UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

FOR THE FISCAL YEAR ENDED __________________

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

FOR THE TRANSITION PERIOD FROM APRIL 1, 2002 TO DECEMBER 31, 2002

COMMISSION FILE NUMBER 1-9533

WORLD FUEL SERVICES CORPORATION
(Exact name of registrant as specified in its charter)

Florida **(State or other jurisdiction of incorporation or organization)**	**59-2459427** **(I.R.S. Employer Identification No.)**
9800 Northwest 41st Street, Suite 400 **Miami, Florida** **(Address of Principal Executive Offices)**	**33178** **(Zip Code)**

Registrant's Telephone Number, including area code: (305) 428-8000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Name of each exchange on which registered:**
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definite proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K o.

The aggregate market value of the voting stock (which consists solely of shares of common stock) held by non-affiliates of the registrant was $203.4 million (computed by reference to the closing sale price as of March 13, 2003).

The registrant had 10.7 million shares of common stock, par value $.01 per share, net of treasury stock, issued and outstanding as of March 13, 2003.

Documents incorporated by reference:

Part III - Definitive 2003 Proxy Statement for Annual Meeting of Shareholders.

Table of Contents

TABLE OF CONTENTS

PART I

Item 1. Business

General

World Fuel Services Corporation was incorporated in Florida in July 1984 and along with its consolidated subsidiaries is referred to collectively in this Transition Report on Form 10-K as "we," "our" and "us." Our principal business is the marketing of marine and aviation fuel services. In our marine fuel services business, we market marine fuel and related services to a broad base of international shipping companies and to the United States and foreign militaries. We offer 24-hour around-the-world service, credit terms, and competitively priced fuel. In our aviation fuel services business, we extend credit and provide around-the-world single-supplier convenience, 24-hour service, and competitively priced aviation fuel and other aviation related services, including fuel management and price risk management services, to passenger, cargo and charter airlines, as well as to the United States and foreign militaries. We also offer flight plans and weather reports to our corporate customers.

In August 2002, we changed our fiscal year-end from March 31st to a calendar year-end of December 31st. We initiated this change so we could be more directly comparable to other public companies that use a calendar year for their fiscal year. This change was first effective with respect to the nine months ended December 31, 2002. The results for the nine months ended December 31, 2001, presented in this Form 10-K for comparison, are unaudited.

Our executive offices are located at 9800 Northwest 41st Street, Suite 400, Miami, Florida 33178 and our telephone number at this address is (305) 428-8000. Our marine fuel services business is conducted through thirteen subsidiaries with principal offices in the United States, United Kingdom, Denmark, Norway, Costa Rica, South Africa, South Korea, Singapore, Japan, Hong Kong, the Netherlands, and the United Arab Emirates. Our aviation fuel services business is conducted through ten subsidiaries, with principal offices in the United States, United Kingdom, Singapore, Mexico, and Costa Rica. See "Item 2 - Properties" for a list of principal offices by business segment and "Exhibit 21 - Subsidiaries of the Registrant" included in this Form 10-K for a list of our subsidiaries.

Financial information with respect to our business segments and the geographic areas of our business is provided in Note 8 to the accompanying consolidated financial statements, included in this Form 10-K.

Forward-Looking Statements

This Form 10-K and the information incorporated by reference in it includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding our expected financial position and operating results, our business strategy, our financing plans and forecasted demographic and economic trends relating to our industry are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," or "intend" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Factors that impact such forward looking statements include, but are not limited to, quarterly fluctuations in results; the management of growth; fluctuations in world oil prices or foreign currency; changes in political, economic, regulatory or environmental conditions; the loss of key customers, suppliers or members of senior management; uninsured losses; competition; credit risk associated with accounts and notes receivable; and other risks detailed in this Form 10-K and in our other Securities and Exchange Commission filings. A more detailed description of the principal risks in our business is set forth in "Risk Factors." We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

History

In 1984, we began our operations as a used oil-recycler in the southeast United States. However, after 16 years, in February 2000, we exited this segment of our business through the sale of the stock of our International Petroleum Corporation subsidiaries, to Dallas-based EarthCare Company ("EarthCare"). For additional information regarding this transaction, refer to Note 2 to the consolidated financial statements, included herein, and "Item 3 – Legal Proceedings."

In 1986, we diversified our operations by entering, through an acquisition, the aviation fuel services business. This segment of our business expanded from a business primarily concentrated in Florida to an international sales company covering airports throughout most of the world. This expansion resulted from acquisitions and the establishment of new offices. In December 2000, we acquired a 50% interest in PAFCO L.L.C. ("PAFCO") from Signature Flight Support Services Corporation. PAFCO markets aviation fuel and related services. For additional information on the PAFCO transaction, refer to Notes 1 and 7 to the consolidated financial statements included in this Form 10-K.

