

Scorpio Tankers Inc.  
Form 424B4  
November 18, 2010  
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Filed Pursuant to Rule 424(b)(4)  
Registration No. 333-170375

*PROSPECTUS*

**4,575,000 Shares**  
***SCORPIO TANKERS INC.***

*COMMON STOCK*

*Scorpio Tankers Inc. is offering 4,575,000 shares of its common stock.*

*Our common stock is listed on the New York Stock Exchange under the symbol **STNG** . The last reported sale price of our common stock on November 16, 2010 was \$9.80 per share.*

*Investing in the common stock involves risks. See **Risk Factors** beginning on page 18.*

*PRICE \$9.80 A SHARE*

*Price to Public*

*Underwriting*

*Proceeds to*

*Discounts and*

*Company*

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<i>Per Share</i>	\$9.80	<i>Commissions*</i> \$0.53508	\$9.26492
<i>Total</i>	\$44,835,000	\$2,447,991	\$42,387,009

\* We have agreed to reimburse the underwriters for certain legal fees they incur in connection with this offering. See *Underwriting* beginning on page 116 of this prospectus.

We have granted the underwriters the right to purchase an additional 686,250 shares of common stock to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the common stock as set forth under *Underwriting*. The underwriters expect to deliver the shares of common stock to purchasers on November 22, 2010.

**MORGAN STANLEY**

*Fearnley Fonds*

*Dahlman Rose & Company*

*Lazard Capital Markets*

*Knight*

*November 16, 2010*

*DVB Capital Markets*

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You should rely only on information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to give any information or to make any representations other than those contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is not an offer to sell, and it is not soliciting an offer to buy, (1) any securities other than our common shares or (2) our common shares in any circumstances in which such an offer or solicitation is unlawful. The information contained in this prospectus may change after the date of this prospectus. Do not assume after the date of this prospectus that the information contained in this prospectus is still correct.

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**PROSPECTUS SUMMARY**

*This section summarizes some of the key information that appears later in this prospectus. It may not contain all of the information that may be important to you. You should review carefully the risk factors and the more detailed information and financial statements included in this prospectus before making an investment decision. Unless the context otherwise requires, when used in this prospectus, the terms Scorpio Tankers, the Company, we, our and us refer to Scorpio Tankers Inc. and its subsidiaries. The financial information included in this prospectus represents our financial information and the operations of our subsidiaries. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. dollars. See the Glossary of shipping terms included in this prospectus for definitions of certain terms used in this prospectus that are commonly used in the shipping industry.*

**Our Company**

We are Scorpio Tankers Inc., a company incorporated in the Republic of The Marshall Islands. We provide seaborne transportation of crude oil and other petroleum products worldwide. We believe that the current dynamics in the tanker market will present attractive vessel purchase opportunities for ship operators that have the necessary capital resources. Following the completion of this offering, we will have approximately \$67.3 million of available cash, including the net proceeds of this offering and the concurrent investment of approximately \$5.0 million described below after deducting underwriting discounts and commissions and estimated expenses payable by us. The proceeds of this offering, together with borrowing capacity under our credit facility, will be available to fund additional acquisitions. We intend to use these funds to purchase additional modern tankers ranging in size from approximately 35,000 deadweight tons, or dwt, to approximately 200,000 dwt, and that generally are not more than five years old. We may purchase secondhand vessels that meet our specifications or newbuilding vessels, either directly from shipyards or from the current owners with shipyard contracts. The timing of these acquisitions will depend on our ability to identify suitable vessels on attractive purchase terms.

Our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member of the Lolli-Ghetti family, which has been involved in shipping since the early 1950s through the Italian company Navigazione Alta Italia, or NAI. The Lolli-Ghetti family owns and controls the Scorpio Group, which includes Simon Financial Limited, or Simon, which prior to our initial public offering was our ultimate parent company and controlling party; Scorpio Ship Management S.A.M., or SSM; and Scorpio Commercial Management S.A.M., or SCM; which provide us and third parties with technical and commercial management services, respectively; Liberty Holding Company Ltd., or Liberty, which provides us with administrative services; and other affiliated entities. Our President, Mr. Robert Bugbee, also has a senior management position at Scorpio Group, and was formerly the President and Chief Operating Officer of OMI Corporation, or OMI, which was a publicly traded shipping company.

