety bonds posted relate to our aviation segment. As of June 30, 2010 and December 31, 2009, we had \$18.4 million and \$17.7 million, respectively, in outstanding bonds that were arranged in order to satisfy various security requirements.

**Recent Accounting Pronouncements**

**Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.** In July 2010, the Financial Accounting Standards Board ( FASB ) issued an accounting standard update





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( ASU ) relating to improved disclosures about the credit quality of financing receivables and the related allowance for credit losses. The disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual periods beginning on or after December 15, 2010. We do not believe that the adoption of this ASU will have a material impact on our consolidated financial statements and disclosures.

**Scope Exception Related to Embedded Credit Derivatives.** In July 2010, we adopted an ASU for embedded credit derivatives. This ASU clarifies that the type of embedded credit derivatives that are exempt from embedded derivative bifurcation requirements relates only to the subordination of one financial instrument to another. The adoption of this ASU did not have a material impact on our consolidated financial statements and disclosures.

**Revenue Recognition: Multiple-Deliverable Revenue Arrangements.** In July 2010, we adopted an ASU regarding revenue recognition relating to multiple-deliverable revenue arrangements. Issued by FASB in October 2009, this update modifies the fair value requirements of existing accounting guidance by allowing the use of the best estimate of selling price in addition to vendor-specific objective evidence, which we refer to as VSOE, and third-party evidence, which we refer to as TPE, for determining the selling price of a deliverable. A vendor is now required to use its best estimate of the selling price when VSOE or TPE of the selling price cannot be determined. In addition, the residual method of allocating arrangement consideration is no longer permitted. This ASU requires expanded qualitative and quantitative disclosures and will be applied prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The adoption of this ASU did not have a material impact on our consolidated financial statements and disclosures.

**Fair Value Measurements and Disclosures: Improving Disclosures about Fair Value Measurements.** In the first quarter of 2010, we adopted an ASU relating to additional disclosures regarding fair value measurements. This ASU, issued by FASB in January 2010, provides additional guidance to improve disclosures regarding fair value measurements. The new disclosures required by this update require an entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers. In addition, this guidance requires a gross presentation of the Level 3 activity and provides clarification to existing requirements on the level of disaggregation and disclosures regarding inputs and valuation techniques. The adoption of this ASU resulted in additional fair value disclosures and did not have a material impact on our consolidated financial statements.

**Variable Interest Entities.** In the first quarter of 2010, we adopted an ASU regarding the consolidation of variable interest entities. In June 2009, the FASB revised the accounting guidance for consolidation of variable interest entities. In December 2009, the FASB issued various technical updates to this guidance. This guidance includes (i) the elimination of the exemption for qualifying special purpose entities, (ii) a new approach for determining who should consolidate a variable-interest entity, and (iii) changes to when it is necessary to reassess who should consolidate a variable-interest entity. The adoption of this ASU did not have a material impact on our consolidated financial statements and disclosures.

**Accounting for Transfers of Financial Assets.** In the first quarter of 2010, we adopted an ASU regarding the accounting and disclosure requirements for transfers of financial assets and extinguishment of liabilities. In June 2009, the FASB revised the accounting guidance for transfers and servicing of financial assets and extinguishment of liabilities. In December 2009, the FASB issued various technical updates to this guidance. This guidance eliminates the concept of a qualifying special purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets. The adoption of this ASU did not have a material impact on our consolidated financial statements and disclosures.

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**Quantitative and Qualitative Disclosures About Market Risk**

*Derivatives*

The following describes our derivative classifications:

*Cash Flow Hedges.* Includes certain of our foreign currency forward contracts we enter into in order to mitigate the risk of currency exchange rate fluctuations. There were no outstanding cash flow hedges as of December 31, 2009. We recorded an unrealized net loss of \$1.5 million, which was included in accumulated other comprehensive income (loss) in shareholders' equity as of December 31, 2008.

*Fair Value Hedges.* Includes derivatives we enter into in order to hedge price risk associated with some of our inventory and certain firm commitments relating to fixed price purchase and sale contracts. As of December 31, 2009 and 2008, we recorded an unrealized net gain of \$2.9 million and an unrealized net loss of \$1.4 million, respectively, related to the ineffectiveness of our fair value hedge positions on the respective dates.