In 1995, we further diversified our fuel services operations and entered the marine fuel business by acquiring the Trans-Tec Services group of companies. In 1999, we expanded our marine fuel business and our share of the world's marine fuel market with the acquisition of the Bunkerfuels group of companies. Since 1999, we have continued our expansion of the marine business through the acquisitions of Norse Bunkers, based in Oslo, Norway; Marine Energy, located in Dubai, United Arab Emirates; and the Oil Shipping group of companies, with operations in Singapore, the Netherlands and Hong Kong. Since our entry into the marine fuel services business, we have opened various new offices in key strategic markets, such as South Africa, Japan, Denmark, Greece, and Seattle, Washington. For additional information regarding our acquisitions since 1999, refer to Note 1 to the consolidated financial statements, included in this Form 10-K.

Description of Business

Our principal business is the marketing of marine fuel services to a broad base of international shipping companies and to the United States and foreign militaries, and of aviation fuel services to passenger, cargo and charter airlines, as well as to United States and foreign militaries. We currently employ a total of 370 people worldwide, of which 189 people are employed in our marine fuel business, 126 people are employed in our aviation fuel business, and 55 people are employed in corporate.

Marine Fuel Services

We market marine fuel and services to a broad base of customers, including international container and tanker fleets, time charter operators, as well as to United States and foreign military vessels. Marine fuel and related services are provided throughout most of the world.

Through our vast network of strategically located sales offices, we provide our customers global market intelligence and rapid access to quality and competitively priced marine fuel, 24-hours a day, every day of the year. Our marine related services include management services for the procurement of fuel, cost control through the use of hedging instruments, quality control and claims management. Our customers need cost effective and professional fuel services because the cost of fuel is a major component of a vessel's operating overhead.

As an increasing number of ship owners, time charter operators, and suppliers continue to outsource their marine fuel purchasing and/or marketing needs, our value added services have become an integral part of the oil and transportation industries' push to shed non-core functions and reduce costs. Suppliers use our global sales, marketing and financial infrastructure to sell a spot or ratable volume of product to a diverse, international purchasing community. End customers use our real time analysis of the availability, quality, and price of marine fuels in ports worldwide to maximize their competitive position.

In our marine operations, we act as a broker and as a source of market information for the end user, negotiate the transaction by arranging the fuel purchase contract between the supplier and the end user, and expedite the arrangements for the delivery of fuel. For this service, we are paid a commission from the supplier. We also act as a reseller, when we purchase the fuel from a supplier, mark it up, and resell the fuel to a customer.

We purchase our marine fuel from suppliers worldwide. Our cost of fuel is generally tied to spot pricing, market-based formulas or is governmentally controlled. We are usually extended unsecured trade credit from our suppliers for our fuel purchases. However, certain suppliers require us to provide a letter of credit. We may prepay our fuel purchases to take advantage of financial discounts, or as required to transact business in certain countries.

We utilize subcontractors to provide various services to customers, including fueling of vessels in-port and at-sea, and transportation of fuel and fuel products.

During the nine months ended December 31, 2002 and the years ended March 31, 2002, 2001 and 2000, none of our marine fuel customers accounted for more than 10% of our consolidated revenue.

Aviation Fuel Services

We market aviation fuel and services to passenger, cargo and charter airlines, as well as corporate customers and the United States and foreign militaries. We have developed an extensive network that enables us to provide aviation fuel and related services to customers at airports throughout most of the world. Our aviation related services include fuel management, price risk management, flight plans, weather reports, ground handling, and flight permits.

In general, the aviation industry is capital intensive and highly leveraged. Recognizing the financial risks of the airline industry, fuel suppliers generally refrain from extending unsecured lines of credit to smaller airlines and avoid doing business with smaller airlines directly. Consequently, most carriers are required to post a cash collateralized letter of credit or prepay for fuel purchases. This impacts the airlines' working capital. We recognize that the extension of credit is a risk, but also a significant area of opportunity. Accordingly, we extend unsecured credit to most of our customers.

We purchase our aviation fuel from suppliers worldwide. Our cost of fuel is generally tied to market-based formulas or is governmentally controlled. We are usually extended unsecured trade credit from our suppliers for our fuel purchases. However, certain suppliers require us to provide a letter of credit. We may prepay our fuel purchases to take advantage of financial discounts, or as required to transact business in certain countries.

Outside of the United States, we do not maintain fuel inventory since we arrange to have the fuel delivered into our customers' aircraft directly from our suppliers. In the United States, fuel is delivered into our customers' aircraft or designated storage directly from our suppliers or from our fuel inventory. Inventory is held at multiple locations in the United States for competitive reasons and inventory levels are kept at an operating minimum. We have arrangements with our suppliers and other third parties for the storage and delivery of fuel, and related aviation services.