**Our Fleet**

We own and operate one LR2 tanker, four LR1 tankers, four Handymax tankers, and one post-Panamax tanker that have an average age of 5.1 years as of November 10, 2010. In addition, we have options to purchase two 2008-built LR1 ice class-1A tankers, which options expire in September 2011. Two of our tankers, *Noemi* and *STI Heritage*, are employed under fixed-rate long-term time charters that, as of November 1, 2010, have remaining durations of approximately 15 and two months, respectively, and have aggregate remaining contracted cash flow of approximately \$12.0 million. The *Venice*, *Senatore* and *STI Harmony* are currently participating in the Scorpio Panamax Tanker Pool, and *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* are currently participating in the Scorpio Handymax Tanker Pool. See description in Business Management of our Fleet Scorpio Tanker Pools .

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Our chartering policy is to employ our vessels on a variety of time charters and in the spot charter market. Where we plan to employ a vessel in the spot charter market, we intend to generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel's size class. We believe this policy allows us to obtain attractive charterhire rates for our vessels while managing our exposure to short-term fluctuations in the tanker chartering market.

The following table summarizes key information about our vessels and their associated charters or pool agreement as of the date of this prospectus:

Vessel Name	Vessel Type	Year Built	Charterer Name Scorpio	Time Charter Rate (\$ per day) <sup>(1)</sup>	Vessel Delivery Date	Re-Delivery from Charterer <sup>(2)</sup>
<i>Venice</i> <sup>(3)</sup>	Post-Panamax	2001	Panamax Tanker Pool	Pool earnings	April 2004	N/A
<i>Noemi</i> <sup>(4)</sup>	LR1	2004	King Dustin Scorpio	24,500	Jan 2007	Jan 2012
<i>Senatore</i> <sup>(3)</sup>	LR1	2004	Panamax Tanker Pool	Pool earnings	Oct 2007	N/A
<i>STI Conqueror</i> <sup>(5)</sup>	Handymax	2005	Scorpio Handymax Tanker Pool	Pool earnings	June 2010	N/A
<i>STI Harmony</i> <sup>(3)</sup>	LR1	2007	Scorpio Panamax Tanker Pool	Pool earnings	June 2010	N/A
<i>STI Heritage</i> <sup>(6)</sup>	LR1	2008	Heritage Shipping Company Limited	\$25,500	June 2010	Jan 2011
<i>STI Matador</i> <sup>(5)</sup>	Handymax	2003	Scorpio Handymax Tanker Pool	Pool earnings	July 2010	N/A
<i>STI Gladiator</i> <sup>(5)</sup>	Handymax	2003	Scorpio Handymax Tanker Pool	Pool earnings	July 2010	N/A
<i>STI Highlander</i> <sup>(7)</sup>	Handymax	2007	Scorpio Handymax Tanker Pool	Pool earnings	Aug 2010	N/A
<i>STI Spirit</i> <sup>(8)</sup>	LR2	2008	Scorpio Aframax Tanker Pool	Pool earnings	Nov 2010	N/A

(1) This table shows gross charter rates and does not reflect commissions payable by us to third party and affiliated chartering brokers ranging from 2.5% to 3.75%, which includes the 1.25% payable to SCM.

(2) Redelivery from the charterer is plus or minus 30 days from the expiry date, at the charterer's option.

