Scorpio Tankers Inc.
Form 424B5
May 06, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-186815

SUBJECT TO COMPLETION, DATED MAY 6, 2014

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities in any jurisdiction where the offer or sale is not permitted and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated February 25, 2013)

% Senior Notes due 2020

We are offering $ aggregate principal amount of our % Senior Notes due 2020 (the Notes). We have granted the underwriters the option to purchase, exercisable during the 30-day period beginning on the date of this prospectus supplement, up to an additional $ aggregate principal amount of the Notes. The Notes will bear interest from May , 2014 at a rate of % per year. The Notes will mature on May 15, 2020. Interest on the Notes will be payable quarterly in arrears on the 15th day of February, May, August and November of each year, commencing on August 15, 2014. We may redeem the Notes at our option, in whole or in part, at any time on or after , 2017 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, as described in Description of Notes Optional Redemption. In addition, we may redeem the Notes in whole, but not in part, at any time at our option, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if certain events occur involving changes in taxation, as described in this prospectus supplement under Description of Notes Optional Redemption for Changes in Withholding Taxes.

The Notes will be senior unsecured obligations and will rank equally with all of our existing and future senior unsecured and unsubordinated debt. The Notes will be effectively subordinated to our existing and future secured debt, to the extent of the value of the assets securing such debt, and will be structurally subordinated to all existing and future debt and other liabilities of our subsidiaries. The Notes will be issued in minimum denominations of $25.00 and integral multiples of $25.00 in excess thereof.

Investing in the Notes involves risks. Please see **Risk Factors beginning on page S-12.**

	Per Note	Total
Public offering price [1]	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

(1) Plus accrued interest from May , 2014 if settlement occurs after that.

We will apply for the listing of the Notes on the New York Stock Exchange. If approved for listing, trading on the New York Stock Exchange is expected to commence within 30 days after the Notes are first issued.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Joint Bookrunning Managers

Stifel **Deutsche Bank Securities** **Jefferies**

Co-Managers

BB&T Capital Markets **Janney Montgomery Scott** **Wunderlich Securities**

We expect that delivery of the Notes will be made to investors on or about May , 2014, through the book-entry system of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear system, and Clearstream Banking, *société anonyme*.

The date of this prospectus supplement is May , 2014

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

BASE PROSPECTUS

Table of Contents

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying base prospectus and the documents incorporated by reference into this prospectus supplement and the base prospectus. The second part, the base prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to this offering. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the accompanying prospectus, we are referring to the base prospectus.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. This prospectus supplement, the accompanying prospectus and the documents incorporated into each by reference include important information about us, the Notes being offered and other information you should know before investing. You should read this prospectus supplement and the accompanying prospectus together with additional information described under the heading, Where You Can Find Additional Information before investing in the Notes.

We prepare our financial statements, including all of the financial statements incorporated by reference in this prospectus supplement, in U.S. dollars and in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). We have a fiscal year end of December 31.

We have authorized only the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and any underwriters have not, authorized anyone to provide you with information that is different. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We are offering to sell, and seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The information contained in or incorporated by reference in this document is accurate only as of the date such information was issued, regardless of the time of delivery of this prospectus supplement or any sale of the Notes.

ENFORCEMENT OF CIVIL LIABILITIES

We are a Marshall Islands company, and our principal executive office is located outside of the United States in Monaco, although we also have an office in New York. Some of our directors, officers and the experts named in this registration statement reside outside the United States. In addition, a substantial portion of our assets and the assets of certain of our directors, officers and experts are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in United States courts against us or these persons.

INDUSTRY AND MARKET DATA

The discussions contained under the heading The International Oil Tanker Shipping Industry have been reviewed by Drewry Shipping Consultants Ltd., or Drewry, which has confirmed to us that they accurately describe the international oil tanker shipping market as of March 31, 2014.

The statistical and graphical information we use in this prospectus has been compiled by Drewry from its database. Drewry compiles and publishes data for the benefit of its clients. Its methodologies for collecting data, and therefore the data collected, may differ from those of other sources, and its data does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the market.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

We desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are including this cautionary statement in connection with this safe harbor legislation. This document and the documents incorporated by reference herein may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words believe, anticipate, intend, estimate, forecast, project, plan, potential, may, should, expect and similar expressions identify forward-looking statements.

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

In addition to these important factors and matters discussed elsewhere in this prospectus, and in the documents incorporated by reference in this prospectus, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their contracts with us, the strength of world economies and currencies, general market conditions, including fluctuations in charterhire rates and vessel values, changes in demand in the tanker vessel markets, changes in the company s operating expenses, including bunker prices, drydocking and insurance costs, the fuel efficiency of our vessels, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental rules and regulations or actions taken by regulatory authorities including those that may limit the commercial useful lives of tankers, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports we file with the Securities and Exchange Commission, or the Commission, and the New York Stock Exchange, or NYSE. We caution readers of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to update or revise any forward-looking statements. These forward-looking statements are not guarantees of our future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

Table of Contents

PROSPECTUS SUMMARY

This section summarizes some of the key information that is contained or incorporated by reference in this prospectus. It may not contain all of the information that may be important to you. As an investor or prospective investor, you should review carefully the entire prospectus, any free writing prospectus that may be provided to you in connection with the offering of our Notes and the information incorporated by reference in this prospectus, including the sections entitled Risk Factors on page S-12 of this prospectus supplement; on page 8 of the accompanying prospectus in our Registration Statement on Form F-3, effective February 25, 2013; and in our Annual Report on Form 20-F for the fiscal year ended December 31, 2013, filed on March 31, 2014. Unless the context otherwise requires, when used in this prospectus supplement, the terms Scorpio Tankers, the Company, we, our and us refer to Scorpio Tankers Inc. and its subsidiaries. Scorpio Tankers Inc. refers only to Scorpio Tankers Inc. and not its subsidiaries. The financial information included or incorporated by reference into 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. Unless otherwise indicated, all information in this prospectus supplement assumes that the underwriters option to purchase up to $ million aggregate additional principal amount of the Notes is not exercised.

Our Company

We are engaged in seaborne transportation of refined petroleum products and crude oil in the international shipping markets. As of May 6, 2014, we operate a fleet consisting of 20 wholly-owned tankers (two LR1 tankers, one Handymax tanker, 16 MR tankers and one post-Panamax tanker) with a weighted average age of approximately 2.8 years, and 28 time chartered-in tankers (eight Handymax tankers, six MR tankers, six LR1 tankers and eight LR2 tankers), which we refer to collectively as our Operating Fleet. In addition, as of the same date, we have contracts for the construction of 54 newbuilding product tankers (28 MR tankers, 14 Handymax ice class 1-A tankers and 12 LR2 tankers), which we refer to as our Newbuilding Program. Of the vessels in our Newbuilding Program, 41 are expected to be delivered to us throughout 2014 and 13 in 2015. We also own approximately 25.7% of the outstanding shares of Dorian LPG Ltd., or Dorian, an international liquefied petroleum gas, or LPG, shipping company, which has an operating fleet of four LPG carriers (three of which are very large gas carriers, or VLGCs) and contracts for the construction of 19 fuel-efficient VLGC newbuildings from reputable shipyards.

The following table sets forth certain information regarding our fleet as of May 6, 2014:

	Vessel Name	Year Built	DWT	Ice class	Employment	Vessel type
	Owned vessels					
1	STI Highlander	2007	37,145	1A	SHTP (1)	Handymax
2	STI Amber	2012	52,000		SMRP (4)	MR
3	STI Topaz	2012	52,000		SMRP (4)	MR
4	STI Ruby	2012	52,000		SMRP (4)	MR
5	STI Garnet	2012	52,000		SMRP (4)	MR
6	STI Onyx	2012	52,000		SMRP (4)	MR
7	STI Sapphire	2013	52,000		SMRP (4)	MR
8	STI Emerald	2013	52,000		SMRP (4)	MR
9	STI Beryl	2013	52,000		SMRP (4)	MR
10	STI Le Rocher	2013	52,000		SMRP (4)	MR
11	STI Larvotto	2013	52,000		SMRP (4)	MR

12	STI Fontvieille	2013	52,000	SMRP [4]	MR
13	STI Ville	2013	52,000	SMRP [4]	MR
14	STI Duchessa	2014	52,000	SMRP [4]	MR

Table of Contents

	Vessel Name	Year Built	DWT	Ice class	Employment	Vessel type
15	STI Opera	2014	52,000		Spot (5)	MR
16	STI Texas City	2014	52,000		Time Charter (6)	MR
17	STI Meraux	2014	52,000		Time Charter (7)	MR
18	STI Harmony	2007	73,919	1A	SPTP (2)	LR1
19	STI Heritage	2008	73,919	1A	SPTP (2)	LR1
20	Venice	2001	81,408	1C	Spot	Post-Panamax
	Total owned DWT		1,098,391			

	Vessel Name	Year Built	DWT	Ice class	Employment	Vessel type	Daily Base Rate	Expiry (8)
	Time chartered-in vessels							
21	Kraslava	2007	37,258	1B	SHTP (1)	Handymax	$ 12,800	18-May-15
22	Krisjanis Valdemars	2007	37,266	1B	SHTP (1)	Handymax	$ 13,650	14-Apr-15 (9)
23	Jinan	2003	37,285		SHTP (1)	Handymax	$ 12,600	28-Apr-15
24	Iver Progress	2007	37,412		SHTP (1)	Handymax	$ 12,500	3-Mar-15 (10)
25	Iver Prosperity	2007	37,455		SHTP (1)	Handymax	$ 12,500	20-Oct-14 (11)
26	Histria Azure	2007	40,394		SHTP (1)	Handymax	$ 13,550	4-Apr-15 (12)
27	Histria Coral	2006	40,426		SHTP (1)	Handymax	$ 12,800	17-Jul-14 (13)
28	Histria Perla	2005	40,471		SHTP (1)	Handymax	$ 12,800	15-Jul-14 (13)
29	STX Ace 6	2007	46,161		SMRP (4)	MR	$ 14,150	17-May-14 (14)
30	Targale	2007	49,999		SMRP (4)	MR	$ 14,500	17-May-15 (15)
31	Gan-Triumph	2010	49,999		SMRP (4)	MR	$ 14,150	20-May-14
32	Nave Orion	2013	49,999		SMRP (4)	MR	$ 14,300	25-Mar-15 (16)
33	Gan-Trust	2013	51,561		SMRP (4)	MR	$ 16,250	6-Jan-16 (17)
34	Usma	2007	52,684	1B	SMRP (4)	MR	$ 14,500	3-Jan-15
35	SN Federica	2003	72,344		SPTP (2)	LR1	$ 11,250	15-May-15 (18)
36	SN Azzura	2003	72,344		SPTP (2)	LR1	$ 13,600	25-Dec-14
37	King Douglas	2008	73,666		SPTP (2)	LR1	$ 14,000	8-Aug-14 (19)
38	Hellespont Promise	2007	73,669		SPTP (2)	LR1	$ 14,250	14-Aug-14
39	Hellespont Progress	2006	73,728		SPTP (2)	LR1	$ 15,000	18-Mar-15 (20)
40	FPMC P Eagle	2009	73,800		SPTP (2)	LR1	$ 14,525	9-Sep-15
41	FPMC P Hero	2011	99,995		SLR2P (3)	LR2	$ 15,000	2-Nov-14 (21)
42	FPMC P Ideal	2012	99,993		SLR2P (3)	LR2	$ 15,250	9-Jul-14 (22)
43	Swarna Jayanti	2010	104,895		SLR2P (3)	LR2	$ 15,000	11-Mar-15 (23)
44	Densa Alligator	2013	105,708		SLR2P (3)	LR2	$ 16,500	17-Sep-14 (24)
45	Khawr Aladid	2006	106,003		SLR2P (3)	LR2	$ 15,400	11-Jul-15
46	Fair Seas	2008	115,406		SLR2P (3)	LR2	$ 16,500	21-Aug-14
47	Southport	2008	115,462		SLR2P (3)	LR2	$ 15,700	10-Dec-14
48	Four Sky	2010	115,708		SLR2P (3)	LR2	$ 16,250	2-Sep-14
	Total time chartered-in DWT		1,911,091					

Table of Contents

Newbuildings currently under construction

	Vessel Name	Yard	DWT	Ice class	Vessel type
	Product tankers				
49	Hull 2451	HMD [25]	38,000	1A	Handymax
50	Hull 2452	HMD [25]	38,000	1A	Handymax
51	Hull 2453	HMD [25]	38,000	1A	Handymax
52	Hull 2454	HMD [25]	38,000	1A	Handymax
53	Hull 2462	HMD [25]	38,000	1A	Handymax
54	Hull 2463	HMD [25]	38,000	1A	Handymax
55	Hull 2464	HMD [25]	38,000	1A	Handymax
56	Hull 2465	HMD [25]	38,000	1A	Handymax
57	Hull 2476	HMD [25]	38,000	1A	Handymax
58	Hull 2477	HMD [25]	38,000	1A	Handymax
59	Hull 2478	HMD [25]	38,000	1A	Handymax
60	Hull 2479	HMD [25]	38,000	1A	Handymax
61	Hull 2499	HMD [25]	38,000	1A	Handymax
62	Hull 2500	HMD [25]	38,000	1A	Handymax
63	Hull 2391	HMD [25]	52,000		MR
64	Hull 2392	HMD [25]	52,000		MR
65	Hull 2449	HMD [25]	52,000		MR
66	Hull 2450	HMD [25]	52,000		MR
67	Hull 2458	HMD [25]	52,000		MR
68	Hull 2459	HMD [25]	52,000		MR
69	Hull 2460	HMD [25]	52,000		MR
70	Hull 2461	HMD [25]	52,000		MR
71	Hull 2492	HMD [25]	52,000		MR
72	Hull 2493	HMD [25]	52,000		MR
73	Hull 2445	HMD [25]	52,000		MR
74	Hull 2474	HMD [25]	52,000		MR
75	Hull 2475	HMD [25]	52,000		MR
76	Hull 2490	HMD [25]	52,000		MR
77	Hull S1138	SPP [26]	52,000		MR
78	Hull S1139	SPP [26]	52,000		MR
79	Hull S1140	SPP [26]	52,000		MR
80	Hull S1141	SPP [26]	52,000		MR
81	Hull S1142	SPP [26]	52,000		MR
82	Hull S1143	SPP [26]	52,000		MR
83	Hull S1144	SPP [26]	52,000		MR
84	Hull S1145	SPP [26]	52,000		MR
85	Hull S1167	SPP [26]	52,000		MR
86	Hull S1168	SPP [26]	52,000		MR
87	Hull S1169	SPP [26]	52,000		MR
88	Hull S1170	SPP [26]	52,000		MR
89	Hull S5124	SPP [26]	52,000		MR

90	Hull S5125	SPP (26)	52,000	MR
91	Hull S703	HSHI (27)	114,000	LR2
92	Hull S704	HSHI (27)	114,000	LR2
93	Hull S705	HSHI (27)	114,000	LR2
94	Hull S706	HSHI (27)	114,000	LR2
95	Hull S709	HSHI (27)	114,000	LR2
96	Hull S710	HSHI (27)	114,000	LR2
97	Hull S715	HSHI (27)	114,000	LR2
98	Hull S716	HSHI (27)	114,000	LR2
99	Hull 5394	DSME (28)	114,000	LR2

Table of Contents

	Vessel Name	Yard	DWT	Ice class	Vessel type
100	Hull 5395	DSME (28)	114,000		LR2
101	Hull 5398	DSME (28)	114,000		LR2
102	Hull 5399	DSME (28)	114,000		LR2
	Total newbuilding product tankers DWT		3,356,000		
	Total Fleet DWT		6,365,482		

(1) This vessel operates in or is expected to operate in the Scorpio Handymax Tanker Pool (SHTP). SHTP is operated by Scorpio Commercial Management (SCM). SHTP and SCM are related parties to the Company.
(2) This vessel operates in or is expected to operate in the Scorpio Panamax Tanker Pool (SPTP). SPTP is operated by SCM. SPTP is a related party to the Company.
(3) This vessel operates in or is expected to operate in the Scorpio LR2 Pool (SLR2P). SLR2P is operated by SCM. SLR2P is a related party to the Company.
(4) This vessel operates in or is expected to operate in the Scorpio MR Pool (SMRP). SMRP is operated by SCM. SMRP is a related party to the Company.
(5) This vessel is on a short term time charter for up to 120 days at approximately $19,000 per day.
(6) This vessel is on a time charter agreement for two years, which also contains a 50% profit sharing provision whereby we split all of the vessel s profits above the daily base rate with the charterer.
(7) This vessel is on a time charter agreement for one year, which also contains a 50% profit sharing provision whereby we split all of the vessel s profits above the daily base rate with the charterer.
(8) Redelivery from the charterer is plus or minus 30 days from the expiry date.
(9) The agreement also contains a 50% profit and loss sharing provision whereby we split all of the vessel s profits and losses above or below the daily base rate with the vessel s owner.
(10) We have an option to extend the charter for an additional year at $13,500 per day.
(11) We have an option to extend the charter for an additional year at $13,250 per day.
(12) We have an option to extend the charter for an additional year at $13,550 per day.
(13) We have an option to extend the charter for an additional year at $13,550 per day.
(14) We have an option to extend the charter for an additional year at $15,150 per day.
(15) We have options to extend the charter for up to two consecutive one year periods at $15,200 per day and $16,200 per day, respectively.
(16) We have an option to extend the charter for an additional year at $15,700 per day.
(17) The daily base rate represents the average rate for the three year duration of the agreement. The rate for the first year is $15,750 per day, the rate for the second year is $16,250 per day, and the rate for the third year is $16,750 per day. We have options to extend the charter for up to two consecutive one year periods at $17,500 per day and $18,000 per day, respectively.
(18) We have an option to extend the charter for an additional year at $12,500 per day. We have also entered into an agreement with the vessel s owner whereby we split all of the vessel s profits above the daily base rate.
(19) We have an option to extend the charter for an additional year at $15,000 per day.
(20) We have options to extend the charter for up to two consecutive one year periods at $16,250 per day and $17,250 per day, respectively.
(21) We have an option to extend the charter for an additional six month at $15,500 per day.
(22) We have an option to extend the charter for an additional six months at $15,500 per day.

(23) We have an option to extend the charter for an additional six months at $16,250 per day.
(24) We have an option to extend the charter for one year at $17,550 per day.
(25) These newbuilding vessels are being constructed at HMD (Hyundai Mipo Dockyard Co. Ltd. of South Korea). 23 vessels are expected to be delivered in 2014 and five vessels in the first and second quarters of 2015.
(26) These newbuilding vessels are being constructed at SPP (SPP Shipbuilding Co., Ltd. of South Korea). 10 vessels are expected to be delivered in 2014 and four in the first and second quarters of 2015.

Table of Contents

(27) These newbuilding vessels are being constructed at HSHI (Hyundai Samho Heavy Industries Co., Ltd. of South Korea). Six vessels are expected to be delivered in the third and fourth quarters of 2014 and two in the first quarter of 2015.

(28) These newbuilding vessels are being constructed at DSME (Daewoo Shipbuilding and Marine Engineering Co. Ltd. of South Korea). Two vessels are expected to be delivered in the fourth quarter of 2014 and two in the second quarter of 2015.

Recent Developments

Delivery of STI Meraux

In April 2014, we took delivery of an MR tanker under our Newbuilding program, *STI Meraux*. After delivery, this vessel began a time charter for one year, which includes a profit sharing mechanism whereby earnings in excess of the base time charter rate will be split between the Company and charterer.

Vessel sales

In January 2014, we agreed to sell two 2004-built LR1 product tankers, *Noemi* and *Senatore*, for an aggregate selling price of $44.0 million. The sale of *Noemi* closed in March 2014 and the sale of *Senatore* closed in April 2014. In connection with these sales, we repaid $22.5 million into our 2010 Revolving Credit Facility in March 2014.

In February 2014, we agreed to sell the 2008-built LR2 product tanker, *STI Spirit*, for $30.2 million. We closed on this sale in April 2014 and repaid all amounts due under the STI Spirit Credit Facility of $21.4 million.

Dividend declaration

On April 28, 2014, our board of directors declared a quarterly cash dividend of $0.09 per share, payable on June 12, 2014 to all shareholders as of May 27, 2014 (the record date).

Stock Buyback Program

In April 2014, we resumed our stock buyback program and repurchased 1,229,080 shares of common stock at an average price of $8.83 per share. As of the date of this prospectus supplement, the Company has purchased $18.9 million of shares in the open market at an average price of $7.80 per share.

On April 28, 2014, our board of directors authorized a new stock buyback program with the authorization to purchase up to an additional $100.0 million of shares of our common stock. The Company expects to repurchase these shares in the open market, at times and prices that are considered to be appropriate by the Company, but is not obligated under the terms of the program to repurchase any shares.

Time Chartered-in Vessels

In April 2014, we extended the time charter on an MR tanker that is currently time chartered-in. The term of the agreement is for one year at $14,850 per day beginning in May 2014. The Company has options to extend the charter for up to two consecutive one year periods at $15,200 per day and $16,200 per day, respectively.

In April 2014, we extended the time charter on an LR2 tanker that is currently time chartered-in. The term of the agreement is for six months at $15,250 per day beginning in May 2014. The Company has an option to extend the charter for up to six months at $15,500 per day.

Table of Contents

Investment in Dorian LPG Ltd.

On April 28, 2014, Dorian, an LPG shipping company in which we own approximately 25.7% of the outstanding shares, launched its initial public offering in the United States of 7,105,263 common shares with an expected offering price of between $18.00 and $20.00 per share. Dorian s common shares have been approved for listing on the New York Stock Exchange under the symbol LPG and are also currently traded on the Norwegian OTC List under the symbol DORIAN. We are not selling any of our shares of Dorian in its initial public offering and thus we will not receive any of the net proceeds of that offering.

Corporate Information

We are a Marshall Islands corporation with principal executive offices at 9, Boulevard Charles III Monaco 98000. Our telephone number at that address is 377-9798-5716. We also maintain an office at 150 East 58th Street, New York, NY 10155 and our telephone number at this address is 212-542-1616. We maintain a website on the Internet at http://www.scorpiotankers.com. The information on our website is not incorporated by reference into this prospectus supplement and does not constitute a part of this prospectus supplement.

Table of Contents

THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. See Description of Notes for a more detailed description of the terms and conditions of the Notes.

Issuer	Scorpio Tankers Inc., a Marshall Islands corporation
Securities Offered	$ million aggregate principal amount (plus up to an additional $ million aggregate principal amount pursuant to an option granted to the underwriters) of our % Senior Notes due May 15, 2020 issued in minimum denominations of $25 and integral multiples of $25 in excess thereof.
Issue Date	May , 2014
Maturity Date	The Notes will mature on May 15, 2020.
Interest	The Notes will bear interest from the date of original issue until maturity at a rate of % per year, payable quarterly in arrears on February 15, May 15, August 15 and November 15, commencing on August 15, 2014.
Use of Proceeds	We intend to use the net proceeds of the sale of our Notes, which are expected to total approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses (or approximately $ million if the underwriters exercise their option to purchase additional Notes in full), for general corporate purposes, including working capital. Please read Use of Proceeds.
Ranking	The Notes will be our senior unsecured obligations and will rank senior to any of our future subordinated debt and rank equally in right of payment with all of our existing and future senior unsecured debt. Our Notes will effectively rank junior to our existing and future secured debt, to the extent of the value of the assets securing such debt, as well as to existing and future debt of our subsidiaries. As of March 31, 2014, we had $351.0 million of outstanding indebtedness, all of which was secured.
No Security or Guarantees	None of our obligations under our Notes will be secured by collateral or guaranteed by any of our subsidiaries, affiliates or any other persons.
Change of Control	Upon the occurrence of certain change of control events (as defined in the indenture governing the Notes), you will have the right, as a holder of the

Notes, to require us to repurchase some or all of your Notes at 101% of the principal amount, plus accrued and unpaid interest to, but excluding, the repurchase date. For additional information, please read Description of Notes Change of Control Permits Holders to Require us to Purchase Notes.