*Non-designated Derivatives.* Includes derivatives we primarily enter into in order to mitigate the risk of market price fluctuations in marine, aviation and land fuel in the form of swaps as well as fixed price purchase and sale contracts, which do not qualify for hedge accounting, to offer our customers fuel pricing alternatives to meet their needs and for proprietary trading. In addition, non-designated derivatives are also entered into to hedge the risk of currency rate fluctuations. As of December 31, 2009 and 2008, we recorded an unrealized net gain of \$1.2 million and \$1.3 million, respectively, related to our non-designated derivative positions on the respective dates.

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As of June 30, 2010, our derivative instruments, excluding related hedged items, were as follows (in thousands, except mark-to-market prices):

Hedge Strategy	Settlement Period	Derivative Instrument	Notional	Unit	Mark to Market Prices	Mark to Market Gains (Losses)
Fair Value Hedge	2010	Commodity contracts for firm commitment hedging (long)	4,714	GAL	\$ (0.064)	\$ (303)
	2010	Commodity contracts for inventory hedging (short)	30,072	GAL	0.064	1,939
	2010	Commodity contracts for firm commitment hedging (long)	256	MT	(13.004)	(3,329)
	2010	Commodity contracts for firm commitment hedging (short)	54	MT	31.315	1,691
	2010	Commodity contracts for inventory hedging (short)	63	MT	3.556	224
	2011	Commodity contracts for firm commitment hedging (long)	5	MT	(46.800)	(234)
						\$ (12)
						\$ (12)
Non-Designated	2010	Commodity contracts (long)	64,447	GAL	\$ 0.036	\$ 2,343
	2010	Commodity contracts (short)	64,115	GAL	(0.027)	(1,716)
	2010	Commodity contracts (long)	537	MT	(15.415)	(8,278)
	2010	Commodity contracts (short)	535	MT	18.307	9,794
	2010	Foreign currency contracts (long)	2,670	BRL	(0.006)	(15)
	2010	Foreign currency contracts (long)	1,612,558	CLP	(0.000)	(50)
	2010	Foreign currency contracts (long)	980	GBP	0.006	6
	2010	Foreign currency contracts (long)	43,500	MXN	0.001	34
	2010	Foreign currency contracts (long)	8,476	NOK	(0.001)	(5)
	2010	Foreign currency contracts (long)	5,896	SGD	0.002	9
	2010	Foreign currency contracts (short)	900	CAD	0.011	10
	2010	Foreign currency contracts (short)	7,000	EUR	0.010	71
	2010	Foreign currency contracts (short)	10,844	GBP	(0.021)	(230)
	2011	Commodity contracts (long)	5,562	GAL	0.087	484
	2011	Commodity contracts (short)	5,562	GAL	(0.076)	(422)
	2011	Commodity contracts (long)	34	MT	(21.353)	(726)
2011	Commodity contracts (short)	34	MT	26.794	911	
2012	Commodity contracts (long)	100	GAL	0.130	13	
				(0.130)	(13)	
					\$ 2,220	

*Interest Rate*

Borrowings under our \$475.0 million Credit Facility were subject to variable interest rates. As of December 31, 2009, we had no outstanding borrowings under our Credit Facility. As of December 31, 2009, the aggregate outstanding balance of our promissory notes issued in connection with our acquisitions was \$13.6 million, of which \$9.3 million bears interest at an annual rate equal to LIBOR plus 2.0% with a provision for a minimum rate of 4.0% and a maximum rate of 6.0% and \$4.3 million bears interest at an annual rate equal to LIBOR plus 1.0% with a provision for a minimum rate of 4.0% and a maximum rate of 6.0%. At December 31, 2009, the annual interest rate for the two LIBOR promissory notes was 4.0%. The remaining outstanding debt of \$3.0 million as of December 31, 2009, primarily relates to loans payable to noncontrolling shareholders of a subsidiary, which bears interest at annual rates ranging from 3.7% to 6.7%.