We utilize subcontractors to provide various services to customers, including into-plane fueling at airports, and transportation and storage of fuel and fuel products.

During the nine months ended December 31, 2002 and the years ended March 31, 2002, 2001 and 2000, none of our aviation fuel customers accounted for more than 10% of our consolidated revenue.

Risk Factors

Credit Losses. Our marine and aviation fueling businesses extend unsecured credit to most of their customers. Part of our success in attracting business has been due, in part, to our willingness to extend credit on an unsecured basis to customers which exhibit a high credit risk profile and would otherwise be required to prepay or post letters of credit with their suppliers of fuel and related services. We recognize that extending credit and setting the appropriate reserves for receivables is largely a subjective decision based on knowledge of the customer and the industry. Active management of our credit risk is essential to our success. We do not insure our receivables. Diversification of credit risk is difficult since we sell primarily within the marine and aviation industries. Our sales executives and their respective staff meet regularly to evaluate credit exposure, in the aggregate and by individual credit. Credit exposure also includes the amount of estimated unbilled sales. We also have a credit committee for each of our segments. The credit committees are responsible for approving credit limits above certain amounts, setting and maintaining credit standards, and managing the overall quality of the credit portfolio. The level of credit granted to a customer is influenced by a customer's credit history with us, including claims experience and payment patterns. In our marine fuel services segment, we have extended lines of credit of at least $5.0 million to ten non-governmental customers, and two of these customers have lines of credit ranging from $9.0 to $12.0 million. In our aviation fuel services segment, our largest credit line, extended to two non-governmental customers, is $4.0 million.

Since the sharp decline in world oil prices soon after the terrorist attacks of September 11th, world oil prices have been very volatile. Fuel costs represent a significant part of a vessel's and airline's operating expenses; accordingly, the volatility in fuel prices can adversely affect our customers' business, and consequently can increase our credit losses.

Although most of our transactions are denominated in U.S. dollars, many of our customers are foreign and may be required to purchase U.S. dollars to pay for our products and services. A rapid devaluation in currency affecting our customers could have an adverse effect on our customers' operations and their ability to convert local currency to U.S. dollars to make the required payments to us. This will in turn result in higher credit losses for us.

We may also incur credit losses due to other causes, including deteriorating conditions in the world economy, or in the shipping or aviation industries, continued conflicts and instability in the Middle East, Asia and Latin America, military actions in response to the terrorist attacks of September 11th, as well as possible future terrorist activity and military conflicts. Any credit losses, if significant, will have a material adverse effect on our financial position and results of operations.

Senior Management. Our ability to maintain our competitive position is dependent largely on the services of our senior management team. If we are unable to retain the existing senior management personnel, or to attract other qualified senior management personnel, our businesses will be adversely affected.

Revolving Line of Credit. We are a party to a credit facility agreement that imposes certain operating and financial restrictions on us, including restrictions on the payment of dividends in excess of specified amounts. Our failure to comply with obligations under the credit agreement, including meeting certain financial ratios, could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the credit agreement, and impair our ability to receive advances, and issue letters of credit, and may have a material adverse effect on us.

Market Risks. We are a provider of marine fuel and related services to international container and tanker fleets, time charter operators, and the United States and foreign militaries. We also provide aviation fuel and related services primarily to secondary passenger and cargo airlines, as well as corporate customers and the United States and foreign militaries. Our fuel services are provided through relationships with the large independent oil suppliers, as well as government owned oil companies. We could be adversely affected by industry consolidation, on the customer side, because of increased merger activity in the airline and shipping industries. On the supply side, we could be adversely affected because of increased competition from the larger oil companies who may choose to directly market to smaller airlines and shipping companies or to provide less advantageous credit and price terms to us. Moreover, a rapid and sustained increase in fuel prices could affect the credit limits extended to us by our suppliers, potentially impacting our liquidity and profitability. Conversely, a rapid decline in fuel prices could adversely affect our profitability because of the inventory held by us in the United States.

Competition. We are subject to aggressive competition in all areas of our business. Our competitors are numerous, ranging from large multinational corporations to relatively small and specialized firms. We compete primarily on the basis of credit, price, reliability, customer service and support.

Environmental and Other Liabilities; Uninsured Risks. In the marine and aviation fuel segments, we utilize subcontractors to provide various services to customers, including into-plane fueling at airports, fueling of vessels in-port and at-sea, and transportation and storage of fuel and fuel products. We are subject to possible claims by customers, regulators and others who may be injured by a fuel spill or other accident. In addition, we may be held liable for damages to the environment arising out of such events. Although we generally require our subcontractors to carry liability insurance, not all subcontractors carry adequate insurance. Our marine business does not have liability insurance to cover the acts or omissions of our subcontractors. None of our liability insurance covers acts of war and terrorism. If we are held responsible for any acts of war or terrorism, accidents or other events, and our liability is not adequately covered by insurance and is of sufficient magnitude, our financial position and results of operations will be adversely affected.