Table of Contents

Covenants	The indenture governing our Notes contains certain restrictive covenants, including covenants that require us to limit the amount of debt we incur, maintain a certain minimum net worth, and provide certain reports. These covenants are subject to important exceptions and qualifications. For additional information, please read Description of Notes.
Additional Notes	We may reopen our Notes at any time without the consent of the holders of our Notes and issue additional notes with the same terms as our Notes (except the issue price, issue date and initial interest payment date), which will thereafter constitute a single fungible series with our Notes, provided that if the additional notes are not fungible with our Notes for U.S. federal income tax purposes, such additional notes will have a separate CUSIP number.
Ratings	The Notes will not be rated by any nationally recognized statistical rating organization.
Listing	We intend to file an application to list our Notes on The New York Stock Exchange, or NYSE. If the application is approved, trading of our Notes on NYSE is expected to begin within 30 days after the original issue date of our Notes. The underwriters have advised us that they intend to make a market in our Notes prior to commencement of any trading on NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for our Notes will develop prior to commencement of trading on NYSE or, if developed, will be maintained.
Form	Our Notes will be represented by one or more permanent global notes, which will be deposited with the trustee as custodian for The Depository Trust Company, or DTC, and registered in the name of a nominee designated by DTC. Holders of Notes may elect to hold interests in a global Note only in the manner described in this prospectus supplement. Any such interest may not be exchanged for certificated securities except in limited circumstances described in this prospectus supplement. For additional information, please read Description of Notes Book-entry System; Delivery and Form in this prospectus supplement.
Additional Amounts; Tax Redemption	Any payments made by us with respect to the Notes will be made without withholding or deduction for or on account of taxes unless required by law. If we are required by law to withhold or deduct amounts for or on account of tax imposed by a taxing authority of a

jurisdiction where we are a resident or certain other

	jurisdictions with respect to a payment to the holders of Notes, we will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See Description of Notes Additional Amounts.
	In the event of certain changes of law or official positions of certain taxing authorities that trigger requirements discussed immediately above that we pay additional amounts, we may redeem the Notes in whole, but not in part, at any time, upon not less than 30 nor more than 60 days notice at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but excluding, the date of redemption. See Description of Notes Optional Redemption for Changes in Withholding Taxes.
Settlement	Delivery of our Notes offered hereby will be made against payment therefor on or about May , 2014.
Risk Factors	An investment in our Notes involves risks. You should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page S-12 of this prospectus supplement and on page 8 of the accompanying base prospectus to determine whether an investment in our Notes is appropriate for you.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables set forth our summary consolidated financial and other operating data as of and for three months ended March 31, 2014 and 2013 and as of and for the years ended December 31, 2013, 2012 and 2011. The summary data as of and for the three months ended March 31, 2014 and 2013 is not audited. The summary data as of and for the years ended December 31, 2013, 2012 and 2011 is derived from our audited consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are incorporated by reference herein.

	For the year ended December 31,			For the three months ended March 31,	
In thousands of U.S. dollars except per share and share data	**2013**	**2012**	**2011**	**2014**	**2013**
Consolidated income statement data Revenue:					
Vessel revenue	$ 207,580	$ 115,381	$ 82,110	$ 76,734	$ 44,924
Operating expenses:					
Vessel operating costs	(40,204)	(30,353)	(31,370)	(13,070)	(7,971)
Voyage expenses	(4,846)	(21,744)	(6,881)	(3,974)	(1,200)
Charterhire	(115,543)	(43,701)	(22,750)	(40,173)	(20,496)
Impairment (1)			(66,611)		
Depreciation	(23,595)	(14,818)	(18,460)	(5,953)	(4,767)
General and administrative expenses	(25,788)	(11,536)	(11,637)	(10,966)	(2,759)
Write down of vessels held for sale and loss from sales of vessels (2)	(21,187)	(10,404)			
Gain on sale of VLGCs (3)	41,375				
Gain on sale of VLCCs (4)				51,419	
Total operating expenses	(189,788)	(132,556)	(157,709)	(22,717)	(37,193)
Operating (loss)/income	17,792	(17,175)	(75,599)	54,017	7,731
Other income and expense:					
Financial expenses	(2,705)	(8,512)	(7,060)	(399)	(1,399)
Realized gain on derivative financial instruments	3	443		17	68
Unrealized gain / (loss) on derivative financial instruments	567	(1,231)		47	44
Financial income	1,147	35	51	27	181
Share of profit / (loss) from associate	369	0		(324)	
Other expense, net	(158)	(97)	(119)	(47)	(15)

Total other income and expense	(777)	(9,362)	(7,128)	(679)	(1,121)
Net income / (loss)	$ 17,015	($ 26,537)	($ 82,727)	$ 53,338	$ 6,610
Earnings / (loss) per common share: (5)					
Basic earnings / (loss) per share	$ 0.12	($ 0.64)	($ 2.88)	$ 0.28	$ 0.08
Diluted earnings / (loss) per share	$ 0.11	($ 0.64)	($ 2.88)	$ 0.28	$ 0.08
Basic weighted average shares outstanding	146,504,055	41,413,339	28,704,876	189,290,673	85,854,384
Diluted weighted average shares outstanding	148,339,378	41,413,339	28,704,876	192,430,865	86,488,351

	As of December 31,			**As of March 31,**	
In thousands of U.S. dollars	**2013**	**2012**	**2011**	**2014**	**2013**
Balance sheet data					
Cash and cash equivalents	$ 78,845	$ 87,165	$ 36,833	$ 194,987	$ 411,866
Vessels and drydock	530,270	395,412	322,458	631,385	466,866
Vessels under construction	649,526	50,251	60,333	649,718	126,467
Total assets	1,646,676	573,280	448,230	1,870,048	1,058,886
Current and non-current bank loans (6)	167,129	142,459	145,568	344,634	174,892
Shareholders equity	1,450,723	414,790	286,853	1,494,964	871,187

	For the year ended December 31,			**For the three months ended March 31,**	
In thousands of U.S. dollars	**2013**	**2012**	**2011**	**2014**	**2013**
Cash flow data					
Net cash inflow/(outflow)					
Operating activities	($ 5,655)	($ 1,928)	($ 12,452)	$ 5,284	($ 1,576)
Investing activities	(935,101)	(90,155)	(122,573)	(36,105)	(155,180)
Financing activities	932,436	142,415	103,671	146,963	481,457

(1) In the years ended December 31, 2011 and December 31, 2009, we recorded an impairment charge of $66.6 million for 12 owned vessels and $4.5 million for two owned vessels, respectively.
(2) Write down of vessels held for sale and loss from sales of vessels of $21.2 million for the year ended December 31, 2013 relates to the designation of *Noemi, Senatore, Venice* and *STI Spirit* as held-for-sale and the corresponding write-down to the lower of their carrying value and fair value less costs to sell at that date. Loss from sale of vessels for the year ended December 31, 2012 of $10.4 million was the result of the sales of *STI Conqueror*, *STI Matador*, *STI Gladiator, STI Coral* and *STI Diamond* during that period.
(3) In November 2013, we sold our VLGC business, which included 11 VLGC newbuilding contracts, to Dorian LPG Ltd in exchange for newly issued shares that represented 30% of Dorian outstanding shares at the closing date. We recorded a gain of $41.4 million as a result of the sale.
(4) In March 2014, we sold seven VLCCs under construction for cash and recorded a gain of $51.4 million.
(5) Basic earnings per share is calculated by dividing the net income/ (loss) attributable to equity holders of the parent by the weighted average number of common shares outstanding. Diluted earnings per share are calculated by adjusting the net income/(loss) attributable to equity holders of the parent and the weighted average number of common shares used for calculating basic earnings per share for the effects of all potentially dilutive shares. Such potentially dilutive common shares are excluded when the effect would be to increase earnings per share or reduce a loss per share.
(6) Current and non-current bank loans are shown net of deferred financing fees of $2.5 million, $3.4 million, $5.3 million, $6.3 million and $3.6 million as of December 31, 2013, 2012, 2011 and March 31, 2014 and 2013, respectively.

The following table sets forth our other operating data. This data should be read in conjunction with our consolidated financial statements and related notes for the three months ended March 31, 2014 and 2013, included in our report on Form 6-K filed with the Commission on May 6, 2014 and incorporated by reference herein, and the consolidated financial statements and related notes for the twelve months ended December 31, 2012, included in our annual report on Form 20-F, filed with the Commission on March 29, 2013 and incorporated by reference herein.

	For the year ended December 31,			For the three months ended March 31,	
	2013	**2012**	**2011**	**2014**	**2013**
Average Daily Results					
Time charter equivalent per day (1)	$ 14,369	$ 12,960	$ 12,898	$ 15,906	$ 16,597
Vessel operating costs per day (2)	6,781	7,605	7,581	7,185	6,840
Aframax/LR2					
TCE per revenue day (1)	12,718	10,201	14,951	14,342	19,172
Vessel operating costs per day (2)	8,203	8,436	6,960	7,386	6,960
Panamax/LR1					
TCE per revenue day (1)	12,599	14,264	14,743	20,063	12,895
Vessel operating costs per day (2)	7,756	7,714	7,891	8,372	7,982
MR					
TCE per revenue day (1)	16,546	12,289	12,092	14,262	18,259
Vessel operating costs per day (2)	6,069	6,770	6,748	6,466	5,852
Handymax					

TCE per revenue day [1]	12,862	13,069	11,343	16,736	16,343
Vessel operating costs per day [2]	6,852	7,594	7,619	10,814	6,698
Fleet data					
Average number of owned vessels [3]	15.94	10.81	11.29	20.2	12.8
Average number of time chartered-in vessels [3]	22.85	9.18	4.95	30.5	16.8
Drydock					
Expenditures for drydock (in thousands of U.S. dollars)		$ 2,869	$ 2,624		

(1) Freight rates are commonly measured in the shipping industry in terms of time charter equivalent per revenue day. Vessels in the pool and on time charter do not have voyage expenses; therefore, the revenue for pool vessels and time charter vessels is the same as their TCE revenue. Please see our annual report on Form 20-F for the year ended December 31, 2013, which is incorporated by reference herein, for a discussion of TCE revenue, revenue days and voyage expenses.

(2) Vessel operating costs per day represent vessel operating costs, as such term is defined in our annual report on Form 20-F for the year ended December 31, 2013, which is incorporated by reference herein, divided by the number of days the vessel is owned during the period.

(3) For a definition of items listed under Fleet Data, please see our annual report on Form 20-F for the year ended December 31, 2013, which is incorporated by reference herein.

Table of Contents

RISK FACTORS

Risks of Investing in our Notes and Risks Related to our Other Indebtedness

Your investment in our Notes is subject to our credit risk.

Our Notes are unsubordinated unsecured general obligations of ours and are not, either directly or indirectly, an obligation of any third party. Our Notes will rank equally with all of our other unsecured and unsubordinated debt obligations, except as such obligations may be preferred by operation of law. Any payment to be made on our Notes, including the return of the principal amount at maturity or any redemption date, as applicable, depends on our ability to satisfy our obligations as they come due. As a result, our actual and perceived creditworthiness may affect the market value of our Notes and, in the event we were to default on our obligations, you may not receive the amounts owed to you under the terms of our Notes.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

As of March 31, 2014, we had $1.7 billion of total available borrowings under our debt facilities, of which $1.3 billion remains undrawn. The amount of our outstanding borrowings under our debt facilities will increase following drawdowns in connection with the completion of our acquisition of the 54 vessels in our Newbuilding Program that we have contracted to purchase. In addition, we may enter into new debt arrangements or issue additional debt securities in the future. So long as our net borrowings do not equal or exceed 70% of our total assets, the indenture under which the Notes will be issued will permit us to incur additional indebtedness without limitation. Our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

- we may need to use a substantial portion of our cash from operations to make charter hire payments or principal and interest payments relating to our debt obligations, reducing the funds that would otherwise be available for operations and future business opportunities;

- our debt level could make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and

- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our debt and charter hire obligations will depend upon, among other things, our financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our results of operations are not sufficient to service our current or future indebtedness and charter hire obligations, we will be forced to take actions such as reducing dividends, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

Our subsidiaries conduct the substantial majority of our operations and own our operating assets, and your right to receive payments on our Notes is structurally subordinated to the rights of the lenders of our subsidiaries.

Our subsidiaries conduct the substantial majority of our operations and own our operating assets. As a result, our ability to make required payments on our Notes depends in part on the operations of our subsidiaries and our subsidiaries ability to distribute funds to us. To the extent our subsidiaries are unable to distribute, or are restricted from distributing, funds to us, we may be unable to fulfill our obligations under our Notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due on our Notes or to make funds available for that purpose. Our Notes will not be guaranteed by any of our subsidiaries or any other person.

Table of Contents

The rights of holders of our Notes will be structurally subordinated to the rights of our subsidiaries lenders. A default by a subsidiary under its debt obligations would result in a block on distributions from the affected subsidiary to us. Our Notes will be effectively junior to all existing and future liabilities of our subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As of March 31, 2014, we had $351.0 million of total outstanding debt (all of which was secured) and vessels and vessels under construction with a net book value of $1.3 billion. In addition, the indenture under which our Notes will be issued will permit our subsidiaries to incur additional debt without any limitation.

Our Notes will be unsecured obligations and will be effectively subordinated to our secured debt.

Our Notes are unsecured and therefore will be effectively subordinated to any secured debt we maintain or may incur to the extent of the value of the assets securing the debt. In the event of a bankruptcy or similar proceeding involving us, the assets that serve as collateral will be available to satisfy the obligations under any secured debt before any payments are made on our Notes. As of March 31, 2014, we had $351.0 million of total outstanding indebtedness all of which was secured debt. Please read Description of Other Indebtedness. We will continue to have the ability to incur additional secured debt, subject to limitations in our credit facilities and the indenture relating to our Notes.

We may not have the ability to raise the funds necessary to purchase our Notes as required upon a change of control, and our existing and future debt may contain limitations on our ability to purchase our Notes.

Following a change of control as described under Description of Notes Change of Control Permits Holders to Require us to Purchase Notes, holders of Notes will have the right to require us to purchase their Notes for cash. A change of control may also constitute an event of default or prepayment under, and result in the acceleration of the maturity of, our then existing indebtedness. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the change of control purchase price in cash with respect to any Notes surrendered by holders for purchase upon a change of control. In addition, restrictions in our then existing credit facilities or other indebtedness, if any, may not allow us to purchase the Notes upon a change of control. Our failure to purchase the Notes upon a change of control when required would result in an event of default with respect to the Notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and purchase the Notes.

Some significant restructuring transactions may not constitute a change of control, in which case we would not be obligated to offer to purchase the Notes.

Upon the occurrence of a change of control, you have the right to require us to purchase your Notes. However, the change of control provisions will not afford protection to holders of Notes in the event of certain transactions that could adversely affect the Notes. For example, transactions such as leveraged recapitalizations, refinancings or certain restructurings would not constitute a change of control requiring us to repurchase the Notes. In the event of any such transaction, holders of the Notes would not have the right to require us to purchase their Notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting holders of the Notes.

Our Notes do not have an established trading market, which may negatively affect their market value and your ability to transfer or sell your Notes.

Our Notes are a new issuance of securities with no established trading market. We intend to apply to list our Notes on the NYSE, but there can be no assurance that the NYSE will accept our Notes for listing. Even if our Notes are approved for listing by the NYSE, an active trading market on the NYSE for our Notes may not develop or, even if it develops, may not last, in which case the trading price of our Notes could be adversely affected and your ability to transfer your Notes will be limited. If an active trading market does develop on the

Table of Contents

NYSE, our Notes may trade at prices lower than the offering price. The trading price of our Notes will depend on many factors, including:

- prevailing interest rates;
- the market for similar securities;
- general economic and financial market conditions;
- our issuance of debt or preferred equity securities; and
- our financial condition, results of operations and prospects.

We have been advised by the underwriters that they intend to make a market in our Notes pending any listing of the Notes on the NYSE, but they are not obligated to do so and may discontinue market-making at any time without notice.

Our Notes have not been rated, and ratings of any of our other securities may affect the trading price of our Notes.

We have not sought to obtain a rating for our Notes, and our Notes may never be rated. It is possible, however, that one or more credit rating agencies might independently determine to assign a rating to our Notes or that we may elect to obtain a rating of our Notes in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to our Notes in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, or if ratings for such other securities would imply a lower relative value for our Notes, could adversely affect the market for, or the market value of, our Notes. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including our Notes. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of our Notes may not reflect all risks related to us and our business, or the structure or market value of our Notes.

Our management will have broad discretion over the use of the proceeds to us from this offering and might not apply the proceeds of this offering in ways that increase the value of your investment.

Our management will have broad discretion to use the net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. They may not apply the net proceeds of this offering in ways that increase the value of your investment. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. We currently expect to use the net proceeds from this offering for general corporate purposes, which may include funding vessel acquisitions. Please read Use of Proceeds.

Servicing our current or future indebtedness limits funds available for other purposes and if we cannot service our debt, we may lose our vessels.

Borrowing under our credit facilities requires us to dedicate a part of our cash flow from operations to paying interest on our indebtedness under such facilities. These payments limit funds available for working capital, capital expenditures and other purposes, including further equity or debt financing in the future. Amounts borrowed under our credit facilities bear interest at variable rates. Increases in prevailing rates could increase the amounts that we would have to pay to our lenders, even though the outstanding principal amount remains the same, and our net income and cash flows would decrease. We expect our earnings and cash flow to vary from year to year due to the cyclical nature of the tanker industry. If we do not generate or reserve enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- seeking to raise additional capital;
- refinancing or restructuring our debt;

- selling tankers; or
- reducing or delaying capital investments.

However, these alternative financing plans, if necessary, may not be sufficient to allow us to meet our debt obligations. If we are unable to meet our debt obligations or if some other default occurs under our credit facilities, our lenders could elect to declare that debt, together with accrued interest and fees, to be immediately due and payable and proceed against the collateral vessels securing that debt even though the majority of the proceeds used to purchase the collateral vessels did not come from our credit facilities.

Our credit facilities contain restrictive covenants which limit the amount of cash that we may use for other corporate activities, which could negatively affect our growth and cause our financial performance to suffer.

Our credit facilities impose operating and financial restrictions on us. These restrictions limit our ability, or the ability of our subsidiaries party thereto to, among other things:

- pay dividends and make capital expenditures if we do not repay amounts drawn under our credit facilities or if there is another default under our credit facilities;
- incur additional indebtedness, including the issuance of guarantees;
- create liens on our assets;
- change the flag, class or management of our vessels or terminate or materially amend the management agreement relating to each vessel;
- sell our vessels;
- merge or consolidate with, or transfer all or substantially all our assets to, another person; or
- enter into a new line of business.

Therefore, we will need to seek permission from our lenders in order to engage in some corporate actions. Our lenders interests may be different from ours and we may not be able to obtain our lenders permission when needed. This may limit our ability to pay dividends to you if we determine to do so in the future, finance our future operations or capital requirements, make acquisitions or pursue business opportunities.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are incorporated under the laws of the Republic of The Marshall Islands and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court s jurisdiction if any other bankruptcy court would determine it had jurisdiction.

Risks Related to our Industry

If the tanker industry, which historically has been cyclical, continues to be depressed in the future, our earnings and available cash flow may be adversely affected.

The tanker industry is both cyclical and volatile in terms of charter rates and profitability. While the first quarter of 2014 has seen an increase in tanker charter rates relative to the rates obtained since the financial crisis that began in 2008, a worsening of current global economic conditions may cause tanker charter rates to decline

Table of Contents

and thereby adversely affect our ability to charter or recharter our vessels or to sell them on the expiration or termination of their charters, and the rates payable in respect of our vessels currently operating in tanker pools, or any renewal or replacement charters that we enter into, may not be sufficient to allow us to operate our vessels profitably. Fluctuations in charter rates and vessel values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. The factors affecting the supply and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for tanker capacity include:

- supply and demand for energy resources and oil and petroleum products;
- regional availability of refining capacity and inventories;
- global and regional economic and political conditions, including armed conflicts, terrorist activities and strikes;
- the distance oil and oil products are to be moved by sea;
- changes in seaborne and other transportation patterns;
- environmental and other legal and regulatory developments;
- weather and natural disasters;
- competition from alternative sources of energy; and
- international sanctions, embargoes, import and export restrictions, nationalizations and wars.

The factors that influence the supply of tanker capacity include:

- supply and demand for energy resources and oil and petroleum products;
- the number of newbuilding deliveries;
- the scrapping rate of older vessels;

- conversion of tankers to other uses;
- the number of vessels that are out of service;
- environmental concerns and regulations; and
- port or canal congestion.

We are dependent on spot-oriented pools and spot charters and any decrease in spot charter rates in the future may adversely affect our earnings.

As of May 6, 2014, all of our vessels except two are employed in either the spot market or in spot market-oriented tanker pools, such as the Scorpio LR2 Pool, the Scorpio Panamax Tanker Pool, the Scorpio MR Pool, or the Scorpio Handymax Tanker Pool, which we refer to collectively as the Scorpio Group Pools and which are managed members of the Scorpio Group, exposing us to fluctuations in spot market charter rates. The spot charter market may fluctuate significantly based upon tanker and oil supply and demand. The successful operation of our vessels in the competitive spot charter market, including within the Scorpio Group Pools, depends on, among other things, obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. The spot market is very volatile, and, in the past, there have been periods when spot charter rates have declined below the operating cost of vessels. If future spot charter rates decline, then we may be unable to operate our vessels trading in the spot market profitably, meet our obligations, including payments on indebtedness, or pay dividends in the future. Furthermore, as charter rates for spot charters are fixed for a single voyage which may last up to several weeks, during periods in which spot charter rates are rising, we will generally experience delays in realizing the benefits from such increases.

Table of Contents

Our ability to renew expiring charters or obtain new charters will depend on the prevailing market conditions at the time. If we are not able to obtain new charters in direct continuation with existing charters, or if new charters are entered into at charter rates substantially below the existing charter rates or on terms otherwise less favorable compared to existing charter terms, our revenues and profitability could be adversely affected.

An over-supply of tanker capacity may lead to a reduction in charter rates, vessel values and profitability.

The market supply of tankers is affected by a number of factors, such as supply and demand for energy resources, including oil and petroleum products, supply and demand for seaborne transportation of such energy resources, and the current and expected purchase orders for newbuildings. If the capacity of new tankers delivered exceeds the capacity of tankers being scrapped and converted to non-trading tankers, tanker capacity will increase. According to Drewry Shipping Consultants Ltd., or Drewry, as of January 31, 2014, the newbuilding orderbook, which extends to 2016 and beyond, equaled approximately 12.5% of the existing world tanker fleet and the orderbook may increase further in proportion to the existing fleet. If the supply of tanker capacity increases and if the demand for tanker capacity does not increase correspondingly or declines, charter rates could materially decline. A reduction in charter rates and the value of our vessels may have a material adverse effect on our results of operations and available cash.

Acts of piracy on ocean-going vessels could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and in the Gulf of Aden. Although the frequency of sea piracy worldwide decreased during 2013 to its lowest level since 2009, sea piracy incidents continue to occur, particularly in the Gulf of Aden off the coast of Somalia and increasingly in the Gulf of Guinea, with drybulk vessels and tankers particularly vulnerable to such attacks. If these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as war risk zones by insurers or Joint War Committee war and strikes listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. In addition, crew costs, including costs which may be incurred to the extent we employ onboard security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking as a result of an act of piracy against our vessels, or an increase in cost or unavailability of insurance for our vessels, could have a material adverse impact on our business, results of operations, cash flows and financial condition and may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

The current state of the global financial markets and current economic conditions may adversely impact our ability to obtain additional financing on acceptable terms and otherwise negatively impact our business.