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### **BUSINESS**

#### **Overview**

We are a leading global fuel logistics company, principally engaged in the marketing, sale and distribution of marine, aviation and land fuel products and related services on a worldwide basis. We compete by providing our customers value-added benefits, including single-supplier convenience, competitive pricing, the availability of trade credit, price risk management, logistical support, fuel quality control and fuel procurement outsourcing. We have three reportable operating business segments: marine, aviation and land. We primarily contract with third parties for the delivery and storage of fuel products and in some cases own storage and transportation assets for strategic purposes. In our marine segment, we offer fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines and time-charter operators, as well as to the U.S. and foreign governments. In our aviation segment, we offer fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low cost carriers, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments, and we also offer a private label charge card used to purchase aviation fuel and related services. In our land segment, we offer fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators, and industrial, commercial and government customers.

World Fuel Services Corporation was incorporated in Florida in July 1984 and commenced business as a recycler and reseller of used oil and provider of aviation services. We have since ceased the activities of a recycler and reseller of used oil. In 1986, we diversified our operations by entering the aviation fuel business. In 1995, we entered the marine fuel and related services business by acquiring the Trans-Tec group of companies. In 2003, we entered the land fuel and related services business.

We have offices located in the United States, the United Kingdom, Denmark, Norway, the Netherlands, Germany, Greece, Turkey, the United Arab Emirates, Russia, Taiwan, South Korea, Singapore, Japan, Hong Kong, Costa Rica, Brazil, Chile, Argentina, Mexico, Colombia, Canada and South Africa.

#### **Our Strengths**

We believe that we are distinguished by the following key competitive strengths:

##### *Leading global energy logistics provider with a long track record of earnings growth*

We are a global leader in the marketing, sale and distribution of aviation, marine and land fuel products and related logistics and other services, serving more than 8,500 customers throughout the world. We believe that our global scale and comprehensive understanding of the markets in which we operate, combined with significant value-added services provided to our customers, such as single supplier convenience, competitive prices, trade credit, logistical support, fuel quality control and fuel procurement outsourcing, significantly differentiate us from our competition. Our comprehensive fuel price risk management solutions are also a competitive differentiator. Our global team of approximately 1,300 professionals and other support staff provides our customers with local market knowledge and an extensive network of relationships. We believe the breadth of our global customer and supplier base provides us with a superior understanding of the world's fuel markets, thereby strengthening our position as a trusted partner to our customers and a stable counterparty for more than 2,000 fuel and third-party logistics suppliers worldwide. We believe that these attributes have contributed to a compound annual growth rate of net income since 2002 of 35.2%.

##### *Asset-light business model*

We operate using an asset-light business model that relies upon our extensive industry knowledge and strong third-party relationships to arrange for fuel distribution to our customers using our global network

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of asset-based suppliers. Our business model minimizes the need for us to invest in physical assets, and for holding and transporting fuel. Where we do maintain fuel inventory (principally jet fuel in the United States and marine fuel in the United Kingdom), we hedge any associated risk with derivative instruments. We believe that our operating model contributed to an attractive return on equity of 17.5% in 2009 and is highly scalable to accommodate future growth.

While we maintain an asset-light business model, we have also invested in limited strategic assets, which we believe provide us with a competitive advantage in certain niche markets. At June 30, 2010, our fixed assets represented less than 3% of our total consolidated assets.

### *Diversification via segments, geography and limited customer concentration*

Our business is diversified across transportation modes and geography, with limited customer concentration. On a pro forma basis after giving effect to the acquisition of the Lakeside business and the recently announced agreement to purchase Western, our marine, aviation and land fuel services revenue would have accounted for approximately 45%, 31% and 24% of our total consolidated revenue for 2009, respectively. None of our customers accounted for more than 10% of our total consolidated revenue in 2009. In addition, for 2009, approximately 45% of our total consolidated revenue was generated in the United States, approximately 29% was generated in Singapore, approximately 14% was generated in the United Kingdom and approximately 12% was generated in other foreign countries.

Our business mix continues to evolve. Our growth in government activity has further diversified revenues in our aviation segment, and, with the recent acquisition of the Lakeside business and the anticipated acquisition of Western, we will add scale and expanded service and product offerings to our land fuel segment.