We have exited several businesses which handled hazardous and non-hazardous waste. We treated and/or transported this waste to various disposal facilities. We may be held liable as a potentially responsible party for the clean-up of such disposal facilities, or be required to clean-up facilities previously operated by us, pursuant to current U.S. federal and state laws and regulations. See "Regulation" and "Item 3 – Legal Proceedings."

We continuously review the adequacy of our insurance coverage. However, we lack coverage for various risks, including environmental claims. An uninsured claim arising out of our activities, if successful and of sufficient magnitude, will have a material adverse effect on our financial position and results of operations.

Regulation

Our activities, including discontinued operations, are subject to substantial regulation by federal, state and local government agencies, both in and outside the United States, which enforce laws and regulations governing the transportation, sale, storage and disposal of fuel and the collection, transportation, processing, storage, use and disposal of hazardous substances and wastes, including waste oil and petroleum products.

The principal laws and regulations affecting our businesses are as follows:

The Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund" or "CERCLA") establishes a program for federally directed response or remedial actions with respect to the uncontrolled discharge of hazardous substances, pollutants or contaminants, including waste oil, into the environment. The law authorizes the United States federal government either to seek a binding order directing responsible parties to undertake such actions or authorizes the United States federal government to undertake such actions and then to seek compensation for the cost of clean-up and other damages from potentially responsible parties. The United States Congress established a federally managed trust fund, commonly known as the Superfund, to fund response and remedial actions undertaken by the United States federal government. The trust fund is used to fund federally conducted actions when no financially able or willing responsible party has been found.

The Superfund Amendments and Re-authorization Act of 1986 ("SARA") adopted more detailed and stringent standards for remedial action at Superfund sites, and clarified provisions requiring damage assessments to determine the extent and monetary value of injury to the environment. SARA also provides a separate funding mechanism for the clean-up of underground storage tanks.

The Resource Conservation and Recovery Act of 1976 ("RCRA") established a comprehensive regulatory framework for the management of hazardous waste at active facilities. RCRA sets up a "cradle-to-grave" system for the management of hazardous waste, imposing upon all parties who generate, transport, treat, store or dispose of waste, above certain minimum quantities, requirements for performance, testing and record keeping. RCRA also requires permits for construction, operation and closure of facilities and requires 30 years of post-closure care and monitoring. RCRA was amended in 1984 to increase the scope of RCRA regulation of small quantity waste generators and waste oil handlers and recyclers; require corrective action at hazardous waste facilities (including remediation at certain previously closed solid waste management units); phase in restrictions on disposal of hazardous waste; and require the identification and regulation of underground storage tanks containing petroleum and certain chemicals.

The Clean Water Act of 1972, as amended in 1987, establishes water pollutant discharge standards applicable to many basic types of manufacturing plants and imposes standards on municipal sewage treatment plants. The act requires states to set water quality standards for significant bodies of water within their boundaries and to ensure attainment and/or maintenance of those standards. Most industrial and government facilities must apply for and obtain discharge permits, monitor pollutant discharges, and under certain conditions reduce certain discharges.

The Safe Drinking Water Act, as amended in 1986, regulates public water supplies by requiring the EPA to establish primary drinking water standards. These standards are likely to be further expanded under the EPA's evolving groundwater protection strategy which is intended to set levels of protection or clean-up of the nation's groundwater resources. These groundwater quality requirements will then be applied to RCRA facilities and CERCLA sites, and remedial action will be required for releases of contaminants into groundwater.

The International Convention for the Prevention of Pollution from Ships ("MARPOL") places strict limitations on the discharge of oil at sea and in port and requires ships to transfer oily waste to certified reception facilities. The United States Coast Guard has issued regulations effective March 10, 1986 which implement the requirements of MARPOL. Under these regulations, each terminal and port of the United States that services oceangoing tankers or cargo ships over 400 gross tons must be capable of receiving an average amount of oily waste based on the type and number of ships it serves. The reception facilities may be fixed or mobile, and may include tank trucks and tank barges.

The National Pollutant Discharge Elimination System ("NPDES"), a program promulgated under the Clean Water Act, permits states to issue permits for the discharge of pollutants into the waters of the United States in lieu of federal EPA regulation. State programs must be consistent with minimum United States federal requirements, although they may be more stringent. NPDES permits are required for, among other things, certain industrial discharges of storm water.