Global financial markets and economic conditions have been, and continue to be, volatile. In recent years, operating businesses in the global economy have faced tightening credit, weakening demand for goods and services, deteriorating international liquidity conditions and declining markets. There has been a general decline in the willingness of banks and other financial institutions to extend credit, particularly in the shipping industry, due to the historically volatile asset values of vessels. As the shipping industry is highly dependent on the availability of credit to finance and expand operations, it has been negatively affected by this decline.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased to provide, funding to borrowers. Due to these factors, additional financing may not be available if needed and to the extent required, on acceptable terms or at all. If additional financing is not available when needed, or is available only on unfavorable terms, we may be unable to expand our fleet or meet our obligations as they become due or we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

Table of Contents

Changes in fuel, or bunkers, prices may adversely affect profits.

Fuel, or bunkers, is typically the largest expense in our shipping operations for our vessels and changes in the price of fuel may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries, or OPEC, and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel may become much more expensive in the future, which may reduce the profitability.

Tanker rates also fluctuate based on seasonal variations in demand.

Tanker markets are typically stronger in the winter months as a result of increased oil consumption in the northern hemisphere but weaker in the summer months as a result of lower oil consumption in the northern hemisphere and refinery maintenance that is typically conducted in the summer months. In addition, unpredictable weather patterns during the winter months in the northern hemisphere tend to disrupt vessel routing and scheduling. The oil price volatility resulting from these factors has historically led to increased oil trading activities in the winter months. As a result, revenues generated by our vessels have historically been weaker during the quarters ended June 30 and September 30, and stronger in the quarters ended March 31 and December 31.

We are subject to complex laws and regulations, including environmental laws and regulations that can adversely affect our business, results of operations, cash flows and financial condition, and our available cash.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These requirements include, but are not limited to, the U.S. Oil Pollution Act of 1990, or OPA, the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, requirements of the U.S. Coast Guard and the U.S. Environmental Protection Agency, or EPA, the U.S. Clean Air Act, U.S. Clean Water Act and the U.S. Marine Transportation Security Act of 2002, European Union Regulation, and regulations of the International Maritime Organization, or the IMO, including the International Convention for the Prevention of Pollution from Ships of 1973, as from time to time amended and generally referred to as MARPOL, including the designation of Emission Control Areas thereunder, the IMO International Convention for the Safety of Life at Sea of 1974, as from time to time amended and generally referred to as SOLAS, the International Convention on Load Lines of 1966, as from time to time amended, the International Convention of Civil Liability for Oil Pollution Damage of 1969, as from time to time amended and generally referred to as CLC, the International Convention on Civil Liability for Bunker Oil Pollution Damage, and the International Ship and Port Facility Security Code. Compliance with such laws and regulations, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions including greenhouse gases, the management of ballast and bilge waters, maintenance and inspection, elimination of tin-based paint, development and implementation of emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico may also result in additional regulatory initiatives or statutes or changes to existing laws that may affect our operations or require us to incur additional expenses to comply with such regulatory initiatives, statutes or laws.

These costs could have a material adverse effect on our business, results of operations, cash flows and financial condition and our available cash. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations.

Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. Under OPA, for example, owners, operators and bareboat charterers are jointly and severally strictly liable for the discharge of oil within the 200-nautical mile exclusive economic zone around the United States (unless the spill results solely from, under certain limited circumstances, the act or omission of a third party, an act of God or an act of war). An oil spill could result in significant liability, including fines, penalties, criminal liability and remediation costs for natural resource damages under other international and U.S. federal, state and local laws, as well as third-party damages, including punitive damages, and could harm our reputation with current or potential charterers of our tankers. We are required to satisfy insurance and financial responsibility requirements for potential oil (including marine fuel) spills and other pollution incidents. Although we have arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on our business, results of operations, cash flows and financial condition and available cash.

If we fail to comply with international safety regulations, we may be subject to increased liability, which may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the IMO s International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code, promulgated by the IMO under SOLAS. The ISM Code requires the party with operational control of a vessel to develop and maintain an extensive Safety Management System that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. If we fail to comply with the ISM Code, we may be subject to increased liability, may invalidate existing insurance or decrease available insurance coverage for our affected vessels and such failure may result in a denial of access to, or detention in, certain ports.

Adverse market conditions could cause us to breach covenants in our credit facilities and adversely affect our operating results.

The market values of tankers have generally experienced high volatility. The market prices for tankers declined significantly from historically high levels reached in early 2008 and remain at relatively low levels. You should expect the market value of our vessels to fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charterhire rates, competition from other tanker companies and other modes of transportation, types, sizes and ages of vessels, applicable governmental regulations and the cost of newbuildings. We believe that the current aggregate market value of our vessels will be in excess of loan to value amounts required under our credit facilities.

A decrease in vessel values or a failure to meet these financial ratios required by our credit facilities could cause us to breach certain covenants in our existing credit facilities and future financing agreements that we may enter into from time to time. If we breach such covenants and are unable to remedy the relevant breach or obtain a waiver, our lenders could accelerate our debt and foreclose on our owned vessels. Additionally, if we sell one or more of our vessels at a time when vessel prices have fallen, the sale price may be less than the vessel s carrying value on our consolidated financial statements, resulting in a loss on sale or an impairment loss being recognized, ultimately leading to a reduction in earnings. For the year ended December 31, 2013, we evaluated the recoverable amount of our vessels and we did not recognize an impairment loss, however we did record a $21.2 million write-down resulting from the designation of four vessels, *Senatore, Noemi, Venice* and *STI Spirit*, as held for sale. For the year ended December 31, 2012, we evaluated the recoverable amount of our vessels and we did not recognize an impairment loss, however we did record a $10.4 million total loss from disposal on the sales of the *STI Conqueror*, *STI Gladiator, STI Matador, STI Diamond and STI Coral.*

If our vessels suffer damage due to the inherent operational risks of the tanker industry, we may experience unexpected drydocking costs and delays or total loss of our vessels, which may adversely affect our business and financial condition.

The operation of an ocean-going vessel carries inherent risks. Our vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather and other acts of God, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. These hazards may result in death or injury to persons, loss of revenues or property, the payment of ransoms, environmental damage, higher insurance rates, damage to our customer relationships, and market disruptions, delay or rerouting, which may also subject us to litigation. In addition, the operation of tankers has unique operational risks associated with the transportation of oil. An oil spill may cause significant environmental damage, and the associated costs could exceed the insurance coverage available to us. Compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and high volume of the oil transported in tankers.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of revenues while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels positions. The loss of earnings while these vessels are forced to wait for space or to travel to more distant drydocking facilities may adversely affect our business and financial condition. Further, the total loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss which could negatively impact our business, financial condition, results of operations and available cash.

We operate our vessels worldwide and as a result, our vessels are exposed to international risks which may reduce revenue or increase expenses.

The international shipping industry is an inherently risky business involving global operations. Our vessels and their cargoes will be at risk of being damaged or lost because of events such as marine disasters, bad weather and other acts of God, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy and other circumstances or events. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes and boycotts. These sorts of events could interfere with shipping routes and result in market disruptions which may reduce our revenue or increase our expenses.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures can result in the seizure of the cargo and/or our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us. It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

Political instability, terrorist or other attacks, war or international hostilities can affect the tanker industry, which may adversely affect our business.

We conduct most of our operations outside of the United States, and our business, results of operations, cash flows, financial condition and available cash may be adversely affected by the effects of political instability, terrorist or other attacks, war or international hostilities. Continuing conflicts and recent developments in the Middle East, including Egypt, and North Africa, including Libya, and the presence of the United States and other armed forces in Afghanistan may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further world economic instability and uncertainty in global financial markets. As a result of the above, insurers have increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally. Future terrorist attacks could result in increased volatility of the financial markets and negatively impact the U.S. and global economy. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all.

In the past, political instability has also resulted in attacks on vessels, such as the attack on the M/T *Limburg,* a very large crude carrier not related to us, in October 2002, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea and the Gulf of Aden off the coast of Somalia. Any of these occurrences could have a material adverse impact on our business, results of operations, cash flows, financial condition and available cash.

If our vessels call on ports located in countries that are subject to sanctions and embargos imposed by the U.S. or other governments that could adversely affect our reputation and the market for our common stock.

Although no vessels owned or operated by us have called on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and other authorities or countries identified by the U.S. government or other authorities as state sponsors of terrorism, such as Cuba, Iran, Sudan, and Syria, in the future, our vessels may call on ports in these countries from time to time on charterers instructions. Sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions of companies, such as ours, and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products.

In 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in US dollars. Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran s petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from financial transactions subject to U.S. jurisdiction, and exclusion of that person s vessels from U.S. ports for up to two years.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common stock may adversely affect the price at which our common shares trade. Additionally, some investors may decide to divest their interest, or not to invest, in our company simply because we do business with companies that do business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of our common stock may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

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

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

Maritime claimants could arrest our vessels, which would have a negative effect on our cash flows.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting or attaching a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our business or require us to pay large sums of money to have the arrest lifted, which would have a negative effect on our cash flows.

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

Governments could requisition our vessels during a period of war or emergency, which may negatively impact our business, financial condition, results of operations and available cash.

A government could requisition one or more of our vessels for title or hire. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Also, a government could requisition our vessels for hire. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels may negatively impact our business, financial condition, results of operations and available cash.

Technological innovation could reduce our charterhire income and the value of our vessels.

The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel s efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel s physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new tankers are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charterhire payments we receive for our vessels and the resale value of our vessels could significantly decrease. As a result, our available cash could be adversely affected.

Table of Contents

If labor interruptions are not resolved in a timely manner, they could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

We, indirectly through SSM, employ masters, officers and crews to man our vessels. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out as we expect and could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

Risks Related to Our Business

Newbuilding projects are subject to risks that could cause delays, cost overruns or cancellation of our newbuilding contracts.

We have entered into shipbuilding contracts with Hyundai Mipo Dockyard Co. Ltd., or HMD, SPP Shipbuilding Co., Ltd., or SPP, Hyundai Samho Heavy Industries Co. Ltd., or HSHI and Daewoo Shipbuilding & Marine Engineering Co., Ltd., or DSME for the construction of 54 newbuilding vessels, of which 41 are expected to be delivered to us throughout 2014 and 13 in 2015. As of May 6, 2014, we have made total yard payments in the amount of $566.8 million and we have remaining yard installments in the amount of $1.374 billion before we take possession of all of these vessels.

The delivery of such vessels or vessels that we may acquire in the future could be delayed, not completed or cancelled, which would delay or eliminate our expected receipt of revenues from the employment of such vessels. In addition, the yards or a seller could fail to deliver vessels to us as agreed, or we could cancel a purchase contract because such yard or seller has not met its obligations.

If the delivery of any vessel is materially delayed or cancelled, especially if we have committed the vessel to a charter for which we become responsible for substantial liquidated damages to the customer as a result of the delay or cancellation, our business, financial condition and results of operations could be adversely affected.

In addition, in the event HMD, SPP, HSHI and DSME do not perform under their contracts and we are unable to enforce certain refund guarantees with third party banks for any reason, we may lose all or part of our investment, which would have a material adverse effect on our results of operations, financial condition and cash flows.

We cannot assure you that our internal controls and procedures over financial reporting will be sufficient.

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the other rules and regulations of the SEC, including the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. Section 404 of Sarbanes-Oxley requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. If we have a material weakness in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. We dedicate a significant amount of time and resources to ensure compliance with these regulatory requirements. We will continue to evaluate areas such as corporate governance, corporate control, internal audit, disclosure controls and procedures and financial reporting and accounting systems. We will make changes in any of these and other areas, including our internal control over financial reporting, which we believe are necessary. However, these and other measures we may take may not be sufficient to allow us to satisfy our obligations as a public company on a timely and reliable basis.

We may have difficulty managing our planned growth properly.

One of our principal strategies is to continue to grow by expanding our operations and adding to our fleet. Our future growth will primarily depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable tankers and/or shipping companies for acquisitions at attractive prices;

- obtain required financing for our existing and new operations;

identify businesses engaged in managing, operating or owning tankers for acquisitions or joint ventures;

integrate any acquired tankers or businesses successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;

hire, train and retain qualified personnel and crew to manage and operate our growing business and fleet;

identify additional new markets;

enhance our customer base; and

improve our operating, financial and accounting systems and controls.

Our current operating and financial systems may not be adequate as we implement our plan to take delivery of 54 newbuilding vessels between the date of this prospectus supplement and the second quarter of 2015 and to expand the size of our fleet and our attempts to improve those systems may be ineffective. In addition, as we take delivery of our newbuilding vessels and if we further expand our fleet, we will need to recruit suitable additional seafarers and shore side administrative and management personnel. We cannot guarantee that we will be able to hire suitable employees as we take delivery of our new vessels or expand our fleet. If we or our crewing agent encounters business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to grow our financial and operating systems or to recruit suitable employees as we expand our fleet, our financial performance may be adversely affected and, among other things, the amount of cash available for the repayment of debt may be reduced.

Our failure to effectively identify, purchase, develop and integrate any tankers or businesses could adversely affect our business, financial condition and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and we may not be able to effectively hire more employees or adequately improve those systems. Finally, acquisitions may require additional equity issuances or debt issuances (with amortization payments), both of which could lower our available cash. If any such events occur, our financial condition may be adversely affected.

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. The expansion of our fleet may impose significant additional responsibilities on our management and staff, and the management and staff of our commercial and technical managers, and may necessitate that we, and they, increase the number of personnel. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

If we purchase and operate secondhand vessels, we will be exposed to increased operating costs which could adversely affect our earnings and, as our fleet ages, the risks associated with older vessels could adversely affect our ability to obtain profitable charters.

Our current business strategy includes additional growth through the acquisition of new and secondhand vessels. While we typically inspect secondhand vessels prior to purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Generally, we do not receive the benefit of warranties from the builders for the secondhand vessels that we acquire.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel-efficient than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers.

Table of Contents

Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations, or the addition of new equipment, to our vessels and may restrict the type of activities in which the vessels may engage. As our vessels age, market conditions may not justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

An increase in operating costs would decrease earnings and available cash.

Under time charter-out agreements, the charterer is responsible for voyage costs and the owner is responsible for the vessel operating costs. The same applies to time-charter-in agreements. With the exception of certain vessels on short-term time charter-out agreements, we currently have two vessels on long-term time charter-out agreements (one year or greater) and 28 vessels on time-charter-in agreements. When our owned vessels are employed under one of the Scorpio Group Pools, the pool is responsible for voyage expenses and we are responsible for vessel costs. As of May 6, 2014, we have 16 of our owned vessels and 28 of our time-chartered-in vessels employed through the Scorpio Group Pools. When our vessels operate in the spot market, we are responsible for both voyage expenses and vessel operating costs. As of May 6, 2014, two of the vessels in our Operating Fleet operate in the spot market and two vessels are on time charter. Our vessel operating costs include the costs of crew, fuel (for spot chartered vessels), provisions, deck and engine stores, insurance and maintenance and repairs, which depend on a variety of factors, many of which are beyond our control. Further, if our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydocking repairs are unpredictable and can be substantial. Increases in any of these expenses would decrease earnings and available cash.

Declines in charter rates and other market deterioration could cause us to incur impairment charges.

We evaluate the carrying amounts of our vessels to determine if events have occurred that would require an impairment of their carrying amounts. The recoverable amount of vessels is reviewed based on events and changes in circumstances that would indicate that the carrying amount of the assets might not be recovered. The review for potential impairment indicators and projection of future cash flows related to the vessels is complex and requires us to make various estimates including future freight rates, earnings from the vessels and discount rates. All of these items have been historically volatile.

We evaluate the recoverable amount as the higher of fair value less costs to sell and value in use. If the recoverable amount is less than the carrying amount of the vessel, the vessel is deemed impaired. The carrying values of our vessels may not represent their fair market value at any point in time because the new market prices of secondhand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. For the year ended December 31, 2013, we evaluated the recoverable amount of our vessels and we did not recognize an impairment loss, however we did record a $21.2 million write-down resulting from the designation of four vessels, *Senatore, Noemi, Venice* and *STI Spirit* as held for sale. For the year ended December 31, 2012, we evaluated the recoverable amount of our vessels, which did not result in an impairment loss, however we did record a $10.4 million loss from disposal on the sales of the *STI Conqueror*, *STI Gladiator*, *STI Matador, STI Diamond* and *STI Coral*. We cannot assure you that there will be not be further impairments in future years. Any additional impairment charges incurred as a result of further declines in charter rates could negatively affect our business, financial condition, operating results or the trading price of our common shares.

The market values of our vessels may decrease, which could limit the amount of funds that we can borrow or trigger certain financial covenants under our current or future credit facilities and we may incur a loss if we sell vessels following a decline in their market value.

The fair market values of our vessels have generally experienced high volatility. The fair market value of our vessels may increase and decrease depending on a number of factors including, but not limited to, the prevailing level of charter rates and day rates, general economic and market conditions affecting the international shipping industry, types, sizes and ages of vessels, supply and demand for vessels, availability of or developments in other modes of transportation, competition from other shipping companies, cost of newbuildings, governmental or other regulations and technological advances. In addition, as vessels grow older, they generally decline in value. If the fair market value of our vessels declines, we may not be in compliance with certain provisions of our credit facilities and we may not be able to refinance our debt, obtain additional financing or make distributions to our shareholders and our subsidiaries may not be able to make distributions to us. The prepayment of certain credit facilities may be necessary to cause us to maintain compliance with certain covenants in the event that the value of its vessels fall below certain levels. Additionally, if we sell one or more of our vessels at a time when vessel prices have fallen, the sale price may be less than the vessel s carrying value on our consolidated financial statements, resulting in a loss on sale or an impairment loss being recognized, ultimately leading to a reduction in earnings. Furthermore, if vessel values fall significantly, this could indicate a decrease in the recoverable amount for the vessel which may result in an impairment adjustment in our financial statements, which could adversely affect our financial results and condition.

If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker market, which would negatively affect our financial condition and our ability to expand our business.

The operation of tanker vessels and transportation of crude and petroleum products is extremely competitive, in an industry that is capital intensive and highly fragmented. The recent global financial crisis may reduce the demand for transportation of oil and oil products which could lead to increased competition. Competition arises primarily from other tanker owners, including major oil companies as well as independent tanker companies, some of whom have substantially greater resources than we do. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition and the acceptability of the tanker and its operators to the charterers. We will have to compete with other tanker owners, including major oil companies as well as independent tanker companies.

Our market share may decrease in the future. We may not be able to compete profitably as we expand our business into new geographic regions or provide new services. New markets may require different skills, knowledge or strategies than we use in our current markets, and the competitors in those new markets may have greater financial strength and capital resources than we do.

If we do not set aside funds and are unable to borrow or raise funds for vessel replacement, at the end of a vessel s useful life our revenue will decline, which would adversely affect our business, results of operations, financial condition, and available cash.

If we do not set aside funds and are unable to borrow or raise funds for vessel replacement, we will be unable to replace the vessels in our fleet upon the expiration of their remaining useful lives, which we expect to occur between 2026 to 2039, depending on the vessel. Our cash flows and income are dependent on the revenues earned by the chartering of our vessels. If we are unable to replace the vessels in our fleet upon the expiration of their useful lives, our business, results of operations, financial condition, and available cash per share would be adversely affected. Any funds set aside for vessel replacement will reduce available cash.

Our ability to obtain additional financing may be dependent on the performance of our then existing charters and the creditworthiness of our charterers.

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels or may significantly increase our costs of obtaining such capital. Our inability to obtain additional financing at all or at a higher than anticipated cost may materially affect our results of operation and our ability to implement our business strategy.

We may have to pay tax on United States source shipping income, which would reduce our earnings.

Under the Internal Revenue Code of 1986, as amended (the **Code**), 50% of the gross shipping income of a corporation that owns or charters vessels, as we and our subsidiaries do, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States may be subject to a 4% United States federal income tax without allowance for deductions, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the regulations promulgated thereunder by the United States Department of the Treasury.

We and our subsidiaries intend to take the position that we qualify for this statutory tax exemption for United States federal income tax return reporting purposes. However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption and thereby become subject to United States federal income tax on our United States source shipping income. For example, we may no longer qualify for exemption under Section 883 of the Code for a particular taxable year if shareholders with a five percent or greater interest in our common shares, or 5% Shareholders, owned, in the aggregate, 50% or more of our outstanding common shares for more than half the days during the taxable year, and there do not exist sufficient 5% Shareholders that are qualified shareholders for purposes of Section 883 of the Code to preclude nonqualified 5% Shareholders from owning 50% or more of our common shares for more than half the number of days during such taxable year or we are unable to satisfy certain substantiation requirements with regard to our 5% Shareholders. Due to the factual nature of the issues involved, there can be no assurances on the tax-exempt status of us or any of our subsidiaries.

If we or our subsidiaries were not entitled to exemption under Section 883 of the Code for any taxable year, we or our subsidiaries could be subject for such year to an effective 2% United States federal income tax on the shipping income we or they derive during such year which is attributable to the transport of cargoes to or from the United States. The imposition of this tax would have a negative effect on our business and would decrease our earnings available for distribution to our shareholders. For a further discussion of this tax please refer to Tax Considerations United States Federal Income Tax Considerations United Stated Federal Income Taxation of Operating Income: In General in the base prospectus.

We will be required to make additional capital expenditures to maintain all of our vessels, which will be dependent on additional financing.

We will incur significant maintenance costs for our existing and any newly-acquired vessels. A newbuilding vessel must be drydocked within five years of its delivery from a shipyard, and vessels are typically drydocked every 30 months thereafter, not including any unexpected repairs. We estimate the cost to drydock a vessel to be between $500,000 and $1,000,000, depending on the size and condition of the vessel and the location of drydocking.

We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law and, as a result, shareholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States.

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of The Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of The Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain United States jurisdictions. Shareholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public shareholders may have more difficulty in protecting their interests in the face of actions by management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction.

It may be difficult to serve process on or enforce a United States judgment against us, our officers and our directors because we are a foreign corporation.

We are a corporation formed in the Republic of The Marshall Islands, and some of our directors and officers and certain of the experts named in this offering are located outside the United States. In addition, a substantial portion of our assets and the assets of our directors, officers and experts are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside the United States, judgments you may obtain in U.S. courts against us or any of these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws. Furthermore, there is substantial doubt that the courts of the Republic of The Marshall Islands or of the non-U.S. jurisdictions in which our offices are located would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws.

The failure of our charterers to meet their obligations under our charter agreements, on which we depend for our revenues, could cause us to suffer losses or otherwise adversely affect our business.

As of May 6, 2014, we employ two vessels under long-term time charter agreements and we may enter into such agreements in the future. The ability and willingness of each of our counterparties to perform their obligations under a time charter, spot voyage or other agreement with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the tanker shipping industry and the overall financial condition of the counterparties. Charterers are sensitive to the commodity markets and may be impacted by market forces affecting commodities such oil. In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters. Our customers may fail to pay charterhire or attempt to renegotiate charter rates. Should a counterparty fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we secure in the spot market or on time charters may be at lower rates given currently decreased tanker charter rate levels. When we employ a vessel in the spot charter market, we generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to repay debt, if any, in the future, and compliance with covenants in our credit facilities.

Our insurance may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the tanker industry.