### *Demonstrated ability to successfully operate during periods of volatile fuel prices and global economic instability*

We have a successful track record of operating profitability, including during periods of challenging economic conditions and significant fuel price volatility. We believe that during periods of economic weakness or financial instability, suppliers and customers view us as a counterparty of choice given our financial strength and market expertise. Our strategic focus on the credit quality of our customers, together with our strategy of requiring credit protection from certain customers, has enabled us to minimize credit losses despite weak macro-economic market conditions. For example, in 2008 we experienced a global economic recession and a 39% increase in average crude oil prices as compared to 2007, while our net income increased by 62% as compared to 2007. Additionally, in 2009, the global economic recession continued while average crude oil prices declined 38% as compared to 2008, while our net income increased by 12% in 2009 as compared to 2008.

### *Conservative financial approach and extensive risk management expertise*

We maintain a conservative financial profile with approximately \$1 billion of liquidity, including approximately \$720 million of available liquidity under our recently amended and restated senior credit facility as described below under [Recent Developments](#). We believe that our significant liquidity position demonstrates our financial strength and enables us to continue our strategic growth initiatives, while ensuring ample working capital availability, even during periods of significant economic and fuel price volatility.

Risk management is a core competency of our business. Our experienced global risk management team consisting of 75 risk management professionals closely manages our global receivables portfolio on a local basis in the markets we serve worldwide. Our prudent risk management practices have resulted in strong long-term performance with a long-term average bad debt expense of less than 0.05% of total consolidated revenue.

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### *Experienced management team*

We are led by Paul H. Stebbins, our Chairman and Chief Executive Officer, and Michael J. Kasbar, our President and Chief Operating Officer, who co-founded our marine fuel services business in 1985 while at Trans-Tec Services, Inc. Each has more than 25 years of experience in the fuel services industry. Our broader management team has extensive experience in the fuel logistics and services industry as well as a broad range of other industries. While the management team has demonstrated long-term success in driving organic growth initiatives, they have also demonstrated success in identifying investment opportunities that present a strategic, financial and cultural fit with our business, structuring acquisitions and successfully integrating acquired businesses. In addition, a core element of our acquisition strategy involves the retention of the management teams of our acquired businesses, further adding experience and depth to our global team.

### **Our Strategy**

#### *Organic volume growth*

We believe our deep market knowledge and strong liquidity profile position us to benefit from growth opportunities in the fuel logistics and services market by increasing current volumes of business with existing customers and building new relationships in all of the markets we serve. We intend to continue to grow organically by taking advantage of smaller competitors that are not as well capitalized, major oil companies focusing on their upstream businesses and divesting their downstream assets and a fragmented market. We believe these circumstances provide us the opportunity to demonstrate the value of our global presence, platform and ability to aggregate demand to existing and new customers.

#### *Continue to consolidate large and fragmented fuel logistics space*

The fragmented fuel logistics and services market presents significant opportunities for further consolidation. We believe that we have been successful at identifying strategic investment opportunities and seamlessly integrating acquired businesses. We believe that our strong balance sheet and entrepreneurial culture, combined with our consistent track record of successfully integrating acquired businesses, provide us with a significant advantage in competing for strategic opportunities. We believe that these investments will enable us to continue our strategic growth trajectory, further expanding our distribution platform for our suppliers and enhancing procurement leverage for our customers.

For example, in August 2010, we announced the acquisition of Western, which will increase the breadth of our unbranded land based fuel business and provides us with a strategic presence in the branded aviation fuel distribution business. We believe that the acquisitions we have completed over the past two years, combined with Western, have enhanced our position as a leading player in the land fuel distribution market. After giving effect to the Western acquisition, our land segment will generate approximately 1.5 billion gallons of annual volume. We believe that our experienced team and disciplined approach will enable us to capitalize on the considerable consolidation opportunities in our industry and further enhance our competitive advantage in pursuing attractive strategic target companies across all of the segments we serve.

#### *Continue to grow operating profitability*

We remain focused on profitable growth. By maintaining our focus on providing greater value to our customers and suppliers, integrating accretive acquisitions and efficiently managing costs, we believe we can continue to generate returns on invested capital well above our cost of capital.