The Oil Pollution Act of 1990 imposes liability for oil discharges, or threats of discharge, into the navigable waters of the United States on the owner or operator of the responsible vessel or facility. Oil is defined to include oil refuse and oil mixed with wastes other than dredged spoil, but does not include oil designated as a hazardous substance under CERCLA. The act requires the responsible party to pay all removal costs, including the costs to prevent, minimize or mitigate oil pollution in any case in which there is a discharge or a substantial threat of an actual discharge of oil. In addition, the responsible party may be held liable for damages for injury to natural resources, loss of use of natural resources and loss of revenues from the use of such resources.

State and Local Government Regulations. Many states have been authorized by the EPA to enforce regulations promulgated under RCRA and other United States federal programs. In addition, there are numerous state and local authorities that regulate the environment, some of which impose stricter environmental standards than United States federal laws and regulations. Some states, including Florida, have enacted legislation which generally provides for registration, record keeping, permitting, inspection, and reporting requirements for transporters, collectors and recyclers of hazardous waste and waste oil. The penalties for violations of state law include injunctive relief, recovery of damages for injury to air, water or property and fines for non-compliance. In addition, some local governments have established local pollution control programs, which include environmental permitting, monitoring and surveillance, data collection and local environmental studies.

Non U.S. Government Regulations. Many non-U.S. governments impose laws and regulations relating to the protection of the environment and the discharge of pollutants in the environment. Such laws and regulations could impose significant liability on us for damages, clean-up costs and penalties for discharges of pollutants in the environment, as well as injunctive relief. In addition, some non-U.S. government agencies have established pollution control programs, which include environmental permitting, monitoring and surveillance, data collection and environmental impact assessments.

U.S. Federal, State, and Non-U.S. Taxes on Fuel. Our marine and aviation fueling operations are affected by various U.S. federal and state taxes imposed on the purchase and sale of marine and aviation fuel products. In the United States, federal law imposes a manufacturer's excise tax on sales of marine and aviation fuel. Sales to aircraft and vessels engaged in non-U.S. trade are exempt from this tax. These exemptions may be realized either through tax-free or tax-reduced sales, if the seller qualifies as a producer under applicable regulations, or, if the seller does not so qualify, through a tax-paid sale followed by a refund to the exempt user. Several states, where we sell marine and aviation fuel, impose excise and sales taxes on fuel sales; certain sales of fuel by us qualify for full or partial exemptions from these state taxes. Non-U.S. jurisdictions also impose certain taxes on fuel, such as VAT and excise taxes. We continuously review our compliance with U.S. and non-U.S. laws which impose taxes on our operations. Sales and excise taxes on fuel are generally added to the sales price and passed on to our customers. However, in certain cases, we may be responsible for these taxes, including cases where the customer fails to reimburse us, or where the customer or we do not qualify for an exemption believed to be available at the time of the sale.

[Table of Contents](#)

Item 2. Properties

The following pages set forth our principal leased properties by segment and subsidiary as of March 20, 2003. We consider our properties and facilities to be suitable and adequate for our present needs. Refer to the accompanying consolidated financial statements for additional information.

WORLD FUEL SERVICES CORPORATION and SUBSIDIARIES
PROPERTIES

Lessee and Location	Principal Use	Lease Term
<u>Corporate</u>		
World Fuel Services Corporation 9800 Northwest 41st Street, Suite 400 Miami, FL 33178, United States	Executive and administrative office	March 2013
<u>Marine Fuel Services</u>		
Trans-Tec Services, Inc. 9800 Northwest 41st Street, Suite 400 Miami, FL 33178, United States	Executive and administrative office	March 2013
2 Greenwich Office Park Greenwich, CT 06830, United States	Administrative, operations and sales office	December 2006
60 East Sir Francis Drake Blvd., Suite 301 Larkspur, CA 94939, United States	Administrative, operations and sales office	January 2004
Trans-Tec Services (UK) Ltd. Westminster Tower 3 Albert Embankment London SE1 75P	Administrative office	March 2010
Gammelbyved 2 Karise, Denmark 4653	Sales office	Month-to-month
Bunkerfuels UK Limited Westminster Tower 3 Albert Embankment London SE1 75P	Administrative, operations and sales office	March 2010
Bunkerfuels Corporation Raritan Plaza III 101 Fieldcrest Avenue Suite 2B Edison, NJ 08837, United States	Administrative, operations and sales office	January 2010
Pacific Horizon Petroleum Services, Inc. 2025 First Ave., Suite 1110 Seattle, WA 98121, United States	Administrative, operations and sales offices	December 2005
Trans-Tec International S.R.L. Casa Petro S.A. Oficentro Ejécutivo La Sabana Sur Edificio #5, Primer Piso San José, Costa Rica	Administrative, operations and sales office	April 2003