(3) *Venice*, *Senatore* and *STI Harmony* participate in the Scorpio Panamax Tanker Pool operated by our commercial manager. The vessels are allocated a pro-rata share of aggregated earnings of all the tankers in the pool, weighted by attributes such as size, fuel

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consumption, class notation and other capabilities. Based on the 24 vessels in the Scorpio Panamax Tanker Pool as of November 1, 2010, the

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specifications of the *Venice*, *Senatore* and *STI Harmony* result in the vessels earning an aggregate of approximately 14.9% of all net pool revenues, assuming all pool participant vessels are operating for the full year. This percentage may not be reflective of future earnings in the pool. The vessels can be withdrawn from the pool upon 90 days' notice or after the vessel is free from any commitment, whichever is later. Please see [Business - Our Managers - Scorpio Panamax Tanker Pool](#) for additional information comparing the *Venice*, *Senatore* and *STI Harmony* with other ships in the Scorpio Panamax Tanker Pool.

- (4) King Dustin currently time charters-out *Noemi* to ST Shipping, a wholly-owned subsidiary of Glencore S.A. of Zug, Switzerland. Please see [Related Party Transactions - King Dustin](#) for additional information.
- (5) *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* participate in the Scorpio Handymax Tanker Pool operated by our commercial manager. The vessels are allocated a pro-rata share of aggregated earnings of all the tankers in the pool, weighted by attributes such as size, fuel consumption, class notation and other capabilities. Based on the 37 vessels in the Scorpio Handymax Tanker Pool as of November 1, 2010, the specifications of the *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* result in the vessels earning approximately an aggregate of 11.1% of all net pool revenues, assuming all pool participant vessels are operating for the full year. This percentage may not be reflective of future earnings in the pool. The vessels can be withdrawn from the pool upon 90 days' notice or after the vessel is free from any commitment, whichever is later. Please see [Business - Our Managers - Scorpio Handymax Tanker Pool](#) for additional information comparing the *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* with other ships in the Scorpio Handymax Tanker Pool.
- (6) Heritage Shipping Company Limited, or Heritage Shipping, is a subsidiary of Liberty, a related party. Please see [Related Party Transactions - Heritage Shipping](#) for additional information.
- (7) We have entered into an agreement pursuant to which an unaffiliated third party has the option to purchase the *STI Highlander* from us for an aggregate purchase price of \$32.5 million. The buyer is required to notify the Company if it intends to exercise such option by November 23, 2010.
- (8) The *STI Spirit* was delivered to us on November 10, 2010. In connection with this vessel purchase, we also received two purchase options, each of which grants us the right, but not the obligation, to purchase a 2008-built LR1 ice class 1A tanker of approximately 63,600 dead weight tons for a price of \$45.0 million. Each option can be exercised at any time until September 14, 2011. Upon its delivery to us, the *STI Spirit* entered the Scorpio Aframax Tanker Pool, which is commercially managed by SCM, our commercial manager. The vessels are allocated a pro-rata share of aggregated earnings of all the tankers in the pool, weighted by attributes such as size, fuel consumption, class notation and other capabilities. The Scorpio Aframax Tanker pool was founded in December 2009 and, as of November 1, 2010, there were four vessels operating in the pool, not including the *STI Spirit* which entered upon its delivery to us. The *STI Spirit* has not yet been allocated its pool points, so we cannot determine the percentage of pool revenue that it will be allocated going forward.

Please see [Business - Our Customers](#) for additional information about our chartering arrangements.

**Our Managers**

As our commercial and technical managers, SCM and SSM provide us with commercial and technical services pursuant to their respective commercial and technical management agreements with us. Commercial services primarily involve vessel chartering. Technical services primarily include vessel operation, maintenance and crewing. We pay our managers fees for these services and reimburse our managers for the reasonable direct or indirect expenses they incur in providing us with these services.

We believe that Scorpio Group has established a reputation in the shipping industry as a leading independent provider of seaborne petroleum transportation services to major oil companies, national oil

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companies and oil traders in the Aframax, Panamax and Handymax tanker markets. Scorpio Group, headquartered in Monaco, was formed in 1971 and currently provides full technical management services through SSM to its own fleet as well as third party vessels and provides commercial management services through SCM to its own fleet as well as third party vessels. Scorpio Group is wholly-owned and controlled by the Lolli-Ghetti family, which has been involved in the shipping business since the early 1950s through NAI. Emanuele A. Lauro has served in a senior management position at Scorpio Group since 2004.