We believe that our focus on achieving cost efficiencies will lead to continued operating profitability. Our management team's focus on controlling costs reduced operating expenses (including compensation, general and administrative and bad debt expense) as a percentage of gross profit below 60% in 2009, from 65% in 2007.



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In 2008, we implemented a global ERP platform that further enhanced our service offerings and improved operating efficiency. We believe that these enhancements, together with additional investments in our platform, will continue to enable us to provide greater value to our customers and suppliers at a reduced cost, further enhancing our leading market position. For example, our ability to aggregate demand across all three market segments that we serve eliminates our suppliers' need to market fuel to what remains a highly fragmented group of customers. Our ability to purchase aggregated volumes from our suppliers often allows our customers to benefit from the cost savings that we achieve.

### *Marine Fuel Solutions*

We market fuel and related services to a broad base of marine customers, including international container and tanker fleets, commercial cruise lines and time-charter operators, as well as to the U.S. and foreign governments. Through our extensive network of offices, we provide our customers with real-time global market intelligence and rapid access to quality and competitively priced marine fuel 24 hours a day, every day of the year. Our marine fuel related services include management services for the procurement of fuel, cost control through the use of price hedging instruments, quality control and claims management. Our customers require cost effective and professional fuel services, since fuel is a major component of a vessel's operating costs.

We primarily act as a reseller, where we take delivery for fuel purchased at the same place and time as the fuel is sold, mark it up and contemporaneously resell the fuel to our customer. In connection with our activities as a reseller, we maintain inventory in certain locations for strategic reasons in storage facilities that we own or lease, which is generally hedged in an effort to protect us against price risk. We also act as a broker where we are paid a commission for negotiating the transaction by arranging the fuel purchase contract between the supplier and the end user and expediting the arrangements for the delivery of fuel. In 2009, less than 20% of our marine business was transacted on a brokered basis. In addition, we enter into derivative contracts in order to mitigate the risk of market price fluctuations and to offer our customers fuel pricing alternatives to meet their needs.

The majority of our marine segment activity consists of spot sales, which are sales that do not involve continuing contractual obligations by our customers to purchase fuel from us. Our cost of fuel is generally tied to spot pricing or market-based formulas or is government controlled, and our suppliers typically extend unsecured trade credit to us.

We also contract with third parties to provide various services to our customers, including fueling of vessels in port and at sea, and transportation of fuel and fuel products.

During each of 2007, 2008, 2009 and the first half of 2010, none of our marine customers accounted for more than 10% of total consolidated revenue. Our marine segment income from operations was \$97.6 million and \$44.0 million for 2009 and the first six months of 2010, respectively.

### *Aviation Fuel Solutions*

We market fuel and related services to major commercial airlines, second and third-tier airlines, cargo carriers, regional and low-cost carriers, corporate fleets, fractional operators, private aircraft, military fleets and to the U.S. and foreign governments. Our aviation-related services include fuel management, price risk management, arranging ground handling, providing 24/7 global dispatch services and arranging and providing international trip planning, including flight plans, weather reports and overflight permits. In addition, we offer a private label charge card to customers in the general aviation industry. We have developed an extensive network of third-party suppliers and service providers that enables us to provide aviation fuel and related services throughout the world. We believe the breadth of our service offering combined with our global supplier network is a strategic differentiator that allows customers to secure fuel and high-quality services in any location worldwide on short notice.

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We purchase our aviation fuel from suppliers worldwide and then it is typically delivered into our customers' aircraft or designated storage directly from our suppliers pursuant to arrangements with them or from our fuel inventory pursuant to contracts with various third parties. Inventory is purchased at airport locations or shipped via pipelines and held at multiple locations for strategic reasons. We typically hedge inventory in pipelines in an effort to protect us against price risk. We also engage in both contract sales, which are sales made pursuant to fuel purchase contracts with customers who commit to purchasing fuel from us over the contract term, and spot sales. Our cost of fuel is generally tied to market-based formulas or is government controlled and our suppliers typically extend unsecured trade credit to us. We may prepay our fuel purchases when limited by the amount of credit extended to us by suppliers or as required to transact business in certain countries. We also enter into derivative contracts in order to mitigate the risk of market price fluctuations and to offer our customers fuel pricing alternatives to meet their needs.