(Continued)

WORLD FUEL SERVICES CORPORATION and SUBSIDIARIES
PROPERTIES
(Continued)

Lessee and Location	Principal Use	Lease Term
<u>Marine Fuel Services, Continued</u>		
Trans-Tec Asia, a division of World Fuel Services (Singapore) Pte., Ltd. 101 Thomson Road #13-03/04 United Square Singapore 307591	Administrative, operations and sales office	March 2005
Trans-Tec Korea, a branch of World Fuel Services (Singapore) Pte., Ltd. Room 403, Anglican Church Building 3-7, Chung-dong, Chung-ku Seoul 100-120 South Korea	Sales office	June 2003
Trans-Tec South Africa, a branch of World Fuel Services (Singapore) Pte., Ltd. 129 Beach Road, Mouille Point Capetown, South Africa 8001	Sales office	March 2005
Bunkerfuels International, a division of World Fuel Services (Singapore) Pte., Ltd. 101 Thomson Road #13-03/04 United Square Singapore 307591	Administrative and operations office	March 2005
Bunkerfuels Hellas, a branch of World Fuel Services (Singapore) Pte., Ltd. Poseidonos 60 Av., Third Floor Glyfada 166-75 Athens, Greece	Sales office	February 2005
Trans-Tec Services (Japan) Co. K.K 4th floor, Tozan Building, 4-4-2. Nihonbashi Hon-Cho, Chuo-Ku Tokyo 103-0023, Japan	Sales office	Month-to-month
Norse Bunkers AS Niels Juels gate 11 B 0272 Oslo, Norway	Administrative, operations and sales office	February 2004
Marine Energy Arabia Co. LLC City Tower 1 Dubai, United Arab Emirates	Sales office	September 2003
Oil Shipping (Bunkering) BV Vasteland 6 3011 BK Rotterdam, Netherlands	Administrative, operations and sales office	Month-to-month

(Continued)

Table of Contents

WORLD FUEL SERVICES CORPORATION and SUBSIDIARIES
PROPERTIES
(Continued)

Lessee and Location	Principal Use	Lease Term
Marine Fuel Services, Continued Oil Shipping (Hong Kong) Ltd. Unit A, 7th Floor Yam Tze Commercial Building 23 Thompson Road Wanchai, Hong Kong	Administrative, operations and sales office	March 2004
Aviation Fuel Services World Fuel Services of FL World Fuel Services, Inc 9800 Northwest 41st Street, Suite 400 Miami, FL 33178	Executive, administrative, operations, and sales office	March 2013
4995 East Anderson Avenue Fresno, CA 93727	Administrative, operations and sales office	Month-to-month
World Fuel International S.R.L. Petroservicios de Costa Rica S.A. Oficentro Ejécutivo La Sabana Sur Edificio #5, Primer Piso San José, Costa Rica	Administrative, operations and sales office	April 2003
World Fuel Services Ltd. Baseops Europe Ltd. AirData Limited Kingfisher House, Northwood Park, Gatwick Rd. Crawley, West Sussex, RH10 2XN United Kingdom	Administrative, operations and sales office	December 2007
World Fuel Services (Singapore) Pte., Ltd. 101 Thomson Road #13-03/04, United Square Singapore 307591	Administrative, operations and sales office	March 2005
PetroServicios de México S.A. de C.V. Servicios Auxiliares de México S.A. de C.V. Avenida Fuerza Aérea Mexicana No. 465 Colonia Federal 15700 México, D.F.	Administrative, operations and sales office	Month-to-month
Baseops International, Inc. 333 Cypress Run #200 Houston, Texas 77094	Administrative, operations and sales office	February 2006

Item 3. Legal Proceedings

In July 2001, we settled litigation filed in February 2000 relating to a product theft off the coast of Nigeria. The settlement resulted in a recovery of $1.0 million. In the accompanying Consolidated Statements of Income, the product theft was included as a non-recurring charge in Other income (expense), net during the year ended March 31, 2000 and the recovery was included as a non-recurring credit in Other income (expense), net for the year ended March 31, 2002.