Scorpio Group has experienced significant growth since 2003 when it controlled a fleet of four vessels. As of November 1, 2010, Scorpio Group, through SSM and SCM, manages a fleet of approximately 76 vessels, including the nine vessels then in our fleet, one drybulk vessel owned directly by affiliates within Scorpio Group, and approximately 66 vessels owned by third parties operated through one of three tanker pools that Scorpio Group operates. The *STI Spirit*, delivered to us on November 10, 2010, is also managed by the Scorpio Group through SSM and SCM. In addition to two minority investments in logistics businesses, Scorpio Group also maintains offices in London, Mumbai, New York, Singapore, and Jakarta with approximately 80 shore-based employees globally.

SSM, which was formed in New York in 1971 and has been based in Monaco since 1984, is a technical ship management company and, as of November 1, 2010, manages a fleet of 16 vessels, including seven of the nine vessels then in our fleet, one drybulk vessel owned by affiliates of SSM and eight vessels owned by third parties. SCM, also based in Monaco, was formed in 2004 as a commercial management company and, as of November 1, 2010, manages a fleet of 76 vessels, including the nine vessels then in our fleet, one drybulk vessel owned by affiliates of SCM and 66 vessels owned by third parties. As noted above, the *STI Spirit*, delivered to us on November 10, 2010, is also managed by SSM and SCM. Our vessel *STI Spirit* participates in the Scorpio Aframax Tanker Pool, our vessels *Venice*, *Senatore* and *STI Harmony* participate in the Scorpio Panamax Tanker Pool and our vessels *STI Conqueror*, *STI Matador*, *STI Gladiator* and *STI Highlander* participate in the Scorpio Handymax Tanker Pool. All three pools employ vessels on time charters, contracts of affreightment, and in the spot market. Of the estimated operating days for 2011, none of the pools have significant fixed revenues and therefore the results of the pools will be dependent on the spot market. Given the historical volatility of spot market returns, we cannot provide a reasonable estimate of the future daily charter rate of our pooled vessels for the duration of their participation in these pools.

Liberty Holding Company Ltd., which we refer to as our Administrator, is a Scorpio Group affiliate which provides us with administrative services pursuant to an administrative services agreement. The administrative services provided under the agreement primarily include accounting, legal compliance, financial, information technology services and the provision of administrative staff and office space. Our Administrator will also arrange vessel sales and purchases for us. We expect that our Administrator will sub-contract many of its responsibilities to other entities within the Scorpio Group.

### **Our Competitive Strengths**

We believe that we possess a number of competitive strengths in our industry, including:

**Experienced management team with an established track record in the public market.** Since 2003, under the leadership of Mr. Emanuele Lauro, our Chairman and Chief Executive Officer, Scorpio Group has grown from an owner of one tanker in 2003 to an operator or manager of approximately 76 vessels as of November 1, 2010. Over the course of the last seven years, Mr. Lauro has founded and developed the Scorpio Aframax Tanker Pool, Scorpio Panamax Tanker Pool and the Scorpio Handymax Tanker Pool in which four, 24 and 37 vessels, respectively, participate as of November 1, 2010, from us, Scorpio Group and third party participants. Our President, Mr. Robert Bugbee, who also holds a senior management position within the Scorpio Group, has more than 25 years of experience in the shipping industry and was formerly the President and Chief Operating Officer of OMI Corporation,