During each of 2007, 2008, 2009 and the first half of 2010, none of our aviation customers accounted for more than 10% of total consolidated revenue. Our aviation segment income from operations was \$75.5 million and \$55.4 million for 2009 and the first six months of 2010, respectively.

### *Land Fuel Solutions*

We market fuel and related services to petroleum distributors operating in the land transportation market, retail petroleum operators and industrial, commercial and government customers and operate a small number of retail gasoline stations. Our land-related services include management services for the procurement of fuel and price risk management. We provide land fuel and related services throughout most of the United States as well as parts of Brazil and the United Kingdom.

We primarily act as a reseller, where we purchase fuel from a supplier, mark it up and contemporaneously resell it to our customers through spot sales and contract sales. Fuel is delivered to our customers directly or at designated tanker truck loading terminals commonly referred to as racks, which are owned and operated by our suppliers or other third-parties, or directly to customer locations through third party carriers. Our cost of fuel is generally tied to market-based formulas, and our suppliers typically extend unsecured trade credit to us. We also enter into derivative contracts to offer our customers fuel pricing alternatives to meet their needs.

During each of 2007, 2008, 2009 and the first half of 2010, none of our land customers accounted for more than 10% of total consolidated revenue. Our land segment income from operations was \$10.8 million and \$4.1 million for 2009 and the first six months of 2010, respectively.

### **Facilities**

We have offices located in the United States, the United Kingdom, Denmark, Norway, the Netherlands, Germany, Greece, Turkey, the United Arab Emirates, Russia, Taiwan, South Korea, Singapore, Japan, Hong Kong, Costa Rica, Brazil, Chile, Argentina, Mexico, Colombia, Canada and South Africa.

### **Employees**

As of September 8, 2010, we employed 1,317 people worldwide.

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### **Regulation**

Our current and past activities are subject to substantial regulation by federal, state and local government agencies, inside and outside the United States, which enforce laws and regulations governing the transportation, sale, storage and disposal of fuel and the collection, transportation, processing, storage, use and disposal of hazardous substances and wastes, including waste oil and petroleum products. For example, U.S. federal and state environmental laws applicable to us include statutes that: (i) allocate the cost of remedying contamination among specifically identified parties and prevent future contamination; (ii) impose national ambient standards and, in some cases, emission standards, for air pollutants that present a risk to public health or welfare; (iii) govern the management, treatment, storage and disposal of hazardous wastes; and (iv) regulate the discharge of pollutants into waterways. International treaties also prohibit the discharge of petroleum products at sea. The penalties for violations of environmental laws include injunctive relief, recovery of damages for injury to air, water or property, and fines for non-compliance. See Risk Factors and Legal Proceedings.

We may also be affected by new environmental laws and regulations that apply to us or our customers in the future, which could reduce the demand for our products and services. For example, as a result of international efforts to address climate change concerns, international accords aimed at reducing GHG emissions have been ratified by many countries outside of the U.S. In the U.S., several bills have been introduced in Congress, one of which has been passed by the House, that would compel carbon dioxide, which we refer to as CO<sub>2</sub>, emission reductions, and a number of U.S. states are discussing either state-specific legislation or participation in regional programs that could mandate future reductions in GHG emissions or otherwise manage those emissions. Although the likelihood of such measures being enacted and the specific requirements of any such regime are highly uncertain, they could affect our operations, earnings and competitive position.

### **Competitors**

Our competitors within the highly fragmented world-wide downstream markets of marine, aviation and land fuel are numerous, ranging from large multinational corporations, principally major oil producers, which have significantly greater capital resources than us, to relatively small and specialized firms. We compete with the major oil producers that market fuel directly to the large commercial airlines, shipping companies and petroleum distributors operating in the land transportation market as well as fuel resellers. We believe that our extensive market knowledge, worldwide presence, logistical expertise and value-added services, extension of credit and use of derivatives to provide fuel pricing alternatives give us the ability to compete in the marketplace.

### **Legal proceedings**

#### *Miami Airport Litigation*

In April 2001, Miami-Dade County, Florida, which we refer to as the County, filed suit, which we refer to as the County Suit, in the state circuit court in and for Miami-Dade County against 17 defendants to seek reimbursement for the cost of remediating environmental contamination at Miami International Airport (the Airport).