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

Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain due to increased premiums or reduced or restricted coverage for losses caused by terrorist acts generally.

Because we obtain some of our insurance through protection and indemnity associations, which result in significant expenses to us, we may be required to make additional premium payments.

We may be subject to increased premium payments, or calls, in amounts based on our claim records, the claim records of our managers, as well as the claim records of other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability.

In addition, our protection and indemnity associations may not have enough resources to cover claims made against them. Our payment of these calls could result in significant expense to us, which could have a material adverse effect on our business, results of operations, cash flows, financial condition and available cash.

Risks Related to Our Relationship with Scorpio Group and its Affiliates

We are dependent on our managers and their ability to hire and retain key personnel, and there may be conflicts of interest between us and our managers that may not be resolved in our favor.

Our success depends to a significant extent upon the abilities and efforts of our technical manager, SSM, our commercial manager, SCM, and our management team. Our success will depend upon our and our managers ability to hire and retain key members of our management team. The loss of any of these individuals could adversely affect our business prospects and financial condition.

Difficulty in hiring and retaining personnel could adversely affect our results of operations. We do not maintain key man life insurance on any of our officers.

Our technical and commercial managers are affiliates of Scorpio Group, which is owned and controlled by the Lolli-Ghetti family, of which our founder, Chairman and Chief Executive Officer, Mr. Emanuele Lauro, is a member. In addition to our Chief Executive Officer, our President and our Chief Operating Officer each serve as members of the management team of Scorpio Bulkers, Inc. and in similar management positions in the Scorpio Group. These relationships may create conflicts of interest in matters involving or affecting us and our customers, including in the chartering, purchase, sale and operation of the vessels in our fleet versus vessels managed by other members of the Scorpio Group. Conflicts of interest may arise between us, on the one hand, and our commercial and technical managers, on the other hand. As a result of these conflicts, our commercial and technical managers, who have limited contractual duties, may favor their own or other owner s interests over our interests. These conflicts may have unfavorable results for us.

Our founder, Chairman and Chief Executive Officer has affiliations with our commercial and technical managers which may create conflicts of interest.

Emanuele Lauro, our founder, Chairman and Chief Executive Officer, is a member of the Lolli-Ghetti family which owns and controls our commercial and technical managers. These responsibilities and relationships could create conflicts of interest between us, on the one hand, and our commercial and technical managers, on the other hand. These conflicts may arise in connection with the chartering, purchase, sale and operations of the vessels in our fleet versus vessels managed by other companies affiliated with our commercial or technical managers. Our commercial and technical managers may give preferential treatment to vessels that are time chartered-in by related parties because our founder, Chairman and Chief Executive Officer and members of his family may receive greater economic benefits. In particular, as of May 6, 2014, our commercial and technical managers provide commercial and technical management services to approximately 41 and 8 vessels respectively, other than the vessels in our fleet, that are owned or operated by entities affiliated with Mr. Lauro, and such entities may acquire additional vessels that will compete with our vessels in the future. Such conflicts may have an adverse effect on our results of operations.

Certain of our officers do not devote all of their time to our business, which may hinder our ability to operate successfully.

Mr. Lauro, our Chief Executive Officer, Mr. Bugbee, our President, and Mr. Mackey, our Chief Operating Officer, participate in business activities not associated with us, including serving as members of the management team of

Scorpio Bulkers, Inc. Additionally, Messrs. Lauro, Bugbee and Mackey serve in similar positions in the Scorpio Group. As a result, they may devote less time to us than if they were not engaged in other business activities and may owe fiduciary duties to the shareholders of both us as well as shareholders of other companies which they may be affiliated, including other Scorpio Group companies. This may create conflicts of interest in matters involving or affecting us and our customers and it is not certain that any of these conflicts of interest will be resolved in our favor. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our commercial and technical managers are each privately held companies and there is little or no publicly available information about them.

SCM is our commercial manager and SSM is our technical manager. SCM s and SSM s ability to render management services will depend in part on their own financial strength. Circumstances beyond our control could impair our commercial manager s or technical manager s financial strength, and because each is a privately held company, information about the financial strength of our commercial manager and technical manager is not available. As a result, we and our shareholders might have little advance warning of financial or other problems affecting our commercial manager or technical manager even though their financial or other problems could have a material adverse effect on us.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

We have entered into, and may enter in the future, various contracts, including, charter agreements and credit facilities. Such agreements subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. For example, the combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under reserve-based credit facilities and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. In addition, in depressed market conditions, our charterers and customers may no longer need a vessel that is currently under charter or contract or may be able to obtain a comparable vessel at lower rates. As a result, charterers and customers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Table of Contents

USE OF PROCEEDS

We intend to use the net proceeds of the sale of our Notes, which are expected to total approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses (or approximately $ million if the underwriters exercise their option to purchase additional Notes in full), for general corporate purposes, including working capital.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the three months ended March 31, 2014 and each of the years ended December 31, 2013, 2012, 2011, 2010 and 2009.

In thousands of U.S. dollars	**Three months ended March 31, 2014**	**Years ended December 31, 2013**	**2012**	**2011**	**2010**	**2009**
Earnings:						
Add:						
Income / (loss) before income or loss from associate and income taxes	$ 53,663	$ 16,646	($ 26,537)	($ 82,727)	($ 2,822)	$ 3,418
Fixed charges (calculated below)	4,017	11,614	12,263	7,492	3,244	730
Amortization of capitalized interest	51	165	39			
Less:						
Interest capitalized	(2,858)	(6,379)	(3,220)	(573)		
Earnings	54,873	22,046	(17,455)	(75,808)	422	4,148
Fixed charges:						
Interest expensed and capitalized on bank loans	2,981	7,221	6,494	5,524	2,985	699
Amortization of deferred financing fees	155	332	4,093	986	246	
Interest component of rent	881	4,061	1,676	982	13	31
Fixed charges	4,017	11,614	12,263	7,492	3,244	730
Ratio of earnings to fixed charges	13.66	1.90	[1]	[1]	0.13 [1]	5.68

(1) Our earnings were insufficient to cover fixed charges and accordingly, the ratio was less than 1:1. We would have needed to generate additional earnings of $29.7 million, $83.3 million and $2.8 million to achieve coverage of 1:1 in the year ended December 31, 2012, 2011, and 2010, respectively.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization at March 31, 2014, on:

- an actual basis;
- an as adjusted basis to give effect to the following:
  - payments totaling $43.1 million relating to installment payments under our Newbuilding Program which includes $20.3 million for the final installment payment on *STI Meraux*, which was delivered in April 2014;
  - the repurchase of 1,229,080 common shares at an average price of $8.83 per share in April 2014 as part of our stock buyback program with the shares held in Treasury;
  - the receipt of an aggregate of $50.7 million of net proceeds upon the closing of the sales of *Senatore* and *STI Spirit* in April 2014; and
  - the repayment of all amounts outstanding under our STI Spirit Credit Facility of $21.4 million as a result of the closing of the sale of *STI Spirit*; and
- an as further adjusted basis to give effect to this offering.

There have been no other significant adjustments to our capitalization since March 31, 2014, as so adjusted. You should read the information below in connection with the section of this prospectus supplement entitled Use of Proceeds, the consolidated financial statements and related notes included in our Form 6-K filed with the Commission on May 6, 2014 and incorporated by reference herein.

	As of March 31, 2014		
In thousands of U.S. dollars	**Actual**	**As adjusted**	**As further adjusted**
Cash	$ 194,987	$ 170,367	
Current debt:			
Bank loans (1)	55,361	34,005	
Non-current debt:			
Bank loans (1)	289,273	289,273	
Total debt	$ 344,634	$ 323,278	
Shareholders equity:			

Share capital [2]	$ 2,021	$ 2,021
Additional paid-in capital	1,527,802	1,527,802
Treasury shares	(7,938)	(18,851)
Hedging reserve	(188)	(188)
Accumulated deficit	(26,733)	(26,733)
Total shareholders equity	$ 1,494,964	$ 1,484,051
Total capitalization	$ 1,839,598	$ 1,807,329

(1) Bank loans presented at March 31, 2014 are shown net of $6.3 million of deferred financing fees that are amortized over the term of the loans, including $0.8 million which relates to current bank loans and $5.5 million which relates to non-current bank loans.

(2) As of March 31, 2014, we had authorized share capital of 275,000,000 shares of which 250,000,000 are designated as common shares with a par value of $0.01 and 25,000,000 designated as preferred shares with a par value of $0.01. As of March 31, 2014 we had 200,947,547 common shares outstanding. As of the date of this prospectus supplement, we have 199,718,467 common shares outstanding after giving effect to the repurchase of 1,229,080 common shares as part of our stock buyback program in April 2014.

Table of Contents

THE INTERNATIONAL OIL TANKER SHIPPING INDUSTRY

All the information and data presented in this section, including the analysis of the oil tanker shipping industry, has been provided by Drewry Shipping Consultants Ltd., or Drewry. The statistical and graphical information contained herein is drawn from Drewry s database and other sources. According to Drewry: (i) certain information in Drewry s database is derived from estimates or subjective judgments; (ii) the information in the databases of other maritime data collection agencies may differ from the information in Drewry s database; and (iii) while Drewry has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures.

Oil Tanker Demand

In broad terms, demand for oil products traded by sea is principally affected by world and regional economic conditions, as well as other factors such as changes in the location of productive capacity, and variations in the regional prices.

Demand for shipping capacity is a product of the physical quantity of the cargo (measured, depending on the cargo in terms of tons or cubic metrics) together with the distance the cargo is carried. Demand cycles move broadly in line with developments in the global economy, with demand for products slowing significantly in the period immediately after the onset of the global economic downturn in late 2008, before recovering gradually in 2012 and 2013 with the general improvement in the economic climate.

Product tankers carry refined products, such as fuel oil and vacuum gas oil (often referred to as dirty products), gas oil, gasoline, jet fuel, kerosene and naphtha (often referred to as clean products), and sometimes crude oil. In addition, some product tankers are able to carry bulk liquid chemicals and edible oils and fats. Clean petroleum products are carried by International Maritime Organisation (IMO) and non IMO certified tankers. IMO tankers also carry, depending on their tank coatings, a range of other products including organic and inorganic bulk liquid chemicals, vegetable oils and animal fats and special products such as molasses.

World oil consumption has generally experienced sustained growth over the last two decades, although it declined in 2008-2009 due to the steep downturn in the global economy. Data for 2013 however suggests that world oil demand rebounded to reach 90.9 million barrels per day and since 1990 it has grown at a compound annual growth rate (CAGR) of approximately 1.2%.

Table of Contents

World Oil Consumption: 1990 2013

(Million Barrels Per Day)

Source: Drewry

Regionally, while oil consumption has been static or slightly declining in most of the developed world, consumption is increasing in most of the developing world. In recent years, Asia, in particular China has been the main generator of additional demand for oil, with this demand largely supplied from traditional sources such as the Middle East. In the period 2003 to 2013 Chinese oil consumption grew by a CAGR of 6.1% to reach 10.1 million barrels per day.

Oil consumption on a per capita basis also remains low in countries such as China and India when compared with the United States and Western Europe, but it is nonetheless growing rapidly thereby leading to increases in crude oil and refined product imports, as both countries have insufficient domestic supplies to meet demand.

Oil Product Exports & Imports

A significant development in the product tanker industry in recent years has been the growth of exports from the United States. Historically, the United States was a net importer of products, but this situation has changed with the exploitation of shale reserves in the United States and the growth in domestic oil production. In the period 2003-2013 exports of products from the United States increased by a CAGR of 11.8% and much of this traffic went to South America to satisfy growing local demand.

Table of Contents

Oil Product Exports Major Growth Regions

(Million Bpd)

Source: Drewry

In the United States a combination of moderate oil demand and increased availability of crude oil supplies from tight oil and offshore sources has led to a situation where large scale exports of products are feasible, especially middle distillates from the US Gulf. In light of the projected growth in United States crude oil production, and strong demand growth in South America combined with increasing long-haul flows to Asia, this is a trend which seems likely to continue. Other United States exports have been moving transatlantic into Europe, where local refinery shutdowns have supported import demand.

Oil Product Imports Major Growth Regions

(000 Bpd)

Source: Drewry

S-36

Table of Contents

Product trades are also affected by the location of refinery capacity. During the past five years some oil producing regions in the developing world most notably the Middle East and Asia have expanded their own refinery capacity; just as poor financial margins have forced refinery closures in the developed world, especially in Europe and on the United States East Coast. In addition, most of the planned increases in global refinery capacity are scheduled to take place in the Middle East and Asia. Therefore, the recent trends in the location of global refinery capacity look set to continue.

Export-oriented refineries in India and the Middle East, coupled with the closure of refining capacity in the developed world, have prompted longer haul shipments to cater for product demand. Refinery closures close to consuming regions elsewhere in the world will also help to support product import demand. For example, in Australia, trade from Singapore is expected to become increasingly important to compensate for the conversion of local producing refineries into storage depots. This would be part of a general increase in intra-Asian trade which is already boosting product tanker demand, something which may be further supported by expected closures in Japan (a result of new government standards).

Current Tanker Fleet

As of February 28, 2014 the total oil tanker fleet (crude and products) consisted of 3,196 ships with a combined capacity of 420.8 million dwt.

Oil Tanker Fleet February 28, 2014

Sector	Deadweight Tons (dwt)	Number of Vessels	% of Fleet	Capacity (million dwt)	% of Fleet
Handy	10-54,999	795	24.9	29.1	6.9
Panamax	55-79,999	394	12.3	28.3	6.7
Aframax	80-119,999	890	27.8	95.6	22.7
Suezmax	120-199,999	493	15.4	76.3	18.1
VLCC	200-320,000	578	18.1	176.5	41.9
ULCC	320,000+	46	1.4	15	3.6
Total		**3,196**	**100.0**	**420.8**	**100.0**

Source: Drewry

Additionally, the tanker fleet is divided between crude tankers that carry crude oil or residual fuel oil (dirty products), and product tankers that carry refined petroleum products (clean products) such as gasoline, jet fuel, kerosene, naphtha and gas oil. There is no industry accepted standard definition of the world oil product tanker fleet but typically the fleet can be divided into four major categories based on vessel size. The world product tanker fleet as of January 2014 consisted of 1,255 ships with a combined capacity of 72.6 million dwt. The breakdown of the fleet by size together with the orderbook for newbuilding product tankers as of January 2014 is illustrated in the table below.

The World Product Tanker Fleet[1] & Orderbook

Size Category	Orderbook	Scheduled Deliveries

Dwt	Existing Fleet Jan-14		2014		2015		2016+		Total		Orderbook as % of
	No.	000 Dwt	No.	000 Dwt	No.	000 Dwt	No.	000 Dwt	No.	000 Dwt	Fleet
10-29,999	196	3,405	5	101	1	19	0	0	6	120	**3.5%**
30-41,999	132	4,833	21	804	4	158	9	356	34	1,318	**27.3%**
42-54,999	425	19,863	22	1,026	54	2,734	41	2,094	117	5,854	**29.5%**
55-79,999	295	21,527	7	510	3	210	6	440	16	1,160	**5.4%**
80,000+	207	22,941	19	2,171	36	4,085	9	1,017	64	7,273	**31.7%**
Total	**1,255**	**72,569**	**74**	**4,612**	**98**	**7,206**	**65**	**3,907**	**237**	**15,725**	**21.7%**

(1) Product tankers only, excludes chemical tankers

Source: Drewry

Table of Contents

As of January 31, 2014, the world product tanker orderbook for all vessels above 10,000 DWT comprised 231 ships with a combined capacity of 15.7 million dwt, equivalent to 21.7% of the existing fleet. Most of the ships are due for delivery by the end of 2015, although it is worth noting that in recent years the orderbook has been affected by the non-delivery of vessels. Product tankers scheduled for delivery were not delivered for a variety of reasons, including delays, either through mutual agreement or through shipyard problems, and some were due to vessel cancellations. Slippage and non-delivery is likely to remain an issue going forward and will continue to moderate fleet growth.

The Oil Tanker Freight Market

Tanker charter hire rates and vessel values for all tankers are influenced by the supply and demand for tanker capacity. Also, in general terms, time charter rates are less volatile than spot rates, because they reflect the fact that the vessel is fixed for a longer period of time. In the spot market, rates will reflect the immediate underlying conditions in vessel supply and demand and are thus prone to more volatility. The trend in spot rates since 2000 for the main vessel classes is shown in the table below.

Oil Tanker Spot (TCE) Rates

(US$/Day)

Year	Caribs USES 40-70,000 dwt	NW Europe NW Europe 70-100,000 dwt	West Africa Caribs/USES 150-160,000 dwt	AG Japan 280-300,000 dwt
2000	28,375	40,375	40,950	52,450
2001	26,300	35,308	31,992	36,891
2002	16,567	22,800	19,325	21,667
2003	28,833	41,883	37,367	49,342
2004	42,158	55,408	64,792	95,258
2005	34,933	57,517	40,883	59,125
2006	28,792	47,067	40,142	51,142
2007	30,100	41,975	35,392	45,475
2008	36,992	56,408	52,650	89,300
2009	13,450	19,883	20,242	29,483
2010	17,950	27,825	19,658	40,408
2011	11,000	12,283	8,909	19,933
2012	15,245	9,625	10,517	17,617
2013	14,783	12,000	7,500	16,417
Feb-14	27,600	37,600	5,400	27,100

Source: Drewry

Between 2003 and 2007, the differential between demand and supply for tankers remained narrow and product tanker freight rates were generally firm. Following the recent recession, product tanker demand slowed, coinciding with substantial tonnage entering the fleet, driving earnings down. In late 2013 however, there was some evidence that rates had started to move upwards from the recessionary lows.

Table of Contents

Oil Tanker Newbuilding Prices

Newbuilding prices increased significantly between 2003 and 2007 primarily as a result of increased tanker demand. Thereafter prices weakened in the face of a poor freight market and lower levels of new ordering. In late 2013 prices started to recover, but it is worth noting that they are still significantly below the peaks reported at the height of the market in 2008, a fact evident from the data shown in the table below.

Oil Tankers: Newbuilding Prices

(US$ Millions)

Year End	30,000 Dwt	50,000 Dwt	75,000 Dwt	110,000 Dwt	160,000 Dwt	300,000 Dwt
2000	n/a	31.5	36.5	41.0	49.5	76.0
2001	n/a	27.0	33.5	38.0	47.0	72.0
2002	n/a	26.5	31.0	36.0	44.0	66.0
2003	28.5	30.5	34.5	40.0	52.0	73.0
2004	34.0	39.0	41.0	57.0	68.0	105.0
2005	37.5	42.0	43.0	59.0	71.0	120.0
2006	40.5	47.5	50.0	65.0	78.0	128.0
2007	46.0	54.0	64.0	78.0	90.0	146.0
2008	40.0	46.5	57.0	71.5	87.0	142.0
2009	31.0	36.0	42.5	52.0	62.0	101.0
2010	33.0	36.0	46.0	57.0	67.0	105.0
2011	31.5	36.0	44.0	52.8	61.7	99.0
2012	30.0	33.0	42.0	48.0	56.5	92.0
2013	31.0	35.0	43.0	51.5	59.0	93.5
Feb-14	33.0	37.5	45.0	54.0	64.0	98.5

Source: Drewry

Secondhand Prices

Secondhand values primarily, albeit with a lag, reflect prevailing and expected charter rates. During extended periods of high charter rates vessel values tend to appreciate and vice versa. However vessel values are also influenced by other factors, including the age of the vessel. Prices for young vessels, those approximately up to five years old, are also influenced by newbuilding prices while prices for old vessels, near the end of their useful economic life, those approximately at or in excess of 25 years, are influenced by the value of scrap steel.

Table of Contents

The table below illustrates the movements of prices (expressed in US$ million) for second hand oil tankers from 2000 to February 2014. In the last few months of 2013 prices for all modern started to rise as a result of the rise in freight rates and more positive market sentiment, but they remain a long way from the last cyclical peak seen in 2007/2008.

Oil Tanker Secondhand Prices: 2000-2014

(US$ Million)

Year End	30,000 Dwt 10 Yrs	45,000 Dwt 5 Yrs	70,000 Dwt 5 Yrs	95,000 Dwt 5 Yrs	150,000 Dwt 5 Yrs	300,000 Dwt 5 Yrs
2000	25.5	25.5	28.5	36.5	44.0	70.0
2001	25.0	25.0	25.5	34.5	41.5	63.0
2002	21.5	21.5	21.0	29.5	39.0	55.0
2003	29.5	29.5	24.0	37.0	47.0	70.0
2004	42.0	42.0	38.0	57.0	73.0	112.0
2005	45.5	45.5	39.0	58.0	75.0	110.0
2006	47.5	47.5	48.0	63.0	77.0	115.0
2007	52.0	52.0	59.0	68.5	91.5	130.0
2008	42.0	42.0	46.0	55.0	77.0	110.0
2009	24.0	24.0	32.5	38.0	53.0	77.5
2010	21.5	24.0	35.0	42.0	58.0	85.5
2011	22.5	27.0	32.0	33.5	45.5	58.0
2012	20.0	24.0	25.0	27.5	40.0	57.0
2013	21.0	29.0	31.0	32.0	42.0	60.0
Feb-14	21.5	29.0	32.0	36.0	47.0	71.0

Source: Drewry

Table of Contents

BUSINESS

We provide seaborne transportation of refined petroleum products and crude oil worldwide. As of May 6, 2014, we operate a fleet consisting of 20 wholly-owned tankers (two LR1 tankers, one Handymax tanker, 16 MR tankers and one post-Panamax tanker) with a weighted average age of approximately 2.8 years, and 28 time chartered-in tankers (eight Handymax tankers, six MR tankers, six LR1 tankers and eight LR2 tankers), which we refer to collectively as our Operating Fleet. In addition, as of the same date, we have contracts for the construction of 54 newbuilding product tankers (28 MR tankers, 14 Handymax ice class 1-A tankers and 12 LR2 tankers), which we refer to as our Newbuilding Program. Of the vessels in our Newbuilding Program, 41 are expected to be delivered to us throughout 2014 and 13 in 2015. We also own approximately 25.7% of the outstanding shares of Dorian LPG Ltd., or Dorian, an international liquefied petroleum gas, or LPG, shipping company, which has an operating fleet of four LPG carriers (three of which are VLGCs) and contracts for the construction of 19 fuel-efficient VLGC newbuildings from reputable shipyards.