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or OMI, a NYSE-listed tanker company that was sold in 2007. As a key member of management, Mr. Bugbee assisted in growing OMI from 26 vessels in 1998 with an average age of approximately 15.1 years to 45 vessels with an average age of approximately 4.3 years when it was sold in 2007. Mr. Bugbee is supported by Brian Lee, our Chief Financial Officer, and Cameron Mackey, our Chief Operating Officer, both of whom also served as members of the management team responsible for the growth of OMI. Our General Counsel, Luca Forgione, has experience in the shipping and commodity trade industry, where he acquired knowledge of the relevant regulatory and compliance regimes. Our Vice President of Vessel Operations, Sergio Gianfranchi, serves as the Pool Fleet Manager of SCM and has assisted in the launch and operation of the Scorpio Group's Panamax, Handymax and Aframax pools. Messrs. Lee, Mackey, Forgione and Gianfranchi serve in similar positions in Scorpio Group and have 11, 17, six and 47 years of experience, respectively, in the shipping industry, and, with Mr. Bugbee, collectively have over 106 years of combined shipping experience and have developed tanker industry relationships with charterers, lenders, shipbuilders, insurers and other industry participants.

**Significant available liquidity to pursue acquisition and expansion opportunities.** Immediately following this offering and the concurrent investment of approximately \$5.0 million described below, we expect to have \$67.3 million of cash after deducting underwriting discounts and commissions and estimated expenses payable by us. We intend to use our available cash and borrowing capacity to pursue vessel acquisitions consistent with our business strategy. We believe that our strong balance sheet, financing capacity and future access to capital will allow us to make opportunistic acquisitions at attractive prices.

**Attractive Fleet.** We have spent \$245.6 million on vessel acquisitions since our initial public offering. Our fleet of ten high-quality tankers, comprised of one LR2, four LR1, one Post-Panamax and four Handymax tankers has an average age of 5.1 years as of November 10, 2010, compared to a current global tanker industry average of 7.7 years, as of September 30, 2010. We believe that owning a young, well-maintained fleet reduces operating costs, improves the quality of service we deliver and provides us with a competitive advantage in securing favorable time and spot charters with high-quality counterparties. In addition, our fleet provides us with significant forward cash flows through pool and time charters.

**Our Business Strategy**

Our primary objectives are to profitably grow our business and emerge as a major operator of medium-sized tanker vessels. The key elements of our strategy are:

**Expanding our fleet through opportunistic acquisitions of high-quality vessels at attractive prices.** We intend to acquire modern, high-quality tankers through timely and selective acquisitions. We currently view LR2, Post-Panamax, LR1 and Handymax vessel classes as providing attractive return characteristics, and our management team has significant experience with these classes of vessels from their tenure at OMI and at Scorpio Group. A key element to our acquisition strategy will be to purchase high-quality vessels at attractive prices. When evaluating acquisitions, we will consider and analyze our expectation of fundamental developments in the particular industry sector, the level of liquidity in the resale and charter market, the cash flow earned by the vessel in relation to its value, its condition and technical specifications, expected remaining useful life, the credit quality of the charterer and duration and terms of charter contracts for vessels acquired with charters attached, as well as the overall diversification of our fleet and customers. In the current market, asset values in the tanker industry are significantly below the last five and 10 year trailing averages, and as a result of a weak spot market we believe these values may continue to deteriorate over the near term. We believe that these circumstances combined with our management's knowledge of the shipping industry present an opportunity for us to grow our fleet at favorable prices.

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**Optimizing vessel revenues through a mix of time charter contracts and spot market exposure.** We intend to employ a chartering strategy to capture upside opportunities in the spot market while using fixed-rate time charters to reduce downside risks. As it relates to spot market exposure, through our participation in tanker pools managed by the Scorpio Group, we believe that the revenues of our vessels will exceed the rate we would otherwise achieve by operating these vessels outside of the pools.

**Focusing on tankers based on our experience and expertise in the segment.** We believe that energy companies seek transportation partners that are financially stable and have a reputation for reliability, safety, and high environmental and quality standards. We intend to leverage the operational expertise and customer base of Scorpio Group and of the former members of OMI's management team in order to further expand these relationships with consistent delivery of superior customer service.