Also in April 2001, the County sent a letter to approximately 250 potentially responsible parties, which we refer to as PRPs, including World Fuel Services Corporation and one of our subsidiaries, advising of our potential liability for the clean-up costs of the contamination that is the subject of the County Suit. The County has threatened to add the PRPs as defendants in the County Suit, unless they agree to share in the cost of the environmental clean-up at the Airport. We have advised the County that: (i) neither we nor any of our subsidiaries were responsible for any environmental contamination at the Airport and (ii) to the extent that we or any of our subsidiaries were so responsible, our liability was subject to indemnification by the County pursuant to the indemnity provisions contained in our lease agreement with the County.

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If we are added as a defendant in the County Suit, we will vigorously defend any claims, and we believe our liability in these matters (if any) should be adequately covered by the indemnification obligations of the County.

### *Panama Litigation*

In July 2005, Atlantic Service Supply, S.A., which we refer to as Atlantic, a Panamanian fuel barge operator, filed suit against Tramp Oil & Marine Limited, which we refer to as TOM, one of our subsidiaries, alleging that TOM is jointly and severally liable for barging fees of \$1.0 million owed to Atlantic by Isthmian Petroleum Supply & Services, S.A., which we refer to as Isthmian. TOM and Isthmian were parties to an agreement pursuant to which Isthmian provided storage, delivery and other fuel-related services to TOM in Panama. In its suit, Atlantic alleges (i) Isthmian breached a barge charter agreement entered into between the two parties, (ii) Isthmian entered into the agreement as an agent on behalf of TOM and (iii) TOM is liable, as a principal, for Isthmian's breach of the agreement. In July 2007, the Panamanian maritime court ruled against Atlantic, finding that TOM was not liable for any barging fees owed to Atlantic by Isthmian. Isthmian has appealed this ruling. We believe this suit is without merit and we intend to vigorously defend the action.

In August 2005, TOM filed a lawsuit against Isthmian seeking damages of \$3.1 million for breach of contract and wrongful conversion of fuel owned by TOM. In September 2005, Isthmian filed a counterclaim against TOM alleging that TOM is in breach of contract and seeking \$5.0 million in damages. These actions are pending in a Panamanian maritime court. We believe Isthmian's suit against TOM is without merit and we intend to vigorously defend the action.

### *Brendan Airways Litigation*

One of our subsidiaries, World Fuel Services, Inc., which we refer to as WFSI, is involved in a dispute with Brendan Airways, LLC, which we refer to as Brendan, an aviation fuel customer, with respect to certain amounts Brendan claims to have been overcharged in connection with fuel sale transactions from 2003 to 2006. In August 2007, WFSI filed an action in the state circuit court in and for Miami-Dade County, Florida seeking declaratory relief with respect to the matters disputed by Brendan. In October 2007, Brendan filed a counterclaim against WFSI. In February 2008, the court dismissed WFSI's declaratory action. Brendan's counterclaim remains pending as a separate lawsuit against WFSI, and Brendan is seeking \$3.9 million in damages, plus interest and attorney's fees, in its pending action. In October 2009, Brendan filed a motion with the court seeking, among other things, leave to file a third amended complaint to add various additional claims, including a claim under the Florida Racketeer Influenced and Corrupt Organizations (RICO) Act, and claims for civil conspiracy, promissory estoppel and constructive fraud. In January 2010, the court ruled that Brendan may not amend the complaint to assert claims for violation of Florida's RICO Act or for civil conspiracy, and WFSI filed a motion to dismiss the additional claims, including the claims for promissory estoppel and constructive fraud. In April 2010, the court dismissed all of the additional claims with prejudice. We believe Brendan's claims are without merit and we intend to vigorously defend all of Brendan's claims.