The following table sets forth certain information regarding our fleet as of May 6, 2014:

	Vessel Name	Year Built	DWT	Ice class	Employment	Vessel type
	Owned vessels					
1	STI Highlander	2007	37,145	1A	SHTP (1)	Handymax
2	STI Amber	2012	52,000		SMRP (4)	MR
3	STI Topaz	2012	52,000		SMRP (4)	MR
4	STI Ruby	2012	52,000		SMRP (4)	MR
5	STI Garnet	2012	52,000		SMRP (4)	MR
6	STI Onyx	2012	52,000		SMRP (4)	MR
7	STI Sapphire	2013	52,000		SMRP (4)	MR
8	STI Emerald	2013	52,000		SMRP (4)	MR
9	STI Beryl	2013	52,000		SMRP (4)	MR
10	STI Le Rocher	2013	52,000		SMRP (4)	MR
11	STI Larvotto	2013	52,000		SMRP (4)	MR
12	STI Fontvieille	2013	52,000		SMRP (4)	MR
13	STI Ville	2013	52,000		SMRP (4)	MR
14	STI Duchessa	2014	52,000		SMRP (4)	MR
15	STI Opera	2014	52,000		Spot (5)	MR
16	STI Texas City	2014	52,000		Time Charter (6)	MR
17	STI Meraux	2014	52,000		Time Charter (7)	MR
18	STI Harmony	2007	73,919	1A	SPTP (2)	LR1
19	STI Heritage	2008	73,919	1A	SPTP (2)	LR1
20	Venice	2001	81,408	1C	Spot	Post-Panamax
	Total owned DWT		1,098,391			

Vessel Name	Year Built	DWT	Ice class	Employment	Vessel type	Daily Base Rate	Expiry (8)

	Time chartered-in vessels							
21	Kraslava	2007	37,258	1B	SHTP [(1)]	Handymax	$ 12,800	18-May-15
22	Krisjanis Valdemars	2007	37,266	1B	SHTP [(1)]	Handymax	$ 13,650	14-Apr-15 [(9)]
23	Jinan	2003	37,285		SHTP [(1)]	Handymax	$ 12,600	28-Apr-15
24	Iver Progress	2007	37,412		SHTP [(1)]	Handymax	$ 12,500	3-Mar-15 [(10)]
25	Iver Prosperity	2007	37,455		SHTP [(1)]	Handymax	$ 12,500	20-Oct-14 [(11)]
26	Histria Azure	2007	40,394		SHTP [(1)]	Handymax	$ 13,550	4-Apr-15 [(12)]
27	Histria Coral	2006	40,426		SHTP [(1)]	Handymax	$ 12,800	17-Jul-14 [(13)]
28	Histria Perla	2005	40,471		SHTP [(1)]	Handymax	$ 12,800	15-Jul-14 [(13)]

Table of Contents

	Vessel Name	Year Built	DWT	Ice class	Employment	Vessel type	Daily Base Rate	Expiry [8]
29	STX Ace 6	2007	46,161		SMRP [4]	MR	$ 14,150	17-May-14 [14]
30	Targale	2007	49,999		SMRP [4]	MR	$ 14,500	17-May-15 [15]
31	Gan-Triumph	2010	49,999		SMRP [4]	MR	$ 14,150	20-May-14
32	Nave Orion	2013	49,999		SMRP [4]	MR	$ 14,300	25-Mar-15 [16]
33	Gan-Trust	2013	51,561		SMRP [4]	MR	$ 16,250	6-Jan-16 [17]
34	Usma	2007	52,684	1B	SMRP [4]	MR	$ 14,500	3-Jan-15
35	SN Federica	2003	72,344		SPTP [2]	LR1	$ 11,250	15-May-15 [18]
36	SN Azzura	2003	72,344		SPTP [2]	LR1	$ 13,600	25-Dec-14
37	King Douglas	2008	73,666		SPTP [2]	LR1	$ 14,000	8-Aug-14 [19]
38	Hellespont Promise	2007	73,669		SPTP [2]	LR1	$ 14,250	14-Aug-14
39	Hellespont Progress	2006	73,728		SPTP [2]	LR1	$ 15,000	18-Mar-15 [20]
40	FPMC P Eagle	2009	73,800		SPTP [2]	LR1	$ 14,525	9-Sep-15
41	FPMC P Hero	2011	99,995		SLR2P [3]	LR2	$ 15,000	2-Nov-14 [21]
42	FPMC P Ideal	2012	99,993		SLR2P [3]	LR2	$ 15,250	9-Jul-14 [22]
43	Swarna Jayanti	2010	104,895		SLR2P [3]	LR2	$ 15,000	11-Mar-15 [23]
44	Densa Alligator	2013	105,708		SLR2P [3]	LR2	$ 16,500	17-Sep-14 [24]
45	Khawr Aladid	2006	106,003		SLR2P [3]	LR2	$ 15,400	11-Jul-15
46	Fair Seas	2008	115,406		SLR2P [3]	LR2	$ 16,500	21-Aug-14
47	Southport	2008	115,462		SLR2P [3]	LR2	$ 15,700	10-Dec-14
48	Four Sky	2010	115,708		SLR2P [3]	LR2	$ 16,250	2-Sep-14
	Total time chartered-in DWT		1,911,091					

Newbuildings currently under construction

	Vessel Name	Yard	DWT	Ice class	Vessel type
	Product tankers				
49	Hull 2451	HMD [25]	38,000	1A	Handymax
50	Hull 2452	HMD [25]	38,000	1A	Handymax
51	Hull 2453	HMD [25]	38,000	1A	Handymax
52	Hull 2454	HMD [25]	38,000	1A	Handymax
53	Hull 2462	HMD [25]	38,000	1A	Handymax
54	Hull 2463	HMD [25]	38,000	1A	Handymax
55	Hull 2464	HMD [25]	38,000	1A	Handymax
56	Hull 2465	HMD [25]	38,000	1A	Handymax
57	Hull 2476	HMD [25]	38,000	1A	Handymax
58	Hull 2477	HMD [25]	38,000	1A	Handymax
59	Hull 2478	HMD [25]	38,000	1A	Handymax
60	Hull 2479	HMD [25]	38,000	1A	Handymax
61	Hull 2499	HMD [25]	38,000	1A	Handymax
62	Hull 2500	HMD [25]	38,000	1A	Handymax
63	Hull 2391	HMD [25]	52,000		MR
64	Hull 2392	HMD [25]	52,000		MR

65	Hull 2449	HMD (25)	52,000	MR
66	Hull 2450	HMD (25)	52,000	MR
67	Hull 2458	HMD (25)	52,000	MR
68	Hull 2459	HMD (25)	52,000	MR
69	Hull 2460	HMD (25)	52,000	MR
70	Hull 2461	HMD (25)	52,000	MR
71	Hull 2492	HMD (25)	52,000	MR
72	Hull 2493	HMD (25)	52,000	MR

Table of Contents

	Vessel Name	Yard	DWT	Ice class	Vessel type
73	Hull 2445	HMD (25)	52,000		MR
74	Hull 2474	HMD (25)	52,000		MR
75	Hull 2475	HMD (25)	52,000		MR
76	Hull 2490	HMD (25)	52,000		MR
77	Hull S1138	SPP (26)	52,000		MR
78	Hull S1139	SPP (26)	52,000		MR
79	Hull S1140	SPP (26)	52,000		MR
80	Hull S1141	SPP (26)	52,000		MR
81	Hull S1142	SPP (26)	52,000		MR
82	Hull S1143	SPP (26)	52,000		MR
83	Hull S1144	SPP (26)	52,000		MR
84	Hull S1145	SPP (26)	52,000		MR
85	Hull S1167	SPP (26)	52,000		MR
86	Hull S1168	SPP (26)	52,000		MR
87	Hull S1169	SPP (26)	52,000		MR
88	Hull S1170	SPP (26)	52,000		MR
89	Hull S5124	SPP (26)	52,000		MR
90	Hull S5125	SPP (26)	52,000		MR
91	Hull S703	HSHI (27)	114,000		LR2
92	Hull S704	HSHI (27)	114,000		LR2
93	Hull S705	HSHI (27)	114,000		LR2
94	Hull S706	HSHI (27)	114,000		LR2
95	Hull S709	HSHI (27)	114,000		LR2
96	Hull S710	HSHI (27)	114,000		LR2
97	Hull S715	HSHI (27)	114,000		LR2
98	Hull S716	HSHI (27)	114,000		LR2
99	Hull 5394	DSME (28)	114,000		LR2
100	Hull 5395	DSME (28)	114,000		LR2
101	Hull 5398	DSME (28)	114,000		LR2
102	Hull 5399	DSME (28)	114,000		LR2
	Total newbuilding product tankers DWT		3,356,000		
	Total Fleet DWT		6,365,482		

(1) This vessel operates in or is expected to operate in the Scorpio Handymax Tanker Pool (SHTP). SHTP is operated by Scorpio Commercial Management (SCM). SHTP and SCM are related parties to the Company.
(2) This vessel operates in or is expected to operate in the Scorpio Panamax Tanker Pool (SPTP). SPTP is operated by SCM. SPTP is a related party to the Company.
(3) This vessel operates in or is expected to operate in the Scorpio LR2 Pool (SLR2P). SLR2P is operated by SCM. SLR2P is a related party to the Company.
(4) This vessel operates in or is expected to operate in the Scorpio MR Pool (SMRP). SMRP is operated by SCM. SMRP is a related party to the Company.
(5) This vessel is on a short term time charter for up to 120 days at approximately $19,000 per day.
(6)

This vessel is on a time charter agreement for two years, which also contains a 50% profit sharing provision whereby we split all of the vessel s profits above the daily base rate with the charterer.

(7) This vessel is on a time charter agreement for one year, which also contains a 50% profit sharing provision whereby we split all of the vessel s profits above the daily base rate with the charterer.

(8) Redelivery from the charterer is plus or minus 30 days from the expiry date.

(9) The agreement also contains a 50% profit and loss sharing provision whereby we split all of the vessel s profits and losses above or below the daily base rate with the vessel s owner.
(10) We have an option to extend the charter for an additional year at $13,500 per day.
(11) We have an option to extend the charter for an additional year at $13,250 per day.
(12) We have an option to extend the charter for an additional year at $13,550 per day.
(13) We have an option to extend the charter for an additional year at $13,550 per day.
(14) We have an option to extend the charter for an additional year at $15,150 per day.
(15) We have options to extend the charter for up to two consecutive one year periods at $15,200 per day and $16,200 per day, respectively.
(16) We have an option to extend the charter for an additional year at $15,700 per day.
(17) The daily base rate represents the average rate for the three year duration of the agreement. The rate for the first year is $15,750 per day, the rate for the second year is $16,250 per day, and the rate for the third year is $16,750 per day. We have options to extend the charter for up to two consecutive one year periods at $17,500 per day and $18,000 per day, respectively.
(18) We have an option to extend the charter for an additional year at $12,500 per day. We have also entered into an agreement with the vessel s owner whereby we split all of the vessel s profits above the daily base rate.
(19) We have an option to extend the charter for an additional year at $15,000 per day.
(20) We have options to extend the charter for up to two consecutive one year periods at $16,250 per day and $17,250 per day, respectively.
(21) We have an option to extend the charter for an additional six month at $15,500 per day.
(22) We have an option to extend the charter for an additional six months at $15,500 per day.
(23) We have an option to extend the charter for an additional six months at $16,250 per day.
(24) We have an option to extend the charter for one year at $17,550 per day.
(25) These newbuilding vessels are being constructed at HMD (Hyundai Mipo Dockyard Co. Ltd. of South Korea). 23 vessels are expected to be delivered in 2014 and five vessels in the first and second quarters of 2015.
(26) These newbuilding vessels are being constructed at SPP (SPP Shipbuilding Co., Ltd. of South Korea). 10 vessels are expected to be delivered in 2014 and four in the first and second quarters of 2015.
(27) These newbuilding vessels are being constructed at HSHI (Hyundai Samho Heavy Industries Co., Ltd. of South Korea). Six vessels are expected to be delivered in the third and fourth quarters of 2014 and two in the first quarter of 2015.
(28) These newbuilding vessels are being constructed at DSME (Daewoo Shipbuilding and Marine Engineering Co. Ltd. of South Korea). Two vessels are expected to be delivered in the fourth quarter of 2014 and two in the second quarter of 2015.

Fleet Developments During the Three Months Ended March 31, 2014

In January 2014, we agreed to sell *Noemi* and *Senatore* for an aggregate selling price of $44.0 million. The sale of *Noemi* closed in March 2014 and the sale of *Senatore* closed in April 2014. In connection with these sales, we repaid $22.5 million into our 2010 Revolving Credit Facility in March 2014.

In February 2014, we agreed to sell the 2008-built LR2 product tanker, *STI Spirit*, for $30.2 million. This sale closed in April 2014 and we repaid all amounts due under the STI Spirit Credit Facility of $21.4 million.

In January 2014, we took delivery of two vessels under our Newbuilding program, *STI Duchessa* and *STI Opera*. After delivery, each vessel began a short term time charter for up to 120 days at approximately $19,000 per day.

In March 2014, we took delivery of an MR tanker under our Newbuilding program, *STI Texas City*. After delivery, this vessel began a time charter for two years, which includes a profit sharing mechanism whereby earnings in excess of the base time charter rate will be split between the Company and charterer.

Table of Contents

In March 2014, we sold seven VLCCs under construction. As a result of the sale we received net proceeds of $141.7 million in cash and recorded a gain of $51.4 million. The book value of these assets at the time of sale (primarily consisting of installment payments made to date) was $90.3 million. As of March 31, 2014, we were still party to the performance guarantees with respect to the VLCCs and, should the purchaser fail to fulfill its obligations under each construction contract, the shipyards would have legal recourse to seek payment from us to fulfill these obligations. We are currently working with the buyer and the shipyards to novate the contracts to the buyer.

Recent Developments

Delivery of STI Meraux

In April 2014, we took delivery of an MR tanker under our Newbuilding program, *STI Meraux*. After delivery, this vessel began a time charter for one year, which includes a profit sharing mechanism whereby earnings in excess of the base time charter rate will be split between the Company and charterer.

Vessel sales

Please see Fleet Developments During the Three Months Ended March 31, 2014.

Dividend declaration

On April 28, 2014, our board of directors declared a quarterly cash dividend of $0.09 per share, payable on June 12, 2014 to all shareholders as of May 27, 2014 (the record date).

Stock Buyback Program

In April 2014, we resumed our stock buyback program and repurchased 1,229,080 shares of common stock at an average price of $8.83 per share. As of the date of this prospectus supplement, the Company has purchased $18.9 million of shares in the open market at an average price of $7.80.

On April 28, 2014, our board of directors authorized a new stock buyback program with the authorization to purchase up to an additional $100.0 million of shares of our common stock. The Company expects to repurchase these shares in the open market, at times and prices that are considered to be appropriate by the Company, but is not obligated under the terms of the program to repurchase any shares.

Time Chartered-in Vessels

In April 2014, we extended the time charter on an MR tanker that is currently time chartered-in. The term of the agreement is for one year at $14,850 per day beginning in May 2014. The Company has options to extend the charter for up to two consecutive one year periods at $15,200 per day and $16,200 per day, respectively.

In April 2014, we extended the time charter on an LR2 tanker that is currently time chartered-in. The term of the agreement is for six months at $15,250 per day beginning in May 2014. The Company has an option to extend the charter for up to six months at $15,500 per day.

Investment in Dorian LPG Ltd.

On April 28, 2014, Dorian, an LPG shipping company in which we own approximately 25.7% of the outstanding shares, launched its initial public offering in the United States of 7,105,263 common shares with an expected offering price of between $18.00 and $20.00 per share. Dorian s common shares have been approved for listing on the New York Stock Exchange under the symbol LPG and are also currently traded on the Norwegian OTC List under the symbol DORIAN. We are not selling any of our shares of Dorian in its initial public offering and thus we will not receive any of the net proceeds of that offering.

Chartering strategy

Generally, we operate our vessels in commercial pools, on time charters or in the spot market.

Commercial Pools

To increase vessel utilization and thereby revenues, we participate in commercial pools with other shipowners of similar modern, well-maintained vessels. As of May 6, 2014, 44 of the vessels in our Operating Fleet operate in one of the Scorpio Group Pools. By operating a large number of vessels as an integrated transportation system, commercial pools offer customers greater flexibility and a higher level of service while achieving scheduling efficiencies. Pools employ experienced commercial managers and operators who have close working relationships with customers and brokers, while technical management is performed by each shipowner. Pools negotiate charters with customers primarily in the spot market. The size and scope of these pools enable them to enhance utilization rates for pool vessels by securing backhaul voyages and contracts of affreightment, or COAs, thus generating higher effective TCE revenues than otherwise might be obtainable in the spot market.

Time Charters

Time charters give us a fixed and stable cash flow for a known period of time. Time charters also mitigate in part the seasonality of the spot market business, which is generally weaker in the second and third quarters of the year. In the future, we may opportunistically look to enter our vessels into time charter contracts. We may also enter into time charter contracts with profit sharing agreements, which enable us to benefit if the spot market increases. As of May 6, 2014, two of the vessels in our Operating Fleet are operating under long-term time charters (one year or greater).

Spot Market

A spot market voyage charter is generally a contract to carry a specific cargo from a load port to a discharge port for an agreed freight per ton of cargo or a specified total amount. Under spot market voyage charters, we pay voyage expenses such as port, canal and bunker costs. Spot charter rates are volatile and fluctuate on a seasonal and year-to-year basis. Fluctuations derive from imbalances in the availability of cargoes for shipment and the number of vessels available at any given time to transport these cargoes. Vessels operating in the spot market generate revenue that is less predictable, but may enable us to capture increased profit margins during periods of improvements in tanker rates. As of May 6, 2014, two of the vessels in our Operating Fleet, *STI Opera* and *Venice* were operating directly in the spot market.

Management of our fleet

Commercial and Technical Management

Our vessels are commercially managed by Scorpio Commercial Management S.A.M., or SCM, and technically managed by Scorpio Ship Management S.A.M., or SSM, pursuant to a Master Agreement, which may be terminated upon two years notice. SCM and SSM are related parties of ours. We expect that additional vessels that we may acquire in the future will also be managed under the Master Agreement or on substantially similar terms.

SCM s services include securing employment, in the spot market and on time charters, for our vessels. SCM also manages the Scorpio Group Pools. When our vessels are operating in one of the Scorpio Group Pools, SCM, the pool manager, charges fees of $300 per vessel per day with respect to our Panamax/LR1 vessels, $250 per vessel per day with respect to our LR2 vessels, and $325 per vessel per day with respect to each of our Handymax and MR vessels, plus 1.50% commission on gross revenues per charter fixture. These are the same fees that SCM charges other vessel owners in these pools, including third party owned vessels. For commercial management of our vessels that are not operating in any of the Scorpio Group Pools, we pay SCM a fee of $250 per vessel per day for each Panamax, LR1 and LR2 vessel and $300 per vessel per day for each Handymax and MR vessel, plus 1.25% commission on gross revenues per charter fixture.

SSM s services include day-to-day vessel operation, performing general maintenance, monitoring regulatory and classification society compliance, customer vetting procedures, supervising the maintenance and general efficiency of vessels, arranging the hiring of qualified officers and crew, arranging and supervising drydocking and repairs, purchasing supplies, spare parts and new equipment for vessels, appointing supervisors and technical consultants and providing technical support. We currently pay SSM $685 per vessel per day to provide technical management services for each of our vessels which is the same fee that SSM charges to third parties.

Administrative Services Agreement

We have an Administrative Services Agreement with Scorpio Services Holding Limited, or SSH, or our Administrator, for the provision of administrative staff and office space, and administrative services, including accounting, legal compliance, financial and information technology services. SSH is a related party of ours. Liberty, a company affiliated with us, acted as our Administrator until March 13, 2012 when the Administrative Services Agreement was novated to SSH. The effective date of the novation was November 9, 2009, the date that we first entered into the agreement with Liberty. We reimburse our current Administrator for the reasonable direct or indirect expenses it incurs in providing us with the administrative services described above. Our Administrator also arranges vessel sales and purchases for us. The services provided to us by our Administrator may be sub-contracted to other entities within the Scorpio Group.

We 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. During the three months ended March 31, 2014, we paid SSH an aggregate fee of $15.0 million, which consisted of $1.0 million related to the delivery of three vessels under our Newbuilding Program and $14.0 million related to the sale of our VLCCs. For the year ended December 31, 2013, we paid our Administrator $9.1 million, which consisted of $2.5 million related to the purchase and delivery of seven newbuilding vessels in 2013 and $6.6 million on the purchase and subsequent sale of our VLGC business to Dorian in November 2013. We believe this 1% fee on purchases and sales is customary in the tanker industry.

Further, pursuant to our administrative services agreement, our Administrator, 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 to 200,000 dwt.

Our administrative services agreement, whose effective commencement began in December 2009, and can be terminated upon two years notice.

Our Relationship with Scorpio Group and its Affiliates

We believe that one of our principal strengths is our relationship with the Scorpio Group of companies (described below). Our vessel operations are managed under the supervision of our board of directors, by our management team and by members of the Scorpio Group of companies. Our relationship with the Scorpio Group of companies provides access to Scorpio Group s customer and supplier relationships and their technical, commercial and managerial expertise, which we believe allows us to compete more effectively and operate our vessels on a cost efficient basis.

Table of Contents

The Scorpio Group includes:

Scorpio Ship Management S.A.M., or SSM, which provides vessel technical management services for all of our vessels and 8 vessels owned by third parties.

Scorpio Commercial Management S.A.M., or SCM, which provides vessel commercial management services for all of our vessels and 41 vessels owned by third parties. SCM manages 75 vessels (including 44 vessels in our fleet) through the spot market-oriented Scorpio Group Pools, which include the Scorpio LR2 Pool, the Scorpio Panamax Tanker Pool, the Scorpio MR Pool and the Scorpio Handymax Tanker Pool and are managed by members of the Scorpio Group.

Scorpio Services Holding Limited, or SSH, which provides us and related entities with administrative services and services related to the acquisition of vessels.

We can provide no assurance, however, that we will realize any benefits from our relationship with the Scorpio Group. Emanuele Lauro, our Founder, Chairman and Chief Executive Officer, is a member of the Lolli-Ghetti family which owns and controls SCM, our commercial manager, SSM, our technical manager and SSH, which provides us with certain administrative services. These relationships, and other relationships between certain of our executive officers and members of the Scorpio Group, may create certain conflicts of interest between us, on the one hand, and other members of the Scorpio Group, including our commercial and technical manager, on the other hand. For example, our Chief Executive Officer, President and Chief Operating Officer each participate in business activities not associated with us, including serving as members of the management team of Scorpio Bulkers Inc., and are not required to work full-time on our affairs. Our executive officers named above serve in similar positions in the Scorpio Group. This may create conflicts of interest in matters involving or affecting us and our customers, including in the chartering, purchase, sale and operation of the vessels in our fleet versus vessels managed by other members of the Scorpio Group. As a result of these conflicts, it is not certain that these conflicts of interest will be resolved in our favor, and other members of the Scorpio Group, who have limited contractual duties, may favor their own or other owners interests over our interests. Please see Risk Factors Certain of our officers do not devote all of their time to our business, which may hinder our ability to operate successfully.

Competition

We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation and that of our commercial manager. We compete primarily with other independent tanker vessel-owners and with major oil companies that own and operate their own vessels. Our competitors may have more resources than us and may operate vessels that are newer, and therefore more attractive to charterers, than our vessels. Ownership of tanker vessels is highly fragmented and is divided among publicly listed companies, state-controlled owners and private shipowners.

Properties

We have no properties other than our vessels.

Legal Proceedings

To our knowledge, we are not currently a party to any lawsuit that, if adversely determined, would have a material adverse effect on our financial position, results of operations or liquidity. As such, we do not believe that pending legal proceedings, taken as a whole, should have any significant impact on our financial statements. From time to time in the future we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. While we expect that these claims would be covered by our existing insurance policies, those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources. We have not been involved in any legal proceedings which may have, or have had, a significant effect on our financial position, results of operations or liquidity, nor are we aware of any proceedings that are pending or threatened which may have a significant effect on our financial position, results of operations or liquidity.

Exchange Controls

Under Marshall Islands law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our common shares.

Environmental and Other Regulations

Government laws and regulations significantly affect the ownership and operation of our vessels. We are subject to various international conventions, laws and regulations in force in the countries in which our vessels may operate or are registered. Compliance with such laws, regulations and other requirements entails significant expense, including vessel modification and implementation costs.

A variety of government, quasi-governmental and private organizations subject our vessels to both scheduled and unscheduled inspections. These organizations include the local port authorities, national authorities, harbor masters or equivalent entities, classification societies, relevant flag state (country of registry) and charterers, particularly terminal operators and oil companies. Some of these entities require us to obtain permits, licenses, certificates and approvals for the operation of our vessels. Our failure to maintain necessary permits, licenses, certificates or approvals could require us to incur substantial costs or temporarily suspend operation of one or more of the vessels in our fleet, or lead to the invalidation or reduction of our insurance coverage.