In July 2001, we received a Summary Judgment from the United States District Court for the Southern District of Florida which ordered Donald F. Moorehead, Jr., Chairman of EarthCare Company ("EarthCare") to pay us compensatory damages of approximately $5.0 million, plus interest from May 1, 2001. This judgment relates to Mr. Moorehead's default on his agreement to purchase all of the EarthCare stock owned by us for approximately $5.0 million. We received the EarthCare stock as part payment for the sale of our oil-recycling operations in February 2000. From August 2001 to October 2001, we received principal and interest payments totaling $700 thousand from Mr. Moorehead. We had been pursuing collection of this judgment and, in May 2002, the court appointed a receiver to take possession and control of all nonexempt assets and property interests of Mr. Moorehead. As a result of the receiver's activities, we received several offers from Mr. Moorehead to settle the outstanding balance on our judgment and received $350 thousand of principal and interest payments from Mr. Moorehead from May 2002 to August 2002, resulting in a total principal and interest collection of approximately $1.1 million. Lastly, in October 2002, we received $3.0 million as a final payment to settle the remaining balance due on our judgment. Accordingly, in connection with the settlement, during the nine months ended December 31, 2002, we recorded a non-recurring charge of $1.6 million, which includes $346 thousand for legal and receiver fees.

In April 2001, Miami-Dade County, Florida (the "County") filed suit (the "County Suit") against 17 defendants to seek reimbursement for the cost of remediating environmental contamination at Miami International Airport (the "Airport"). Page Avjet Fuel Corporation, now known as PAFCO L.L.C. ("PAFCO"), is a defendant. We acquired a 50% interest in PAFCO from Signature Flight Support Corporation ("Signature") in December 2000. Pursuant to the PAFCO acquisition agreement, Signature agreed to indemnify us for all PAFCO liabilities arising prior to the closing date ("Closing"). Because the Airport contamination occurred prior to Closing, we believe that the County Suit is covered by Signature's indemnification obligation. We have notified Signature of the County Suit, as stipulated in the acquisition agreement. We expect Signature to defend this claim on behalf of PAFCO and at Signature's expense.

Also in April 2001, the County sent a letter to approximately 250 potentially responsible parties ("PRP's"), including World Fuel Services Corporation and one of our subsidiaries, advising them of their potential liability for the clean-up costs which are the subject of the County Suit. The County has threatened to add the PRP's as defendants in the County Suit, unless they agree to share in the cost of the environmental clean-up at the Airport. In May 2001, we advised the County that: (1) neither we nor any of our subsidiaries were responsible for any environmental contamination at the Airport, and (2) to the extent we or any of our subsidiaries were so responsible, our liability was subject to indemnification by the County pursuant to the indemnity provisions contained in our lease agreement with the County.

We intend to vigorously defend all claims asserted by the County relating to environmental contamination at the Airport. We believe our liability in these matters (if any) should be adequately covered by the indemnification obligations of Signature as to PAFCO, and the County as to World Fuel Services Corporation and our other subsidiaries.

There can be no assurance that we will prevail on the above legal proceedings and management cannot estimate the exposure if we do not prevail. A ruling against us in any of the proceedings described above may have a material adverse effect on our financial condition and results of operation.

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

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of shareholders, through the solicitation of proxies or otherwise, during the quarter ended December 31, 2002.

Table of Contents

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol INT. In May 2001, our Board of Directors approved a resolution to delist our stock from the Pacific Stock Exchange. In August 2002, we completed the process to remove our stock listing from the Pacific Stock Exchange.

The following table sets forth, for each quarter within the nine months ended December 31, 2002, and the years ended March 31, 2002 and 2001, the closing sales prices of our common stock as reported by the NYSE and the quarterly cash dividends per share of common stock declared during the periods indicated.

	Price		
	High	Low	Cash Dividends Per Share
Nine Months Ended December 31, 2002			
April 2002 to June 2002	$ 24.40	$ 19.00	$ 0.075
July 2002 to September 2002	23.88	18.70	0.075
October 2002 to December 2002	23.89	19.10	0.075
Year ended March 31, 2002			
April 2001 to June 2001	$ 12.70	$ 8.95	$ 0.175
July 2001 to September 2001	13.60	8.71	0.075
October 2001 to December 2001	18.90	10.05	0.075
January 2002 to March 2002	19.97	16.08	0.075
Year ended March 31, 2001			
First quarter	$ 8.88	$ 6.56	$ 0.050
Second quarter	9.44	7.38	0.050
Third quarter	8.13	6.19	0.050
Fourth quarter	9.70	7.38	0.050

In December 2001, we obtained a new credit facility from a different bank. Our former credit facility agreement restricted the payment of cash dividends to a maximum of 25% of net income for the preceding four quarters. Our new credit facility agreement restricts the payment of cash dividends to a maximum of 35% of net income for the preceding four quarters. The payments of the above dividends were in compliance with the former credit facility agreement from April 2001 to September 2001, and with the new credit facility from October 2001 to December 2002. For additional information, see Note 3 to the accompanying consolidated financial statements and "Liquidity and Capital Resources" in "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations."

As of March 13, 2003, there were 244 shareholders of record of our common stock, and the closing price of our stock on the NYSE was $19.92. On February 26, 2003, our Board of Directors approved a quarterly cash dividend of $0.075 per share for 2003.