### *TransContinental Litigation*

In April 2009, Soneet Kapila, whom we refer to as the Plaintiff, as Chapter 11 Trustee for Louis Pearlman, TransContinental Airlines, Inc. and Louis J. Pearlman Enterprises, Inc., which we refer to as the Debtors, filed a complaint in the United States Bankruptcy Court for the Middle District of Florida against WFSI seeking \$0.5 million in damages, representing payments made by the Debtors for the benefit of Planet Aviation, Inc., a WFSI customer, for which the Debtors claim they received no consideration. In June 2009, the Plaintiff, as Chapter 11 Trustee for TransContinental Aviation, Inc., which we refer to as TCA, filed a complaint in the United States Bankruptcy Court for the Middle District of Florida against WFSI seeking \$1.3 million in damages, representing payments made by TCA for which TCA claims it did not receive adequate value. We believe the claims asserted are without merit and we intend to vigorously defend these claims.

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*Other Matters*

As of June 30, 2010, we had recorded certain reserves related to the proceedings described above which were not significant. Because the outcome of litigation is inherently uncertain, we may not prevail in these proceedings and we cannot estimate our ultimate exposure in such proceedings if we do not prevail. Accordingly, a ruling against us in any of the above proceedings could have a material adverse effect on our financial condition, results of operations or cash flows.

In addition to the matters described above, we are involved in litigation and administrative proceedings primarily arising in the normal course of our business. In the opinion of management, except as set forth above, our liability, if any, under any other pending litigation or administrative proceedings, even if determined adversely, would not materially affect our financial condition, results of operations or cash flows.

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The following persons were our executive officers and directors as of April 1, 2010.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Paul H. Stebbins	53	Chairman of the Board and Chief Executive Officer
Michael J. Kasbar	53	President and Chief Operating Officer and Director
Ira M. Birns	47	Executive Vice President and Chief Financial Officer
Michael S. Clementi	48	Aviation Segment President, World Fuel Services, Inc.
Francis X. Shea	69	Executive Vice President and Chief Risk and Administrative Officer
Paul M. Nobel	42	Senior Vice President and Chief Accounting Officer
Ken Bakshi	60	Director
Joachim Heel	44	Director
Richard A. Kassar	62	Director
Myles Klein	71	Director
J. Thomas Presby	70	Director
Stephen K. Roddenberry	61	Director

*PAUL H. STEBBINS* has served as our Chairman of the Board of Directors and Chief Executive Officer since July 2002. He has served as a director of World Fuel since June 1995, and served as President and Chief Operating Officer of World Fuel from August 2000 to July 2002. From January 1995 to August 2000, Mr. Stebbins served as President and Chief Operating Officer of World Fuel Services Americas, Inc. (formerly Trans-Tec Services, Inc., which we refer to as Trans-Tec), at the time our principal subsidiary engaged in the marine fuel services business. From September 1985 to December 1994, Mr. Stebbins was an officer, shareholder and director of Trans-Tec, a global marine fuel services company, and its affiliated companies.

*MICHAEL J. KASBAR* has served as a director of World Fuel since June 1995 and as President and Chief Operating Officer since July 2002. From January 1995 to July 2002, he served as Chief Executive Officer of World Fuel Services Americas, Inc. From September 1985 to December 1994, Mr. Kasbar was an officer, shareholder and director of Trans-Tec and its affiliated companies. Mr. Kasbar is the first cousin of Richard A. Kassar, a director of the Company.

*IRA M. BIRNS* assumed the duties of Executive Vice President and Chief Financial Officer on April 16, 2007. From August 2004 to March 2007, Mr. Birns served as Vice-President and Treasurer and Vice President Investor Relations of Arrow Electronics, Inc., a NYSE company and electronics distributor. From May 2002 until August 2004, he served as Vice President and Treasurer of Arrow Electronics, Inc. Prior thereto and from 1996, he served as Treasurer of Arrow Electronics, Inc. He was Assistant Treasurer of Arrow Electronics, Inc. from 1989 to 1996.

*MICHAEL S. CLEMENTI* has served as Aviation Segment President of World Fuel Services, Inc., our principal domestic operating subsidiary, since April 1998. From August 1994 to March 1998, he served as Senior Vice President of World Fuel Services, Inc.

*FRANCIS X. SHEA* was appointed Chief Risk and Administrative Officer on January 13, 2005 and has served as an Executive Vice President since September 2001. From June 2006 to April 2007, Mr. Shea served as our Interim Chief Financial Officer. He previously served as our Chief Financial Officer from July 2002 to