**Minimizing operating and corporate expenses.** Under the management agreements with SSM and SCM that we have entered into for our vessels and that we plan to enter into for any vessels that we acquire in the future, these two managers will coordinate and oversee the technical and commercial management, respectively, of our fleet. We believe that SSM and SCM will be able to do so at a cost to us that would be lower than what could be achieved by performing the functions in-house.

### **Tanker Industry Trends**

Based on information provided by Fearnley Fonds ASA, or Fearnley, we believe that the following industry trends create growth opportunities for us as owners and operators of shipping vessels:

the global economic downturn and limited available vessel financing, among other things, have resulted in historically low tanker values;

recovery of global economic activity and industrial production, which continues to rely heavily upon oil and refined petroleum product consumption;

increased aggregate seaborne transportation distances due in large part to growing economies in China and India, and limitations on refinery capacity in developed countries coupled with lower cost refinery capacity becoming increasingly located in developing countries further from end consumers;

International Maritime Organization (IMO) regulations mandating a phase-out by 2010, or 2015 by exemption of a tanker's flag state under certain conditions, of conventional, single-hull tankers, which make up 6% of the world's tanker supply as of the end of September 2010; and

charterers' concerns about environmental and safety standards have shifted their preference toward modern tankers operated by reputable ship operators.

### **Corporate Structure**

We were incorporated under the laws of the Republic of The Marshall Islands on July 1, 2009. We currently maintain our principal executive offices at 9, Boulevard Charles III, Monaco 98000. Our telephone at this address is +377-9798-5716. We also maintain an office in the United States at 150 East 58th Street, New York, NY 10155. The telephone number at our New York office is 212-542-1616. We own each of the vessels in our fleet, and expect to own each additional vessel that we acquire in the future, through separate wholly-owned subsidiaries incorporated in the Republic of The Marshall Islands.

### **Our Dividend Policy**

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Currently, we do not intend to pay dividends to the holders of our common shares. We will continue to assess our dividend policy and our board of directors may determine it is in the best interest of the Company to

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pay dividends in the future. Depending on prevailing charter market conditions, our operating results and capital requirements and other relevant factors, our board of directors may re-evaluate our dividend policy. Please see [Our Dividend Policy](#) for additional information regarding our dividend policy.

### **Our Credit Facilities**

On June 2, 2010, we entered into a credit facility with Nordea Bank Finland plc, acting through its New York branch, DnB NOR Bank ASA and Fortis Bank (Nederland) N.V. as lead arrangers, for a senior secured term loan facility of up to \$150 million, or the 2010 Credit Facility. The Company had outstanding borrowings under this facility of \$19.0 million at June 30, 2010 and \$148.6 million at November 3, 2010. As of November 3, 2010, we have drawn down the entire \$150.0 million available under our credit facility. The loan bears interest at LIBOR plus an applicable margin of 3.00% per annum when our debt to capitalization (total debt plus equity) ratio is equal to or less than 50% and 3.50% per annum when our debt to capitalization ratio is greater than 50%. A commitment fee equal to 40% of the applicable margin is payable on the unused daily portion of the credit facility. The credit facility matures on May 15, 2015 and can only be used to finance vessel acquisitions, which vessels become the collateral for the credit facility. For further details, please read [Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources](#).

On November 5, 2010, we entered into a committed term sheet with DVB Bank SE, or DVB, for a senior secured term loan facility for the lower of \$28.6 million or 55% of the charter free fair market value of the *STI Spirit*, which was acquired on November 10, 2010. The committed term sheet has customary conditions including DVB's satisfaction with the completion of business, legal, environmental, tax, financial, accounting and customer call due diligence. Under the terms of the committed term sheet letter, the credit facility would have a maturity date of seven years after the drawdown date, and the loan would bear interest at LIBOR plus a margin of 2.75% per annum. The credit facility may only be used to finance the *STI Spirit*. DVB Capital Markets LLC, an affiliate of DVB, is acting as an underwriter of less than 1% of the shares in this offering. For further details of the credit facility as set forth in the committed term sheet, please read [Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources](#).