We believe that the heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for tankers that conform to stricter environmental standards. We are required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with applicable local, national and international environmental laws and regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations; however, because such laws and regulations are frequently changed and may impose increasingly strict requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident that results in significant oil pollution, release of hazardous substances, loss of life, or otherwise causes significant adverse environmental impact, such as the 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico, could result in additional legislation, regulation, or other requirements that could negatively affect our profitability.

International Maritime Organization

The International Maritime Organization, or the IMO, is the United Nations agency for maritime safety and the prevention of pollution by ships. The IMO has adopted several international conventions that regulate the international shipping industry, including but not limited to the International Convention on Civil Liability for Oil Pollution Damage of 1969, generally referred to as CLC, the International Convention on Civil Liability for Bunker Oil Pollution Damage, and the International Convention for the Prevention of Pollution from Ships of 1973, or the MARPOL Convention. The MARPOL Convention is broken into six Annexes, each of which establishes environmental standards relating to different sources of pollution: Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried, in bulk, in liquid or packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, adopted by the IMO in September of 1997, relates to air emissions.

Table of Contents

In 2012, the IMO s Marine Environmental Protection Committee, or MEPC, adopted by resolution amendments to the international code for the construction and equipment of ships carrying dangerous chemicals in bulk, or the IBC Code. The provisions of the IBC Code are mandatory under MARPOL and SOLAS. These amendments, which are expected to enter into force in June 2014, pertain to revised international certificates of fitness for the carriage of dangerous chemicals in bulk and identifying new products that fall under the IBC Code. We may need to make certain financial expenditures to comply with these amendments.

In 2013, the MEPC adopted by resolution amendments to the MARPOL Annex I Conditional Assessment Scheme, or CAS. The amendments, which are expected to become effective on October 1, 2014, pertain to revising references to the inspections of bulk carriers and tankers after the 2011 ESP Code, which enhances the programs of inspections, becomes mandatory. We may need to make certain financial expenditures to comply with these amendments.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution. Effective May 2005, Annex VI sets limits on nitrogen oxide emissions from ships whose diesel engines were constructed (or underwent major conversions) on or after January 1, 2000. It also prohibits deliberate emissions of ozone depleting substances, defined to include certain halons and chlorofluorocarbons. Deliberate emissions are not limited to times when the ship is at sea; they can for example include discharges occurring in the course of the ship s repair and maintenance. Emissions of volatile organic compounds from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls (PCBs)) are also prohibited. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls of sulfur emissions known as Emission Control Areas (ECAs) (see below).

The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. As of January 1, 2012, the amended Annex VI requires that fuel oil contain no more than 3.50% sulfur. By January 1, 2020, sulfur content must not exceed 0.50%, subject to a feasibility review to be completed no later than 2018.

Sulfur content standards are even stricter within certain ECAs. As of July 1, 2010, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 1.0% (from 1.50%), which will be further reduced to 0.10% on January 1, 2015. Amended Annex VI establishes procedures for designating new ECAs. Currently, the Baltic Sea and the North Sea have been so designated. On August 1, 2012, certain coastal areas of North America were designated ECAs and effective January 1, 2014, the applicable areas of the United States Caribbean Sea were designated ECAs. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the EPA or the states where we operate, compliance with these regulations could entail significant capital expenditures, operational changes, or otherwise increase the costs of our operations.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for new ships in part to address greenhouse gas emissions. It made the Energy Efficiency Design Index (EEDI) apply to all new ships, and the Ship Energy Efficiency Management Plan (SEEMP) apply to all ships.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for new marine engines, depending on their date of installation. The U.S. Environmental Protection Agency promulgated equivalent (and in some senses stricter) emissions standards in late 2009. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

Safety Management System Requirements

The IMO also adopted the International Convention for the Safety of Life at Sea, or SOLAS, and the International Convention on Load Lines, or LL, which impose a variety of standards that regulate the design and operational features of ships. The IMO periodically revises the SOLAS and LL standards. May 2012 SOLAS amendments entered into force as of January 1, 2014. The Convention on Limitation for Maritime Claims (LLMC) was recently amended and the amendments are expected to go into effect on June 8, 2015. The amendments alter the limits of liability for a loss of life or personal injury claim and a property claim against ship owners.

Our operations are also subject to environmental standards and requirements contained in the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, or ISM Code, promulgated by the IMO under Chapter IX of SOLAS. The ISM Code requires the owner of a vessel, or any person who has taken responsibility for operation of a vessel, to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. We rely upon the safety management system that has been developed for our vessels for compliance with the ISM Code.

The ISM Code requires that vessel operators also obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel s management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM Code. We have obtained documents of compliance for its offices and safety management certificates for all of our vessels for which the certificates are required by the ISM Code. These documents of compliance and safety management certificates are renewed as required.

Noncompliance with the ISM Code and other IMO regulations may subject the shipowner or bareboat charterer to increased liability, may lead to decreases in, or invalidation of, available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports.

Pollution Control and Liability Requirements

IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatory nations to such conventions. For example, many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocol in 1976, 1984, and 1992, and amended in 2000, or the CLC. Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel s registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability, expressed using the International Monetary Fund currency unit of Special Drawing Rights. The limits on liability have since been amended so that compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the shipowner s personal fault and under the 1992 Protocol where the spill is caused by the shipowner s personal act or omission by intentional or reckless conduct where the shipowner knew pollution damage would probably result. The CLC requires ships covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner s liability for a single incident. We believe that our protection and indemnity insurance will cover the liability under the plan adopted by the IMO.

The IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, to impose strict liability on shipowners for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in

Table of Contents

accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship s bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

In addition, the IMO adopted an International Convention for the Control and Management of Ships Ballast Water and Sediments, or the BWM Convention, in February 2004. The BWM Convention will not become effective until 12 months after it has been adopted by 30 states, the combined merchant fleets of which represent not less than 35% of the gross tonnage of the world s merchant shipping. To date, there has not been sufficient adoption of this standard for it to take force, but it is close. Many of the implementation dates originally written in the BWM Convention have already passed, so that once the BWM Convention enters into force, the period for installation of mandatory ballast water exchange requirements would be extremely short, with several thousand ships a year needing to install ballast water management systems (BWMS). For this reason, on December 4, 2013, the IMO Assembly passed a resolution revising the application dates of BWM Convention so that they are triggered by the entry into force date and not the dates originally in the BWM Convention. This in effect makes all vessels constructed before the entry into force date existing vessels, and allows for the installation of a BWMS on such vessels at the first renewal survey following entry into force. Once mid-ocean ballast exchange or ballast water treatment requirements become mandatory, the cost of compliance could increase for ocean carriers. Although we do not believe that the costs of compliance with a mandatory mid-ocean ballast exchange would be material, it is difficult to predict the overall impact of such a requirement on our operations.

The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

U.S. Regulations

The U.S. Oil Pollution Act of 1990, or OPA, established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in U.S. waters, which includes the U.S. territorial sea and its 200 nautical mile exclusive economic zone. The United States has also enacted the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, which applies to the discharge of hazardous substances other than oil, whether on land or at sea. OPA and CERCLA both define owner and operator in the case of a vessel, as any person owning, operating or chartering by demise, the vessel. Accordingly, both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are responsible parties and are jointly, severally and strictly liable (unless the spill results solely from, under certain limited circumstances, the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. OPA defines these other damages broadly to include:

- injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;

- injury to, or economic losses resulting from, the destruction of real and personal property;

net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;

loss of subsistence use of natural resources that are injured, destroyed or lost;

lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and

net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

Table of Contents

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective July 31, 2009, the U.S. Coast Guard adjusted the limits of OPA liability to the greater of $2,000 per gross ton or $17.088 million for any double-hull tanker that is over 3,000 gross tons (subject to periodic adjustment for inflation), and our fleet is entirely composed of vessels of this size class. These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party s gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident where the responsibility party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damage for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from, under certain limited circumstances, the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5 million for vessels carrying a hazardous substance as cargo or residue and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law.

OPA and CERCLA both require owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We have provided such evidence and received certificates of financial responsibility from the U.S. Coast Guard s for each of our vessels that is required to have one.

OPA permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA. Some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters, however, in some cases, states which have enacted this type of legislation have not yet issued implementing regulations defining tanker owners responsibilities under these laws.

The 2010 Deepwater Horizon oil spill in the Gulf of Mexico may also result in additional regulatory initiatives or statutes, including the raising of liability caps under OPA. For example, on August 15, 2012, the U.S. Bureau of Safety and Environmental Enforcement (BSEE) issued a final drilling safety rule for offshore oil and gas operations that strengthens the requirements for safety equipment, well control systems, and blowout prevention practices. Compliance with any new requirements of OPA may substantially impact our cost of operations or require us to incur additional expenses to comply with any new regulatory initiatives or statutes.

Through our P&I Club membership, we expect to maintain pollution liability coverage insurance in the amount of $1 billion per incident for each of our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The U.S. Clean Water Act, or CWA, prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly-issued permit or exemption, and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. Furthermore, many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. These laws may be more stringent than U.S. federal law.

The EPA and U.S. Coast Guard, or USCG, have enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

The EPA requires a permit regulating ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters under the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels, or VGP. For a new vessel delivered to an owner or operator after September 19, 2009 to be covered by the VGP, the owner must submit a Notice of Intent, or NOI, at least 30 days before the vessel operates in United States waters. On March 28, 2013 the EPA re-issued the VGP for another five years. This VGP took effect on December 19, 2013. The VGP focuses on authorizing discharges incidental to operations of commercial vessels and the new VGP contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in US waters, more stringent requirements for exhaust gas scrubbers and the use of environmentally acceptable lubricants.

USCG regulations adopted and proposed for adoption under the U.S. National Invasive Species Act, or NISA, impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters, which require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures, and/or otherwise restrict our vessels from entering U.S. waters. The USCG must approve any technology before it is placed on a vessel, but has not yet approved the technology necessary for vessels to meet the foregoing standards.

Notwithstanding the foregoing, as of January 1, 2014, vessels are technically subject to the phasing-in of these standards. As a result, the USCG has provided waivers to vessels which cannot install the as-yet unapproved technology. The EPA, on the other hand, has taken a different approach to enforcing ballast discharge standards under the VGP. On December 27, 2013, the EPA issued an enforcement response policy in connection with the new VGP in which the EPA indicated that it would take into account the reasons why vessels do not have the requisite technology installed, but will not grant any waivers.

Compliance with the EPA and the U.S. Coast Guard regulations could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. Member States were required to enact laws or regulations to comply with the directive by the end of 2010. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims.

Table of Contents

Greenhouse Gas Regulation

Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in 2005 and pursuant to which adopting countries have been required to implement national programs to reduce greenhouse gas emissions. As of January 1, 2013, all new ships must comply with two new sets of mandatory requirements to address greenhouse gas emissions from ships which were adopted by MEPC, in July 2011. Currently operating ships are required to develop Ship Energy Efficiency Management Plans, and minimum energy efficiency levels per capacity mile, outlined in the Energy Efficiency Design Index, will apply to new ships. These requirements could cause us to incur additional compliance costs. The IMO is also planning to implement market-based mechanisms to reduce greenhouse gas emissions from ships at an upcoming MEPC session. The European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from marine vessels, and in January 2012 the European Commission launched a public consultation on possible measures to reduce greenhouse gas emissions from ships. In April 2013, the European Parliament rejected proposed changes to the European Union Emissions Law regarding carbon trading. In June 2013 the European Commission developed a strategy to integrate maritime emissions into the overall European Union Strategy to reduced greenhouse gas emissions. If the strategy is adopted by the European Parliament and Council large vessels using European Union ports would be required to monitor, report, and verify their carbon dioxide emissions beginning in January 2018. In December 2013 the European Union environmental ministers discussed draft rules to implement monitoring and reporting of carbon dioxide emissions from ships. In the United States, the EPA has issued a finding that greenhouse gases endanger the public health and safety and has adopted regulations to limit greenhouse gas emissions from certain mobile sources and large stationary sources. Although the mobile source emissions regulations do not apply to greenhouse gas emissions from vessels, such regulation of vessels is foreseeable, and the EPA has in recent years received petitions from the California Attorney General and various environmental groups seeking such regulation. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, the U.S. or other countries where we operate, or any treaty adopted at the international level to succeed the Kyoto Protocol, that restrict emissions of greenhouse gases could require us to make significant financial expenditures, including capital expenditures to upgrade our vessels, which we cannot predict with certainty at this time.

International Labour Organization

The International Labour Organization (ILO) is a specialized agency of the UN with headquarters in Geneva, Switzerland. The ILO has adopted the Maritime Labor Convention 2006 (MLC 2006). A Maritime Labor Certificate and a Declaration of Maritime Labor Compliance will be required to ensure compliance with the MLC 2006 for all ships above 500 gross tons in international trade. The MLC 2006 entered into force on August 20, 2013. The MLC 2006 requires us to develop new procedures to ensure full compliance with its requirements.

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the U.S. Maritime Transportation Security Act of 2002, or the MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. The regulations also impose requirements on certain ports and facilities, some of which are regulated by the EPA.

Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new Chapter V became effective in July 2004 and imposes various detailed security obligations on vessels and port authorities, and mandates compliance with the International Ship and Port Facilities Security Code (ISPS Code). The ISPS Code is designed to enhance the security of ports and

Table of Contents

ships against terrorism. Amendments to SOLAS Chapter VII, made mandatory in 2004, apply to vessels transporting dangerous goods and require those vessels be in compliance with the International Maritime Dangerous Goods Code (IMDG Code).

To trade internationally, a vessel must attain an International Ship Security Certificate (ISSC), from a recognized security organization approved by the vessel s flag state. Among the various requirements are:

- on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship s identity, position, course, speed and navigational status;

- on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore;

- the development of vessel security plans;

- ship identification number to be permanently marked on a vessel s hull;

- a continuous synopsis record kept onboard showing a vessel s history, including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship s identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and

- compliance with flag state security certification requirements.

Ships operating without a valid certificate, may be detained at port until it obtains an ISSC, or it may be expelled from port, or refused entry at port.

The USCG regulations, intended to align with international maritime security standards, exempt from MTSA vessel security measures non-U.S. vessels provided that such vessels have on board a valid ISSC that attests to the vessel s compliance with SOLAS security requirements and the ISPS Code. We have implemented the various security measures addressed by MTSA, SOLAS and the ISPS Code, and our fleet is in compliance with applicable security requirements.

Inspection by classification societies

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

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

For maintenance of the class, regular and extraordinary surveys of hull, machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

Annual Surveys. For seagoing ships, annual surveys are conducted for the hull and the machinery, including the electrical plant, and where applicable for special equipment classed, within three months before or after each anniversary date of the date of commencement of the class period indicated in the certificate.

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

Table of Contents

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

At an owner s application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal.

All areas subject to survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most vessels are also dry-docked every 30 to 36 months for inspection of the underwater parts and for repairs related to inspections. If any defects are found, the classification surveyor will issue a recommendation which must be rectified by the ship owner within prescribed time limits.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as in-class by a classification society which is a member of the International Association of Classification Societies (IACS). In December 2013 the IACS adopted new harmonized Common Structure Rules which will apply to oil tankers and bulk carriers to be constructed on or after July 1, 2015. All our vessels are certified as being in-class by American Bureau of Shipping and Det Norske Veritas. All new and secondhand vessels that we purchase must be certified prior to their delivery under our standard purchase contracts and memoranda of agreement. If the vessel is not certified on the scheduled date of closing, we have no obligation to take delivery of the vessel.

In addition to the classification inspections, many of our customers regularly inspect our vessels as a precondition to chartering them for voyages. We believe that our well-maintained, high-quality vessels provide us with a competitive advantage in the current environment of increasing regulation and customer emphasis on quality.

Risk of Loss and Liability Insurance

General

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

Table of Contents

Marine and War Risks Insurance

We have in force marine and war risks insurance for all of our vessels. Our marine hull and machinery insurance covers risks of particular average and actual or constructive total loss from collision, fire, grounding, engine breakdown and other insured named perils up to an agreed amount per vessel. Our war risks insurance covers the risks of particular average and actual or constructive total loss from confiscation, seizure, capture, vandalism, sabotage, and other war-related named perils. Each vessel is covered up to at least its fair market value at the time of the insurance attachment and subject to a fixed deductible per each single accident or occurrence, but excluding actual or constructive total loss.

Protection and Indemnity Insurance

Protection and indemnity (P&I) insurance is provided by mutual protection and indemnity associations, commonly referred to as P&I Clubs, and provides unlimited coverage, except for pollution which is capped as discussed below. P&I insurance covers our third party liabilities in connection with our shipping activities. This includes liability and other related expenses resulting from injury, illness or death of crew, passengers and other third parties, loss of or damage to cargo, claims arising from collisions with other vessels, damage to third-party property including piers and other fixed or floating objects, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal.

As a member of a P&I Club that is, in turn, a member of the International Group of P&I Clubs we carry protection and indemnity insurance coverage for pollution of $1 billion per vessel per incident. The P&I Clubs that comprise the International Group insure approximately 90% of the world s commercial tonnage and have entered into a pooling agreement to reinsure each Club s liabilities. Although the P&I Clubs compete with each other for business, they have found it beneficial to pool their larger risks under the auspices of the International Group. This pooling is regulated by a contractual agreement which defines the risks that are to be pooled and exactly how these risks are to be shared by the participating P&I Clubs. We are subject to calls payable to the Clubs of which we are members based on its claim records as well as the claim records of all other members of the individual Clubs and members of the pool of P&I Clubs comprising the International Group.

Table of Contents

MANAGEMENT

Set forth below are the names, ages and positions of our directors and executive officers. Our board of directors is elected annually, and each director elected holds office for a three-year term or until his successor shall have been duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office. The term of office of each director is as follows: two will serve for a term expiring at the 2014 annual meeting of the shareholders, three will serve for a term expiring at the 2015 annual meeting of shareholders and three will serve for a term expiring at the 2016 annual meeting of shareholders. Officers are elected from time to time by vote of our board of directors and hold office until a successor is elected. The business address for each director and executive officer is the address of our principal executive office which is Scorpio Tankers Inc., 9, Boulevard Charles III, Monaco 98000.

Certain of our officers participate in business activities not associated with us. As a result, they may devote less time to us than if they were not engaged in other business activities and may owe fiduciary duties to the shareholders of both us as well as shareholders of other companies with which they may be affiliated, including other Scorpio Group companies. This may create conflicts of interest in matters involving or affecting us and our customers and it is not certain that any of these conflicts of interest will be resolved in our favor. While there will be no formal requirements or guidelines for the allocation of their time between our business and the business of members of the Scorpio Group, their performance of their duties will be subject to the ongoing oversight of our board of directors.

Name	Age	Position
Emanuele A. Lauro	35	Chairman, Class I Director, and Chief Executive Officer
Robert Bugbee	53	President and Class II Director
Brian Lee	47	Chief Financial Officer
Cameron Mackey	45	Chief Operating Officer and Class III Director
Luca Forgione	38	General Counsel
Sergio Gianfranchi	69	Vice President, Vessel Operations
Anoushka Kachelo	34	Secretary
Alexandre Albertini	37	Class III Director
Ademaro Lanzara	70	Class I Director
Donald C. Trauscht	79	Class II Director
Marianne Økland	51	Class III Director
Jose Tarruella	43	Class II Director

Biographical information concerning the directors and executive officers listed above is set forth below.

Emanuele A. Lauro, Chairman, Director and Chief Executive Officer

Emanuele A. Lauro, our founder, has served as Chairman, and Chief Executive Officer since the closing of our initial public offering in April 2010. Mr. Lauro also co-founded and serves as Chairman and Chief Executive Officer of Scorpio Bulkers Inc., which was formed in 2013. He joined Scorpio Group in 2003 and has continued to serve in a senior management position since 2004. Under Mr. Lauro s leadership, Scorpio Group has grown from an owner of three vessels in 2003 to become a leading operator and manager of over 100 vessels in 2013. Over the course of the last several years, Mr. Lauro has founded and developed all of the Scorpio Group Tanker Pools in addition to several other ventures such as Scorpio Logistics in 2007, which owns and operates specialized assets engaged in the transshipment of coal and invests in coastal transportation and port infrastructure developments and Scorship Navigation in 2005, which engaged in the identification, placement, and management of certain international shipping investments on behalf of retail investors in Europe. Mr. Lauro has a degree in international business from the European Business School, London.

Robert Bugbee, President and Director

Robert Bugbee, has more than 25 years of experience in the shipping industry and has served as President and as a director since the closing of our initial public offering in April 2010. Mr. Bugbee also co-founded and has

Table of Contents

served as Director and President of Scorpio Bulkers Inc. since 2013. Mr. Bugbee also serves as a director of Dorian since November 2013. He joined Scorpio Group in February 2009 and has continued to serve there in senior management. Prior to joining Scorpio Group, Mr. Bugbee was a partner at Ospraie Management LLP between 2007 and 2008, a company which advises and invests in commodities and basic industry. From 1995 to 2007, Mr. Bugbee was employed at OMI Corporation, or OMI, a NYSE-listed tanker company sold in 2007. While at OMI, Mr. Bugbee most recently served as President from January 2002 until the sale of the company, and he previously served as Executive Vice President since January 2001, Chief Operating Officer since March 2000 and Senior Vice President of OMI from August 1995 to June 1998. Mr. Bugbee joined OMI in February 1993. Prior to this, he was employed by Gotaas-Larsen Shipping Corporation since 1984. During this time he took a two year sabbatical in 1987 for the M.I.B. Programme at the Norwegian School for Economics and Business administration in Bergen. He has a Fellowship from the International Shipbrokers Association and a B.A. (Honors) from London University.

Brian Lee, Chief Financial Officer

Brian Lee has served as Chief Financial Officer since the closing of our initial public offering in April 2010. He joined Scorpio Group in April 2009 where he continues to serve in a senior management position. He has been employed in the shipping industry since 1998. Prior to joining Scorpio Group, he was the Controller of OMI Corporation from 2001 until the sale of the company in 2007. Mr. Lee has an M.B.A. from the University of Connecticut and has B.S. in Business Administration from the University at Buffalo, State University of New York.

Cameron Mackey, Chief Operating Officer, Director

Cameron Mackey, has served as Chief Operating Officer since the closing of our initial public offering in April 2010 and as a director since May 2013. Mr. Mackey also serves as Chief Operating Officer of Scorpio Bulkers Inc. He joined Scorpio Group in March 2009, where he continues to serve in a senior management position. Prior to joining Scorpio Group, he was an equity and commodity analyst at Ospraie Management LLC from 2007-2008. Prior to that, he was Senior Vice President of OMI Marine Services LLC from 2004-2007 and in Business Development at OMI Corporation from 2002-2004. He has been employed in the shipping industry since 1994 and, earlier in his career, was employed in unlicensed and licensed positions in the merchant navy, primarily on tankers in the international fleet of Mobil Oil Corporation, where he held the qualification of Master Mariner. He has an M.B.A. from the Sloan School of Management at the Massachusetts Institute of Technology, a B.S. from the Massachusetts Maritime Academy and a B.A. from Princeton University.

Luca Forgione, General Counsel

Luca Forgione, has served as General Counsel since the closing of our initial public offering in April 2010 and as secretary until December 2, 2013. Mr. Forgione also serves General Counsel of Scorpio Bulkers Inc. He joined Scorpio Group in August 2009 where he continues to serve as General Counsel. He is licensed as a lawyer in his native Italy and as a Solicitor of the Supreme Court of England & Wales. Mr. Forgione has ten years of shipping industry experience and has worked in the fields of shipping, offshore logistics, commodity trading and energy since the beginning of his in-house career, most recently with Constellation Energy Commodities Group Ltd. in London, which is part of Constellation Energy Group Inc. listed on the NYSE under CEG, from 2007 to 2009, and previously with Coeclerici S.p.a. in Milan from 2004 to 2007. He has experience with all aspects of the supply chain of drybulk and energy commodities (upstream and downstream), and has developed considerable understanding of the regulatory and compliance regimes surrounding the trading of physical and financial commodities as well as the owning, managing and chartering of vessels. Mr. Forgione was a Tutor in International Trade Law and Admiralty Law at University College London (U.K.) and more recently a Visiting Lecturer in International Trade Law at King s College (U.K.). He has a Master s Degree in Maritime Law from the University of Southampton (U.K.) and a Law Degree from the University of Genoa (Italy).

Table of Contents

Sergio Gianfranchi, Vice President, Vessel Operations

Sergio Gianfranchi, has served as Vice President of Vessel Operations since our initial public offering in April 2010. Mr. Gianfranchi also serves as Vice President of Vessel Operations of Scorpio Bulkers Inc. since September 19, 2013. He served as Operations Manager of our technical manager, SSM, at its headquarters in Monaco from 2002 to 2004. He has been instrumental in launching and operating the Scorpio Group Pools during the last six years, and was employed as the Fleet Manager of SCM, the Scorpio Group affiliate that manages the commercial operations of approximately 100 vessels grouped in the three Scorpio Group Pools, since 2007. Mr. Gianfranchi is currently employed as the Pool Fleet Manager of SCM. From 1999 to 2001, Mr. Gianfranchi served as the on-site owner s representative of the Scorpio Group affiliates named Doria Shipping, Tristan Shipping, Milan Shipping and Roma Shipping, to survey the construction of their Panamax and Post-Panamax newbuilding tankers being built at the 3Maj Shipyard in Rijeka, Croatia. When Mr. Gianfranchi joined SSM in 1989, he began as vessel master of its OBOs (multipurpose vessels that carry ore, heavy drybulk and oil). Upon obtaining his Master Mariner License in 1972, he served until 1989 as a vessel master with prominent Italian shipping companies, including NAI, which is the largest private Italian shipping company and owned by the Lolli-Ghetti family, and Almare, initially a subsidiary of NAI but later controlled by Finmare, the Italian state shipping financial holding company. In this position he served mostly on OBOs, tankers and drybulk carriers. He graduated from La Spezia Nautical Institute in Italy in 1963.

Anoushka Kachelo, Secretary

Anoushka Kachelo has served as our Secretary since December 2, 2013. Mrs. Kachelo joined Scorpio Group in September 2010 as Senior Legal Counsel. She is a Solicitor of the Supreme Court of England & Wales and has worked in the fields of commodity trading, energy and asset finance. Prior to joining the Scorpio Group, Mrs. Kachelo was Legal Counsel for the Commodities Team at JPMorgan (London) and prior to that in private practice for the London office of McDermott Will & Emery and Linklaters. She has a BA in Jurisprudence from the University of Oxford (U.K.).

Alexandre Albertini, Director

Alexandre Albertini has served on our board of directors since the closing of our initial public offering in April 2010. Mr. Albertini has more than 11 years of experience in the shipping industry. He has been employed by Marfin Management SAM, a drybulk ship management company, since 1997 and has served as Managing Director there since 2009, working in fields related to crew and human resources, insurance, legal, financial, technical, commercial, and information technology. He is a director of eight drybulk ship owning companies and serves as President of Ant. Topic srl, a vessel and crewing agent based in Italy. The aggregate valuation of the drybulk shipping companies for which Mr. Albertini serves as a Secretary or director is approximately $300 million. In 2008, Mr. Albertini was elected as a member of the Executive Committee of InterManager. He is a founding member of the Chamber of Shipping of Monaco and has served as its Secretary General since 2006. Mr. Albertini also holds various board positions in several other local business and associations.

Ademaro Lanzara, Director

Ademaro Lanzara has served on our board of directors since the closing of our initial public offering in April 2010. Mr. Lanzara has served as Chairman of BPV Finance (International) Plc Dublin, a subsidiary of Banca Popolare di Vicenza, Italy, since 2008. He has also served as the deputy Chairman and Chairman of the Audit Committee of Cattolica Life Inc. Dublin since 2011, Chairman of BPVI Fondi Sgr SpA, Milano from April 2012 until November 2013 and Chairman of NEM Sgr SpA Vicenza since November 2013. From 1963 to 2006, Mr. Lanzara held a number of positions with BNL spa Rome, a leading Italian banking group, including Deputy Group CEO, acting as the

Chairman of the Credit Committee and Chairman of the Finance Committee. He also served as Chairman and/or director of a number of BNL controlled banks or financial companies in Europe, the United States and South America. He formerly served as a director of each of Istituto dell Enciclopedia Italiana

Table of Contents

fondata da Giovanni Treccani Spa, Rome, Italy, the Institute of International Finance Inc. in Washington DC, Compagnie Financiere Edmond de Rothschild Banque, in Paris, France, ABI Italian Banking Association in Rome, Italy, FITD Interbank deposit Protection Fund, in Rome, Italy, ICC International Chamber of Commerce Italian section, Rome, Italy and Co-Chairman Round Table of Bankers and Small and Medium Enterprises, European Commission, in Brussels, Belgium. Mr. Lanzara has an economics degree (graduated *magna cum laude*) from the University of Naples, a law degree from the University of Naples and completed the Program for Management Development (PMD) at Harvard Business School.

Donald C. Trauscht, Director

Donald C. Trauscht has served on our board of directors since the closing of our initial public offering in April 2010. Mr. Trauscht has served as the Chairman of BW Capital Corporation, a private investment company, since 1996. From 1967 to 1995, Mr. Trauscht held a number of positions at Borg-Warner Corporation, including Chairman and Chief Executive Officer. While at Borg Warner, Mr. Trauscht supervised an annual capital budget of $250 million and was responsible for risk assessment decisions involving the company s investments. He has participated in acquisitions, divestments, financings, public offerings and other transactions whose combined value is over $30 billion. Mr. Trauscht is a director of Esco Technologies Inc., Hydac International Corporation, Bourns Inc., and Eyes For Learning LLC. He formerly served as a director of Baker Hughes Inc., Cordant Technologies Inc., Blue Bird Corporation, Imo Industries Inc., Mannesmann Capital Corporation, Wynn International Inc., Recon Optical Inc., Global Motorsport Group Inc., OMI Corporation, IES Corporation, and NSK-Warner Ltd. He has served as the Chairman, Lead Director, and Audit Committee, Compensation Committee, and Governance Committee Chairman at numerous public and private companies.

Marianne Økland, Director

Marianne Økland has served on our board of directors since April 2013. Ms. Økland is also a Managing Director of Avista Partners, a London based consultancy company that provides advisory services and raises capital. In addition, she is a non-executive director at each of Islandsbanki (Iceland) and IDFC (India). Previously, she was a non-executive director at NLB (Slovenia). Between 1993 and 2008, Ms. Økland held various investment banking positions at JP Morgan Chase & Co. and UBS where she focused on debt capital raising and structuring. Ms. Økland has led many transactions for large Nordic banks and insurance companies, including some of the most significant mergers and acquisitions in these sectors. Between 1990 and 1993, Ms. Økland headed European operations of Marsoft, a Boston, Oslo and London based consulting firm that advises banks and large shipping, oil and raw material companies on shipping strategies and investments. Ms. Økland holds a M.Sc. degree in Finance and Economics from the Norwegian School of Economics and Business Administration where she also worked as a researcher and taught mathematics and statistics.

Jose Tarruella, Director

Jose Tarruella has served on our board since May 2013. Mr. Tarruella is also the founder and Chairman of Camino de Esles s.l., a high-end restaurant chain with franchises throughout Madrid, since 2007. Prior to forming Camino de Esles, Mr. Tarruella was a Director in Group Tragaluz, which owns and operates restaurants throughout Spain. Mr. Tarruella also acts as a consultant for the Spanish interests of Rank Group plc (LSE: RNK.L) a leading European gaming-based entertainment business. He has been involved in corporate relations for Esade Business School in Madrid. He earned an International MBA from Esade Business School in Barcelona and an MA from the University of Navarre in Spain.

Table of Contents

Compensation of Senior Executive Officers and Directors

We paid an aggregate compensation of $15.7 million, $6.3 million and $6.1 million to our senior executive officers in 2013, 2012, and 2011, respectively, and $6.5 million and $1.2 million during the three months ended March 31, 2014 and 2013, respectively. Executive management remuneration was as follows during these periods:

In thousands of US dollars	For the years ended December 31, 2013	2012	2011	For the three months ended March 31, 2014	2013
Short-term employee benefits (salaries)	$ 5,433	$ 2,896	$ 2,875	$ 1,191	$ 704
Share-based compensation (1)	10,274	3,368	3,189	5,278	487
Total	$ 15,707	$ 6,264	$ 6,064	$ 6,469	$ 1,191

(1) Represents the amortization of restricted stock issued under our equity incentive plans.

Each of our non-employee directors receive cash compensation in the aggregate amount of $60,000 annually, plus an additional fee of $10,000 for each committee on which a director serves plus an additional fee of $20,000 for each committee for which a director serves as Chairman, per year, plus an additional fee of $20,000 to the lead independent director, plus reimbursements for actual expenses incurred while acting in their capacity as a director. During the year ended December 31, 2013 and 2012, we paid an aggregate compensation of $0.8 million and $0.4 million to our directors, respectively. During the three months ended March 31, 2014 and 2013, we paid aggregate compensation to our directors of $0.1 million and $0.1 million, respectively. Our officers and directors are eligible to receive awards under our equity incentive plan which is described below under 2010 Equity Incentive Plan and 2013 Equity Incentive Plan.

We believe that it is important to align the interests of our directors and management with that of our shareholders. In this regard, we have determined that it will generally be beneficial to us and to our shareholders for our directors and management to have a stake in our long-term performance. We expect to have a meaningful component of our compensation package for our directors and management consisted of equity interests in us in order to provide them on an on-going basis with a meaningful percentage of ownership in us.

We do not have a retirement plan for our officers or directors.

2010 Equity Incentive Plan

We have adopted an equity incentive plan, which we refer to as the 2010 Equity Incentive Plan, under which directors, officers, employees, consultants and service providers of us and our subsidiaries and affiliates are eligible to receive incentive stock options and non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and unrestricted common stock. We reserved a total of 1,148,916 common shares for issuance under the plan, subject to adjustment for changes in capitalization as provided in the plan and it is not expected that any additional common shares will be reserved for issuance under our equity incentive plan prior to the third anniversary of the closing of our initial public offering. The plan is administered by our compensation committee. We issued a total of 559,458 restricted shares under the plan to our executive officers in the second quarter of 2010 which vest in three equal installments on the third, fourth and fifth anniversaries, respectively, of the closing date of the initial public offering, which was April 6, 2010. In the second quarter of 2010, we also issued 9,000 restricted shares to our independent directors, which vested on April 6, 2011. We issued a total of 281,000 restricted shares under the plan to our executive officers in the first quarter of 2011 which vest ratably in three equal installments on the first, second and third anniversaries, respectively, of the grant date, which was January 31, 2011. In the first quarter of 2011, we also issued 9,000 restricted shares to our independent directors, which vested on January 31, 2012. In the first quarter of 2012, we issued a total of 281,000 restricted shares under the plan to our executive officers, which vest ratably in three equal installments on the first, second and third anniversaries of the grant date, which was January 31, 2012. In the first quarter of 2012, we also issued 9,000 restricted shares to our independent directors, which vested on January 31, 2013. There are no shares remaining available for issuance under the 2010 Plan.

Under the terms of the plan, stock options and stock appreciation rights granted under the plan will have an exercise price equal to the fair market value of a common share on the date of grant, unless otherwise determined by the plan administrator, but in no event will the exercise price be less than the fair market value of a common share on the date of grant. Options and stock appreciation rights will be exercisable at times and under conditions as determined by the plan administrator, but in no event will they be exercisable later than ten years from the date of grant.

The plan administrator may grant shares of restricted stock and awards of restricted stock units subject to vesting, forfeiture and other terms and conditions as determined by the plan administrator. Following the vesting of a restricted stock unit, the award recipient will be paid an amount equal to the number of vested restricted stock units multiplied by the fair market value of a common share on the date of vesting, which payment may be paid in the form of cash or common shares or a combination of both, as determined by the plan administrator. The plan administrator may grant dividend equivalents with respect to grants of restricted stock units.

Adjustments may be made to outstanding awards in the event of a corporate transaction or change in capitalization or other extraordinary event. In the event of a change in control (as defined in the plan), unless otherwise provided by the plan administrator in an award agreement, awards then outstanding will become fully vested and exercisable in full.

Our board of directors may amend or terminate the plan and may amend outstanding awards, provided that no such amendment or termination may be made that would materially impair any rights, or materially increase any obligations, of a grantee under an outstanding award. Shareholder approval of plan amendments will be required under certain circumstances. Unless terminated earlier by our board of directors, the plan will expire ten years from the date the plan is adopted.

2013 Equity Incentive Plan

In April 2013, we adopted an equity incentive plan, which we refer to as the 2013 Equity Incentive Plan, under which directors, officers, employees, consultants and service providers of us and our subsidiaries and affiliates are eligible to receive incentive stock options and non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units and unrestricted common stock. We initially reserved a total of 5,000,000 common shares for issuance under the plan.

Under the terms of the plan, stock options and stock appreciation rights granted under the plan will have an exercise price equal to the fair market value of a common share on the date of grant, unless otherwise determined by the plan administrator, but in no event will the exercise price be less than the fair market value of a common share on the date of grant. Options and stock appreciation rights will be exercisable at times and under conditions as determined by the plan administrator, but in no event will they be exercisable later than ten years from the date of grant.

The plan administrator may grant shares of restricted stock and awards of restricted stock units subject to vesting, forfeiture and other terms and conditions as determined by the plan administrator. Following the vesting of a restricted stock unit, the award recipient will be paid an amount equal to the number of vested restricted stock units multiplied by the fair market value of a common share on the date of vesting, which payment may be paid in the form of cash or common shares or a combination of both, as determined by the plan administrator. The plan administrator may grant dividend equivalents with respect to grants of restricted stock units.

Adjustments may be made to outstanding awards in the event of a corporate transaction or change in capitalization or other extraordinary event. In the event of a change in control (as defined in the plan), unless otherwise provided by the plan administrator in an award agreement, awards then outstanding will become fully vested and exercisable in full.

Our board of directors may amend or terminate the plan and may amend outstanding awards, provided that no such amendment or termination may be made that would materially impair any rights, or materially increase any obligations, of a grantee under an outstanding award. Shareholder approval of plan amendments will be required under certain circumstances. Unless terminated earlier by our board of directors, the plan will expire ten years from the date the plan is adopted.

In the second quarter of 2013, we issued 4,610,000 shares of restricted stock to our employees and 390,000 shares to our directors for no cash consideration. The weighted average share price on the issuance dates was $8.69 per share. The vesting schedule of the restricted stock to our employees is (i) one-third of the shares vest on March 10, 2016, (ii) one-third of the shares vest on March 10, 2017, and (iii) one-third of the shares vest on March 10, 2018. The vesting schedule of the restricted stock to our directors is (i) one-third of the shares vest on March 10, 2014, (ii) one-third of the shares vest on March 10, 2015, and (iii) one-third of the shares vest on March 10, 2016.

In October 2013, we amended the 2013 Equity Incentive Plan to increase the number of common shares eligible for issuance to 11,376,044. All other terms of the plan remained unchanged.

In October 2013, we issued 3,749,998 shares of restricted stock to our employees and 250,000 shares to our directors for no cash consideration. The weighted average share price on the issuance date was $9.85 per share. The vesting schedule of the restricted stock to our employees is (i) one-third of the shares vest on October 11, 2016, (ii) one-third of the shares vest on October 11, 2017, and (iii) one-third of the shares vest on October 11, 2018. The vesting schedule of the restricted stock to our directors is (i) one-half of the shares vest on October 11, 2014 and (ii) one-half of the shares vest on October 11, 2015.

In February 2014, we issued 2,011,000 shares of restricted stock to our employees and 145,045 shares to our directors for no cash consideration. The weighted average share price on the issuance date was $9.30 per share. The vesting schedule of the restricted stock to our employees is (i) one-third of the shares vest on February 21, 2017, (ii) one-third of the shares vest on February 21, 2018, and (iii) one-third of the shares vest on February 21, 2019. The vesting schedule of the restricted stock to our directors is (i) one-third of the shares vest on February 21, 2015, (ii) one-third of the shares vest on February 21, 2016, and (iii) one-third of the shares vest on February 21, 2017. Compensation expense is recognized ratably over the vesting periods for each tranche using the straight-line method.

In March 2014, we amended the 2013 Equity Incentive Plan to clarify that the plan administrator has the ability to redeem restricted stock for fair market value (as defined in the plan) at the vesting date at its discretion.

Committees and Corporate Governance Practices

Board Committees

Our board of directors currently consists of eight directors, five of whom have been determined by our board of directors to be independent under the NYSE rules and the rules and regulations of the SEC. Our board of directors has an Audit Committee, a Nominating Committee, a Compensation Committee and an Environmental Committee, each of which is comprised of certain of our independent directors, who are Messrs. Alexandre Albertini, Ademaro Lanzara, Donald Trauscht, Marianne Økland, and Jose Tarruella. The Audit Committee, among other things, reviews our external financial reporting, engage our external auditors and oversee our internal audit activities, procedures and the adequacy of our internal controls. In addition, provided that no

Table of Contents

member of the Audit Committee has a material interest in such transaction, the Audit Committee is responsible for reviewing transactions that we may enter into in the future with other members of the Scorpio Group that our board believes may present potential conflicts of interests between us and the Scorpio Group. The Nominating and Corporate Governance Committee is responsible for recommending to the board of directors nominees for director and directors for appointment to board committees and advising the board with regard to corporate governance practices. The Compensation Committee oversees our equity incentive plan and recommends director and senior employee compensation. The Environmental Committee oversees to minimize the environmental impact by constant monitoring and measuring progresses of our vessels. Our shareholders may also nominate directors in accordance with procedures set forth in our bylaws.

Corporate Governance Practices

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

There are two significant differences between our corporate governance practices and the practices required by the NYSE. The NYSE requires that non-management directors meet regularly in executive sessions without management. The NYSE also requires that all independent directors meet in an executive session at least once a year. The Marshall Islands law and our bylaws do not require our non-management directors to regularly hold executive sessions without management. During 2013 and through the date of this prospectus supplement, our non-management directors met in executive session four times. Additionally, the NYSE requires companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

Employees

As of March 31, 2014, we had 11 employees. SSM and SCM were responsible for our commercial and technical management, respectively, and SSH provided us with certain administrative services.

Table of Contents

SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our common shares, as of May 6, 2014 held by each person or entity that we know beneficially owns 5% or more of our common stock; each of our executive officers and directors; and all our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the Commission s rules. All of our shareholders, including the shareholders listed in the table below, are entitled to one vote for each common share held.

Name	Number of Shares	Percentage Owned
Wellington Management Company, LLP (1)	14,142,229	7.1%
Galahad Securities Limited (2)	11,170,568	5.7%
York Capital Management Global Advisors, LLC (3)	10,416,752	5.2%
Kensico Capital Management Corporation, Michael Lowenstein and Thomas J. Coleman (4)	10,116,500	5.1%
Emanuele A. Lauro (5)	3,435,101	1.7%
Robert Bugbee (6)	3,342,914	1.6%
Cameron Mackey (7)	2,168,489	1.1%
All other officers and directors individually	(8)	(8)%

(1) This information is derived from Schedule 13G/A filed with the SEC on February 14, 2014.
(2) This information is derived from Schedule 13G/A filed with the SEC on February 14, 2014.
(3) This information is derived from Schedule 13G filed with the SEC on February 14, 2014.
(4) This information is derived from Schedule 13G/A filed with the SEC on February 14, 2014.
(5) Includes 2,880,901 shares of restricted stock from the 2010 Equity Incentive Plan and the 2013 Equity Incentive Plan.
(6) Includes 2,880,901 shares of restricted stock from the 2010 Equity Incentive Plan and the 2013 Equity Incentive Plan.
(7) Includes 1,929,314 shares of restricted stock from the 2010 Equity Incentive Plan and the 2013 Equity Incentive Plan.
(8) All other officers and directors individually each own less than 1% of our outstanding shares of common stock.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Management of Our Fleet

Commercial and Technical Management

Our vessels are commercially managed by Scorpio Commercial Management S.A.M., or SCM and technically managed by Scorpio Ship Management S.A.M., or SSM, pursuant to a Master Agreement (which may be terminated upon a two year notice). SCM and SSM are related parties of ours. We expect that additional vessels that we may acquire in the future will also be managed under the Master Agreement or on substantially similar terms.

SCM s services include securing employment, in the spot market and on time charters, for our vessels. SCM also manages the Scorpio Group Pools. When our vessels are in the Pools, SCM, the pool manager, charges fees of $300 per vessel per day with respect to our Panamax/LR1 vessels, $250 per vessel per day with respect to our LR2 vessels, and $325 per vessel per day with respect to each of our Handymax and MR vessels, plus 1.50% commission on gross revenues per charter fixture. These are the same fees that SCM charges other vessels in these pools, including third party owned vessels. For commercial management of our vessels that do not operate in any of the Scorpio Group Pools, we pay SCM a fee of $250 per vessel per day for each Panamax, LR1 and LR2 vessel and $300 per vessel per day for each Handymax and MR vessel, plus 1.25% commission on gross revenues per charter fixture.

SSM s services include day-to-day vessel operation, performing general maintenance, monitoring regulatory and classification society compliance, customer vetting procedures, supervising the maintenance and general efficiency of vessels, arranging the hiring of qualified officers and crew, arranging and supervising drydocking and repairs, purchasing supplies, spare parts and new equipment for vessels, appointing supervisors and technical consultants and providing technical support. We currently pay SSM $685 per vessel per day to provide technical management services for each of our vessels which is the same fee that SSM charges to third parties.

Administrative Services Agreement

We have an Administrative Services Agreement with Scorpio Services Holding Limited, or SSH, or our Administrator, for the provision of administrative staff and office space, and administrative services, including accounting, legal compliance, financial and information technology services. SSH is a related party of ours. Liberty, a company affiliated with us, acted as our Administrator until March 13, 2012 when the Administrative Services Agreement was novated to SSH. The effective date of the novation was November 9, 2009, the date that we first entered into the agreement with Liberty. We reimburse our current Administrator for the reasonable direct or indirect expenses it incurs in providing us with the administrative services described above. Our Administrator also arranges vessel sales and purchases for us. The services provided to us by our Administrator may be sub-contracted to other entities within the Scorpio Group.

We 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. For the year ended December 31, 2013 we paid our Administrator $9.1 million, which consisted of $2.5 million related to the purchase and delivery of seven newbuilding vessels in 2013 and $6.6 million on the purchase and subsequent sale of our VLGC business to Dorian in November 2013. During the three months ended March 31, 2014, we paid SSH an aggregate fee of $15.0 million, which consisted of $1.0 million related to the purchase and delivery of three newbuilding vessels and $14.0 million related to the purchase and subsequent sale of our seven VLCCs under construction in March 2014. We believe this 1% fee on purchases and sales is customary in the tanker industry.

Further, pursuant to our administrative services agreement, our Administrator, 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 to 200,000 dwt.

Our administrative services agreement, whose effective commencement began in December 2009 and can be terminated upon two years notice.