### **Risk Factors**

We face a number of risks associated with our business and industry and must overcome a variety of challenges to utilize our strengths and implement our business strategy. These risks include, among others, the highly cyclical tanker industry; partial dependence on spot charters; charter values; changing economic, political and governmental conditions affecting our industry and business; applicable laws and regulations; risks related to our recently-formed company and its subsidiaries; our fleet's limited performance record, operating history and financial information; full performance by counterparties; acquisitions and dispositions; operating expenses; our capital expenditures; taxes; customer relationships; liquidity; financing; and management.

This is not a comprehensive list of risks to which we are subject, and you should carefully consider all the information in this prospectus prior to investing in our common shares. In particular, we urge you to carefully consider the risk factors set forth in the section of this prospectus entitled [Risk Factors](#) beginning on page 18.

### **Our Relationship with Scorpio Group and its Affiliates**

We were incorporated in the Republic of The Marshall Islands on July 1, 2009 by Simon Financial Limited, or Simon, which is owned by members of the Lolli-Ghetti family and manages their shipping interests. On October 1, 2009, (i) Simon transferred three operating subsidiary companies to us, which owned the vessels in our fleet consisting of the *Venice*, *Senatore* and *Noemi*; (ii) Liberty Holding Company Ltd., or Liberty, became a wholly-owned subsidiary and operating vehicle of Simon; (iii) Scorpio Owning Holding Ltd. became a wholly-owned subsidiary of Liberty; and (iv) we became a wholly-owned subsidiary of Scorpio Owning Holding Ltd. As

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a result of the completion of our initial public offering in April 2010, restricted stock issuances pursuant to our equity incentive plan, and Company purchases of stock pursuant to a share buy-back plan, the ownership percentage of Scorpio Owing Holding Ltd. immediately prior to the consummation of this offering stands at 29.6%. Liberty's operations include the Scorpio Group's drybulk carriers, logistics operations in Southeast Asia, owning an offshore floating terminal, vessel pools, chartered-in vessels, and interests in joint ventures and investments. Following completion of this offering, and after giving effect to the concurrent private placement, Scorpio Group and its affiliates, through Scorpio Owing Holding Ltd., are expected to beneficially own 23.3% of the outstanding shares of our common stock, which will represent 23.3% of the voting and economic interest in our common stock (22.7% and 22.7%, respectively, if the underwriters' over-allotment option is exercised in full). Scorpio Group does not have an ownership interest in any tanker vessels other than our tanker vessels, and will preclude itself from directly owning product or crude tankers ranging in size from 35,000 dwt to 200,000 dwt.

Our board of directors consists of five individuals, three of whom are independent directors. The three independent directors form the board's Audit Committee and, pursuant to the Audit Committee charter, are required to review all potential conflicts of interest between us and Scorpio Group. The two non-independent directors, Emanuele Lauro and Robert Bugbee, serve in senior management positions within the Scorpio Group and have an ownership stake in Liberty, which is our Administrator, and which is also an affiliate of the Scorpio Group.

The Scorpio Group is owned and controlled by members of the Lolli-Ghetti family, of which Mr. Lauro is a member. Mr. Lauro is considered to be the acting Chief Executive Officer and Mr. Bugbee is considered to be the acting President of the Scorpio Group. Mr. Lauro is employed by Scorpio Commercial Management and Mr. Bugbee is employed by Scorpio USA, and both entities are affiliates within the Scorpio Group. Mr. Lauro and Mr. Bugbee have a restricted stock ownership interest of 2% and 1.75%, respectively, in Liberty, an affiliate of the Scorpio Group, but they have no other ownership interests in the Scorpio Group. Liberty, in turn, currently has a 29.6% ownership interest in us through Scorpio Owing Holding Ltd., its wholly-owned subsidiary, but this ownership interest will be reduced as a result of this offering to 23.3% (or 22.7%, if the underwriters' over-allotment option is exercised in full), after giving effect to the concurrent private placement. We are not affiliated with any other entities in the shipping industry other than those that are members of the Scorpio Group.