Tanker pools

To increase vessel utilization and thereby revenues, we participate in commercial pools with other shipowners of similar modern, well-maintained vessels. By operating a large number of vessels as an integrated transportation system, commercial pools offer customers greater flexibility and a higher level of service while achieving scheduling efficiencies. Pools employ experienced commercial charterers and operators who have close working relationships with customers and brokers, while technical management is performed by each shipowner. The managers of the pools negotiate charters with customers primarily in the spot market. The size and scope of these pools enable them to enhance utilization rates for pool vessels by securing backhaul voyages and COAs, thus generating higher effective

TCE revenues than otherwise might be obtainable in the spot market while providing a higher level of service offerings to customers. When we employ a vessel in the spot charter market, we generally place such vessel in a tanker pool managed by our commercial manager that pertains to that vessel s size class. The earnings allocated to vessels (charterhire expense for the pool) are aggregated and divided on the basis of a weighted scale, or Pool Points, which reflect comparative voyage results on hypothetical benchmark routes. The Pool Point system generally favors those vessels with greater cargo-carrying capacity and those with better fuel consumption. Pool Points are also awarded to vessels capable of carrying clean products and to vessels capable of trading in certain ice conditions. We currently participate in four pools: the Scorpio LR2 Pool, the Scorpio Panamax Tanker Pool, Scorpio MR Pool and the Scorpio Handymax Tanker Pool.

SCM is responsible for the commercial management of participating vessels in the pools, including the marketing, chartering, operating and bunker (fuel oil) purchases of the vessels. The Scorpio LR2 Pool is administered by Scorpio LR2 Pool Ltd., the Scorpio Panamax Tanker Pool is administered by Scorpio Panamax Tanker Pool Ltd., or SPTP, the Scorpio MR Pool is administered by Scorpio MR Pool Ltd, or SMRP and the Scorpio Handymax Tanker Pool is administered by Scorpio Handymax Tanker Pool Ltd., or SHTP. Our founder, Chairman and Chief Executive Officer is a member of the Lolli-Ghetti family which owns all issued and outstanding stock of SLR2P, SPTP, SMRP and SHTP. Taking into account the recommendations of a pool committee and a technical committee, each of which is comprised of representatives of each pool participant, SLR2P, SPTP, SMRP and SHTP set the respective pool policies and issues directives to the pool participants and SCM. The pool participants remain responsible for all other costs including the financing, insurance, manning and technical management of their vessels. The earnings of all of the vessels are aggregated and divided according to the relative performance capabilities of the vessel and the actual earning days each vessel is available.

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 the Lolli-Ghetti family and manages their shipping interests. On October 1, 2009, (i) Simon, through its wholly-owned subsidiary, Liberty Holding Company Ltd., or Liberty, transferred three operating subsidiary companies to us that owned the vessels in our initial fleet consisting of the *Venice*, *Senatore* and *Noemi*; (ii) 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. Liberty s operations include chartered-in vessels, and interests in joint ventures and investments. Further, pursuant to our administrative services agreement, our Administrator, 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 to 200,000 dwt.

Our board of directors consists of eight individuals, five of whom are independent directors. Three of the 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 related parties, including the Scorpio Group. Our three non-independent directors, Emanuele Lauro, Robert Bugbee and Cameron Mackey serve in senior management positions within the Scorpio Group, a member of which is also our Administrator.

The Scorpio Group is owned and controlled by 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 LLC, and both entities are affiliates within the Scorpio Group. Mr. Lauro, Mr. Bugbee and other senior management have a minority equity interest in Scorpio Services Holding Limited. In addition, certain of our executive officers also serve as members of the management team of Scorpio Bulkers Inc. We are not affiliated with any other entities in the shipping industry other than those that are members of the Scorpio Group.

SCM, SSM and SSH our commercial manager, technical manager and administrator, respectively, are affiliates of the Scorpio Group. For information regarding the details regarding our relationship with SCM, SSM and SSH, please see Management of our Fleet.

Table of Contents

Transactions with Related Parties

Transactions with entities controlled by the Lolli-Ghetti family (herein referred to as related party affiliates) in the consolidated statement of income or loss and balance sheet for the years ended December 31, 2013, 2012 and 2011 and unaudited condensed consolidated statement of income and balance sheet for the three months ended March 31, 2014 and 2013 are as follows:

	For the year ended December 31,			For the three months ended March 31,	
In thousands of U.S. dollars	**2013**	**2012**	**2011**	**2014**	**2013**
Pool revenue [(1)]					
Scorpio MR Pool Limited	$ 89,597	$ 9,558	$	$ 23,691	$ 19,903
Scorpio Handymax Tanker Pool Limited	36,199	31,280	32,238	15,002	8,821
Scorpio LR2 Pool Limited	28,203	4,540	5,195	13,118	4,128
Scorpio Panamax Tanker Pool Limited	36,018	26,884	22,594	12,629	8,506
Scorpio Aframax Tanker Pool Limited			170		
Time charter revenue [(2)]					
King Dustin			8,507		
Vessel operating costs [(3)]	(3,703)	(2,280)	(2,203)	(1,276)	(638)
Commissions [(4)]	(218)	(532)	(270)	(152)	(44)
Administrative expenses [(5)]	(1,944)	(1,862)	(1,937)	(638)	(423)

(1) These transactions relate to revenue earned in the Scorpio LR2, Scorpio Panamax, Scorpio MR, and Scorpio Handymax Tanker Pools (the Pools), which are owned by Scorpio LR2 Pool Limited, Scorpio Panamax Tanker Pool Limited, Scorpio MR Pool Limited, and Scorpio Handymax Tanker Pool Limited, respectively. The Pools are related party affiliates.

(2) The revenue earned was for *Noemi* s time charter with King Dustin (which is 50% jointly controlled by a related party affiliate).

(3) These transactions represent technical management fees charged by SSM, a related party affiliate, which are included in the vessel operating costs in the statement of income or loss. We believe our technical management fees for the years ended December 31, 2013, 2012 and 2011 and for the three months ended March 31, 2014 and 2013 were at arms-length rates as they were based on contracted rates that were the same as those charged to other vessels managed by SSM at the time the management agreements were entered into. In June 2013, this fee was increased to $685 per vessel per day from $548 per vessel per day for technical management.

(4) These transactions represent the expense due to SCM for commissions related to the commercial management services provided by SCM under the Commercial Management Agreement (see description below). Each vessel pays a commission of 1.25% of their gross revenue when not in the Pools. When our vessels are in the Pools, SCM, the pool manager, charges fees of $300 per vessel per day with respect to our Panamax/LR1 vessels, $250 per vessel per day with respect to our LR2 vessels, and $325 per vessel per day with respect to each of our Handymax and MR vessels, plus 1.50% commission on gross revenues per charter fixture. These are the same fees that SCM charges other vessels in these pools, including third party owned vessels, and they are included in voyage expenses in the statement of income or loss.

(5) We have an Administrative Services Agreement with Scorpio Services Holding Limited, or SSH, for the provision of administrative staff and office space, and administrative services, including accounting, legal compliance, financial and information technology services. SSH is a related party to us. We reimburse SSH for

the reasonable direct or indirect expenses it incurs in providing us with the administrative services described above. SSH also arranges vessel sales and purchases for us. The services provided to us by SSH may be sub-contracted to other entities within the Scorpio Group.

Table of Contents

Additionally, our Commercial Management Agreement with SCM includes a daily flat fee charged payable to SCM for the vessels that are not in one of the pools managed by SCM. The flat fee is $250 per day for Panamaxes/LR1 and LR2 vessels and $300 per day for Handymax and MR vessels.

The expense for the year ended December 31, 2013 of $1.9 million included the flat fee of $0.3 million charged by SCM and administrative fees of $1.6 million charged by SSH and were included in voyage expenses and general and administrative expenses in the consolidated statement of income or loss.

The expense for the year ended December 31, 2012 of $1.9 million included the flat fee of $0.7 charged by SCM, and administrative fees of $1.2 million charged by SSH and were both included in voyage expenses and general and administrative expenses in the consolidated statement of income or loss.

The expense for the year ended December 31, 2011 of $1.9 million included the flat fee of $0.3 charged by SCM, and administrative fees of $1.7 million charged by SSH and were both included in general and administrative expenses in the consolidated statement of income or loss.

The expense for the three months ended March 31, 2014 of $0.6 million included the flat fee of $0.1 million charged by SCM and administrative fees of $0.5 million charged by SSH and were included in voyage expenses and general and administrative expenses in the unaudited condensed consolidated statement of income.

The expense for the three months ended March 31, 2013 of $0.4 million included the flat fee of $0.1 million charged by SCM and administrative fees of $0.3 million charged by SSH and were included in voyage expenses and general and administrative expenses in the unaudited condensed consolidated statement of income.

The Administrative Services Agreement with SSH includes a fee for arranging vessel purchases and sales on our behalf equal to 1% of the gross purchase or sale price, payable upon the consummation of any such purchase or sale. These fees are capitalized as part of the carrying value of the related vessel for a vessel purchase and are included as part of the gain or loss on sale for a vessel disposal. During the year ended December 31, 2013, we paid SSH an aggregate fee of $9.1 million, which consisted of $2.5 million related to the purchase and delivery of seven newbuilding vessels in 2013 and $6.6 million on the purchase and subsequent sale of our VLGC business to Dorian in November 2013. During the year ended December 31, 2012, we paid SSH an aggregate fee of $2.4 million, which consisted of $0.5 million on the sale of three Handymax vessels and $1.9 million on the purchase and delivery of our first five newbuilding vessels. During the year ended December 31, 2011, we paid SSH an aggregate fee of $0.7 million in May 2011 for the purchase of two MRs. During the three months ended March 31, 2014, we paid SSH an aggregate fee of $15.0 million, which consisted of $1.0 million related to the purchase and delivery of three newbuilding vessels in 2014 and $14.0 million relating to the purchase and subsequent sale of our seven VLCCs under construction in March 2014. During the three months ended March 31, 2013, we paid SSH an aggregate fee of $0.7 million relating to the delivery of *STI Sapphire* and *STI Emerald.*

(6) We had the following balances with related parties, which have been included in the unaudited condensed consolidated balance sheets as of March 31, 2014 and consolidated balance sheets as of December 31, 2013 and 2012.

		As of	
In thousands of U.S. dollars	**March 31, 2014**	**December 31, 2013**	**December 31, 2012**
Assets:			
Accounts receivable (due from the Pools)	$ 76,391	$ 68,512	$ 33,271
Accounts receivable (SCM)		8	
Liabilities:			
Accounts payable (owed to the Pools)	736	95	59
Accounts payable (SCM)	32		146
Accounts payable (SSM)	1	1	70

Table of Contents

In 2011, we also entered into an agreement to reimburse costs to SSM as part of its supervision agreement for newbuilding vessels. $0.2 million and $0.1 million were charged under this agreement during the years ended December 31, 2013 and 2012, respectively and $0.1 million and $0.02 million were charged under this agreement during the three months ended March 31, 2014 and 2013, respectively. No amounts were charged under this agreement during the year ended December 31, 2011.

Key management remuneration

The table below shows key management remuneration for the years ended December 31, 2013, 2012 and 2011 and for the three months ended March 31, 2014 and 2013:

	For the year ended December 31,			For the three months ended March 31,	
In thousands of U.S. dollars	**2013**	**2012**	**2011**	**2014**	**2013**
Short-term employee benefits (salaries)	$ 5,433	$ 2,896	$ 2,875	$ 1,191	$ 704
Share-based compensation (1)	10,274	3,368	3,189	5,278	487
Total	$ 15,707	$ 6,264	$ 6,064	$ 6,469	$ 1,191

(1) Represents the amortization of restricted stock issued under our equity incentive plans.
There are no post-employment benefits.

Table of Contents

DESCRIPTION OF NOTES

The following description is only a summary of certain provisions of the Notes and the Indenture. You should read these documents in their entirety because they, and not this description, define your rights as holders of the Notes. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Trust Indenture Act of 1939, as amended (the TIA), and to all of the provisions of the Indenture and those terms made a part of the Indenture by reference to the TIA. Unless the context requires otherwise, all references to we, us, our and the Company in this section refer solely to Scorpio Tankers Inc., the issuer of the Notes, and not to any of its subsidiaries.

The following description of the particular terms of the Notes offered hereby supplements the Description of Debt Securities set forth in the accompanying prospectus.

General

The Notes will be issued under an indenture to be dated as of May , 2014 (the Base Indenture), between us and Deutsche Bank Trust Company Americas, as trustee (the Trustee), as supplemented by a first supplemental indenture to be dated as of May , 2014, between us and the Trustee (the Supplemental Indenture and, together with the Base Indenture, the Indenture). The Notes will be a separate series of our debt securities (as that term is used in the accompanying prospectus).

The Notes will initially be limited to $ million in aggregate principal amount (or $ million if the underwriters exercise their option to purchase additional Notes in full). The Indenture will not limit the amount of debt securities that we may issue under the Indenture and will provide that debt securities may be issued from time to time in one or more series. We may from time to time, without giving notice to or seeking the consent of the holders of the Notes, issue debt securities having the same interest rate, maturity and other terms (except for the issue date, the public offering price and the first interest payment date) as, and ranking equally and ratably with, the Notes. Any additional debt securities having such similar terms (Additional Notes), together with the Notes, will constitute a single series of debt securities under the Indenture, including for purposes of voting and redemptions, and any Additional Notes issued as part of the same series as the Notes will be fungible with the Notes for United States federal income tax purposes or will have a separate CUSIP number than the Notes. No additional debt securities may be issued if an event of default has occurred and is continuing with respect to the Notes. For the avoidance of doubt, so long as no default or event of default hereunder would result therefrom, nothing contained herein shall prohibit the Company from entering into bank debt, including without limitation, bank debt that may be syndicated.

Other than as described under Certain Covenants, the Indenture and the terms of the Notes will not contain any covenants restricting the operation of our business or our ability to incur debt or grant liens on our assets or that are designed to afford holders of the Notes protection in a highly leveraged or other transaction involving us that may adversely affect holders of the Notes.

The Notes will mature on May 15, 2020 and will bear interest at an annual rate of % per year.

Interest on the Notes will accrue from and including May , 2014, or, if interest has already been paid, from and including the last interest payment date in respect of which interest has been paid or duly provided for to, but excluding, the next succeeding interest payment date, the maturity date or the redemption date, as the case may be. We will make interest payments on the Notes quarterly on February 15, May 15, August 15 and November 15 of each year, beginning on August 15, 2014, to holders of record at the close of business on the February 1, May 1, August 1 or November 1 (whether or not that date is a business day), as the case may be, immediately preceding such interest payment date. Interest on the Notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date or the maturity date of the Notes falls on a day that is not a business day, the related payment of interest or principal, as the case may be, will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such interest payment date or the maturity date of the Notes, as the case may be, to such next business day.

Table of Contents

The Notes will not be entitled to the benefit of any sinking fund.

The Notes will be issued only in fully registered form without coupons and in minimum denominations of $25.00 and integral multiples of $25.00 in excess thereof. The Notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee of The Depository Trust Company (DTC). Except as described under Book-entry System; Delivery and Form, the Notes will not be issuable in certificated form.

Ranking

The Notes will be our unsubordinated unsecured obligations and will rank equally in right of payment with all our existing and future unsubordinated unsecured indebtedness. The Notes will rank senior in right of payment to all of our existing and future subordinated indebtedness. The Notes will effectively rank junior to our current and any future secured indebtedness incurred by us, to the extent of the value of the assets securing such indebtedness. See Risk Factors Our Notes will be unsecured obligations and will be effectively subordinated to our secured debt.

The Notes will be obligations solely of the Company and will not be guaranteed by any of our subsidiaries. We derive substantially all of our operating income and cash flow from our investments in our subsidiaries. Claims of creditors of our subsidiaries generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of our creditors, including holders of the Notes. As a result, the Notes will be effectively subordinated to creditors, including trade creditors and preferred stockholders, if any, other than us, of our subsidiaries. See Risk Factors Our subsidiaries conduct the substantial majority of our operations and own our operating assets, and your right to receive payments on our Notes is structurally subordinated to the rights of the lenders of our subsidiaries.

As of March 31, 2014, the Company had an aggregate of $351.0 million of debt outstanding, all of which was secured debt.

Listing

We intend to apply to list the Notes on the New York Stock Exchange under the symbol . We expect trading in the Notes to begin within 30 days after the original issue date of the Notes.

Trading Characteristics

The Notes are expected to trade at a price that takes into account the value, if any, of accrued but unpaid interest; thus, purchasers will not pay and sellers will not receive accrued and unpaid interest with respect to the Notes that is not included in the trading price thereof. Any portion of the trading price of a Note received that is attributable to accrued interest will be treated as ordinary interest income for federal income tax purposes and will not be treated as part of the amount realized for purposes of determining gain or loss on the disposition of the Note.

Optional Redemption

Except as described under Optional Redemption for Changes in Withholding Taxes, the Notes will not be redeemable by us at our option prior to , 2017.

The Notes will be redeemable at our option, in whole or in part, at any time on or after , 2017 upon providing not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the date fixed for redemption, subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date.

Additionally, we or our affiliates may purchase Notes from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Notes that we or they purchase may, at our discretion, be held, resold or canceled.

Table of Contents

If money sufficient to pay the redemption price of all of the Notes, or portions thereof, to be redeemed on the applicable redemption date is irrevocably deposited with the Trustee or paying agent on or before the applicable redemption date, then on and after such redemption date, interest will cease to accrue on such Notes, or such portion thereof, called for redemption and such Notes will be deemed to be no longer outstanding.

Selection for Redemption

If fewer than all of the Notes are to be redeemed at any time, the registrar will select the Notes, or portions thereof, to be redeemed, in compliance with the requirements of DTC, or if DTC prescribes no method of selection, on a pro rata basis, by lot or by any other method the registrar deems fair and reasonable; *provided, however*, that Notes, and portions thereof, selected for redemption shall only be in amounts of $25.00 or whole multiples of $25.00.

Notice of Redemption

Notices of redemption shall be sent at least 30 but not more than 60 days before the applicable redemption date to each holder of Notes to be redeemed at its registered address. We will, at least 5 calendar days prior to the publication or sending of any notice of redemption of any Notes as described under this heading, furnish to the Trustee and the registrar written notice of redemption.

A notice of redemption will identify the Notes to be redeemed and will state the provision of the Indenture pursuant to which the Notes are being redeemed; the redemption date; the redemption price, including the portion thereof constituting accrued and unpaid interest; the amount of Additional Amounts (as defined below), if any, payable on the date fixed for redemption; the name and address of the paying agent; that Notes called for redemption must be surrendered to the paying agent to collect the redemption price; that unless we default in making the redemption payment on the Notes called for redemption, interest on such Notes will cease to accrue on and after the redemption date; if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed; if less than all of the Notes are to be redeemed, the aggregate principal amount of Notes to be outstanding after such redemption; and that the Notes called for redemption will become due on the date fixed for redemption.

Additional Amounts

All payments made by or on behalf of the Company under or with respect to the Notes will be made free and clear of and without withholding or deduction for, or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (hereinafter Taxes) unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of the government of the Republic of Marshall Islands or any political subdivision or any authority or agency therein or thereof having power to tax, or any other jurisdiction in which the Company (including any successor entity) is organized or is otherwise resident for tax purposes, or any jurisdiction from or through which payment is made (including, without limitation, the jurisdiction of each paying agent) (each a Specified Tax Jurisdiction), will at any time be required to be made from any payments made under or with respect to the Notes, the Company will pay such additional amounts (the Additional Amounts) as may be necessary so that the net amount received in respect of such payments by a holder (including Additional Amounts) after such withholding or deduction will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; *provided, however*, that the foregoing obligation to pay Additional Amounts does not apply to:

(1) any Taxes that would not have been so imposed but for the holder or beneficial owner of the Notes having any present or former connection with the Specified Tax Jurisdiction (other than the mere acquisition, ownership, holding, enforcement or receipt of payment in respect of the Notes);

(2) any estate, inheritance, gift, sales, excise, transfer, personal property tax or similar tax, assessment or governmental charge;

(3) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes;

(4) any Taxes imposed as a result of the failure of the holder or beneficial owner of the Notes to complete, execute and deliver to the Company any form or document to the extent applicable to such holder or beneficial owner that may be required by law or by reason of administration of such law and which is reasonably requested in writing to be delivered to the Company in order to enable the Company to make payments on the Notes without deduction or withholding for Taxes, or with deduction or withholding of a lesser amount, which form or document will be delivered within 60 days of a written request therefor by the Company;

(5) any Taxes that would not have been so imposed but for the beneficiary of the payment having presented a note for payment (in cases in which presentation is required) more than 30 days after the date on which such payment or such note became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the holder would have been entitled to Additional Amounts had the note been presented on the last day of such 30-day period);

(6) any Taxes imposed on or with respect to any payment by the Company to the holder if such holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such note;

(7) any Taxes that are required to be deducted or withheld on a payment pursuant to European Council Directive 2003/48/EC or any law implementing, or introduced in order to conform to, such directive; or

(8) any combination of items (1) through (7) above.

If the Company becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, the Company will deliver to the Trustee and paying agent at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Company will notify the Trustee and paying agent promptly thereafter but in no event later than five calendar days prior to the date of payment) an officers certificate stating the fact that Additional Amounts will be payable and the amount so payable. The officers certificate must also set forth any other information necessary to enable the paying agent to pay Additional Amounts to holders on the relevant payment date. The Trustee and paying agent will be entitled to rely solely on such officers certificate as conclusive proof that such payments are necessary. The Company will provide the Trustee and paying agent with documentation reasonably satisfactory to the Trustee and paying agent evidencing the payment of Additional Amounts.

The Company will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant governmental authority on a timely basis in accordance with applicable law. As soon as practicable, the Company will provide the Trustee and paying agent with an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee and paying agent evidencing the payment of the Taxes so withheld or deducted. Upon written request, copies of those receipts or other documentation, as the case may be, will be made available by the Trustee and paying agent to the holders of the Notes.

Whenever in the Indenture there is referenced, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or any other amount payable under, or with respect to, the Notes, such reference will be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Company will indemnify a holder, within 10 business days after written demand therefor, for the full amount of any Taxes paid by such holder to a governmental authority of a Specified Tax Jurisdiction, on or with respect to any payment by on or account of any obligation of the Company to withhold or deduct an amount on account of Taxes for which the Company would have been obligated to pay Additional Amounts hereunder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant governmental authority. A certificate as to the amount of such payment or liability delivered to the Company by a holder will be conclusive absent manifest error.

Table of Contents

The Company will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in any Specified Tax Jurisdiction from the execution, delivery, enforcement or registration of the Notes, the Indenture or any other document or instrument in relation thereof, or the receipt of any payments with respect to the Notes, and the Company will indemnify the holders for any such taxes paid by such holders.

The obligations described under this heading will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor person to the Company is organized or any political subdivision or authority or agency thereof or therein.

Optional Redemption for Changes in Withholding Taxes

The Company may redeem the Notes, at its option, at any time in whole but not in part, upon not less than 30 nor more than 60 days notice (which notice will be irrevocable), at a redemption price equal to 100% of the outstanding principal amount of Notes, plus accrued and unpaid interest to, but excluding, the date fixed for redemption and any Additional Amounts (if any) then due and which will become due on the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), in the event that the Company determines in good faith that the Company has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes, Additional Amounts and such obligation cannot be avoided by taking reasonable measures available to the Company (including making payment through a paying agent located in another jurisdiction), as a result of:

(1) a change in or an amendment to the laws (including any regulations or rulings promulgated thereunder) of any Specified Tax Jurisdiction affecting taxation, which change or amendment is announced or becomes effective on or after the date of the Indenture; or

(2) any change in or amendment to any official position of a taxing authority in any Specified Tax J