SCM and SSM, which as noted previously are affiliates of Scorpio Group, provide commercial and technical management services to us pursuant to our commercial and technical management agreements. Under the commercial management agreement, we pay SCM a fee of 1.25% commission per charter fixture plus \$250 per vessel per day for Panamax, LRI, and LR2 vessels and \$300 per vessel per day for Handymax vessels for vessels that do not participate in one of the Scorpio Group pools. For vessels operating in a Scorpio Group pool, we pay a fee of 1.25% commission per charter fixture plus \$250 per vessel per day for Panamax, LRI, and LR2 vessels and \$300 per vessel per day for Handymax vessels. We pay SSM \$548 per vessel per day to provide technical management services for each of our vessels. We have entered into separate commercial and technical management agreements for each of our vessels and expect to enter into similar agreements with respect to each vessel that we acquire going forward. The commercial and technical management agreements with SCM and SSM are each for a period of three years, and may be terminated upon two years' notice.

We will reimburse Liberty, which as noted previously is our Administrator and also an affiliate of the Scorpio Group, for the reasonable direct or indirect expenses it incurs in providing us with the administrative services described above. We will also pay our Administrator a fee for arranging vessel purchases and sales for us equal to 1% of the gross purchase or sale price, payable upon the consummation of any such purchase or sale. We believe this 1% fee on purchases and sales is customary in the tanker industry.

Pursuant to our administrative services agreement, Liberty, on behalf of itself and other members of the Scorpio Group, has agreed that it will not directly own product or crude tankers ranging in size from 35,000 dwt

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to 200,000 dwt. We have no other agreements with SCM, SSM, our Administrator, or any other party providing for a resolution of potential conflicts in our favor.

For further details about our relationship and agreements with the Scorpio Group and its affiliates, please read [Related Party Transactions](#) and [Management Board of Directors and Committees](#).

**Our Arrangement with a Member of the Lolli-Ghetti Family**

Concurrently with this offering, a member of the Lolli-Ghetti family, of which our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member, will purchase approximately \$5.0 million of additional shares of our common stock at the price per share to the public in this offering, in a private placement offering exempt from the registration requirements of the Securities Act of 1933.

**Recent Developments Unaudited Third Quarter and Nine Month Results**

The tables below set forth our (1) unaudited results for the three and nine months ended September 30, 2010 and 2009 (2) our unaudited financial position as of September 30, 2010 and as of December 31, 2009 (3) our unaudited cash flows for the nine months ended September 30, 2009 and (4) our unaudited average daily results for the three and nine months ended September 30, 2010 and 2009. These unaudited results for the periods shown below are the responsibility of management. This summary is not meant to be a comprehensive statement of our unaudited financial results for this period and these results are not necessarily indicative of our results for future periods.

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**Scorpio Tankers Inc. and Subsidiaries**  
**Condensed Consolidated Income Statements**  
**(unaudited)**

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2010	2009	2010	2009
<b>Revenue:</b>				
Vessel revenue	\$ 13,358,211	\$ 5,502,542	\$ 26,775,939	\$ 21,752,091
<b>Operating expenses:</b>				
Vessel operating costs	(6,032,457)	(1,814,913)	(11,339,231)	(6,397,434)
Voyage expenses	(2,136,453)		(2,509,862)	
Charter hire				(3,163,485)
Impairment <sup>(1)</sup>		(4,511,877)		(4,511,877)
Depreciation	(3,371,725)	(1,599,153)	(6,673,217)	(5,155,675)
General and administrative expenses	(2,215,743)	(122,964)	(3,715,636)	(304,404)
Total operating expenses	(13,756,378)	(8,048,907)	(24,237,946)	(19,532,875)
<b>Operating income</b>	(398,167)	(2,546,365)	2,537,993	2,219,216