Common Stock Grants

During the nine months ended December 31, 2002 and the years ended March 31, 2002, 2001 and 2000, we issued 3,500 shares, 3,000 shares, 2,500 shares, and 2,000 shares, respectively, of our common stock to our non-employee directors pursuant to a stock grant program whereby each non-employee director is given an annual stock grant of 500 shares of our common stock. In September 2002, two non-employee directors received an additional common stock grant of 300 shares. In January 2001, we issued an additional 1,000 shares of our common stock to one non-employee director. These additional common stock grants were for additional services performed by such individuals for the Board of Directors committees.

Treasury Stock

Our Board of Directors, from time to time, has authorized certain stock repurchase programs whereby we could repurchase our common stock, subject to certain restrictions pursuant to our credit facility. The following summarizes the status of our treasury stock repurchase programs at December 31, 2002 (in thousands, except average price per share data):

		Repurchases			
Repurchase Program	**Authorized Stock Repurchases**	**Shares**	**Aggregate Cost**	**Average Price**	**Remaining Authorized Stock Repurchases**
August 1998	$ 6,000	616	$ 6,000	$ 9.74	$ —
January 2000	10,000	1,391	10,000	7.19	—
September 2000	10,000	368	3,987	10.83	6,013
		2,375	$ 19,987		

Outside of the treasury stock repurchase programs, we acquired approximately 22 thousand shares of our common stock in 1998 with an aggregate cost of $194 thousand.

Our Board of Directors also resolved that the repurchased shares may be reissued for any proper corporate purpose, including without limitation, future acquisitions. In March 2002, we began reissuing our repurchased shares in connection with restricted stock grants to employees, non-restricted stock grants to non-employee directors, and exercises of stock options by employee and non-employee directors. The difference between the aggregate cost of the repurchased shares and the fair value of the restricted stock grants at the date of grant or the proceeds from the employee stock option exercises is recorded in Capital in excess of par value in the accompanying Consolidated Balance Sheets. As of December 31, 2002, we have reissued 326 thousand shares of treasury stock with an aggregate cost of $2.7 million.

Employee and Non-Employee Directors Stock Options

In 1986, our shareholders approved the 1986 Employee Stock Option Plan (the “1986 Plan”), as amended. The 1986 Plan expired in 1996. Options granted under the 1986 Plan, but not yet exercised, survive the 1986 Plan until the options expire. Outstanding options at December 31, 2002 under the 1986 Plan expire between January 2005 and March 2005.

In 1997, our shareholders approved the 1996 Employee Stock Option Plan (the “1996 Plan”), as amended. The 1996 Plan was replaced by the 2001 Omnibus Plan (the “2001 Plan”). Options granted under the 1996 Plan, but not yet exercised, survive the 1996 Plan until the options expire. Outstanding options at December 31, 2002 under the 1996 Plan expire between August 2006 and October 2011.

The 2001 Plan was approved by our shareholders in August 2001 and provides a total of 500 thousand shares of our common stock for issuance to our employees. The 2001 Plan is administered by the Compensation Committee of the Board of Directors (the “Compensation Committee”). Additional shares of our common stock that may be granted under the 2001 Plan include any shares of our common stock that are available for future grant under any of our prior stock option plans, and any stock or options granted under the 2001 Plan or any prior plans that are forfeited, expired or canceled. Furthermore, pursuant to the 2001 Plan and upon our Board of Directors’ authorization in January 2002, any shares of our common stock that are reacquired by us in the open market or in private transactions after the effective date of the 2001 Plan, were added to the limitation on the total shares of our common stock which may be issued under the 2001 Plan. As of December 31, 2002, we have repurchased approximately 259 thousand shares since the 2001 Plan’s effective date, and accordingly increased the total number of shares of our common stock which may be delivered to participants in the 2001 Plan by the same number of shares. As of December 31, 2002, the aggregate limit on the total shares of our common stock which may be issued under the 2001 Plan was approximately 797 thousand shares, of which 117 thousand shares are subject to options already issued and an additional 121 thousand shares have been issued as restricted common stock grants.

Under the provisions of the 2001 Plan, the Compensation Committee is authorized to grant common stock, which can be restricted, or stock options which can be "qualified" or "nonqualified" under the Internal Revenue Code of 1986, as amended, or stock appreciation rights, or other stock or non-stock-based awards, including but not limited to stock units, performance units, or dividend equivalent payments. The 2001 Plan is unlimited in duration and, in the event of its termination, the 2001 Plan will remain in effect as long as any of the above items granted by the Compensation Committee are outstanding; provided, however, that no awards may be granted under the 2001 Plan after August 2006. The term and vesting period of awards granted under the 2001 Plan is established by the Compensation Committee, but in no event shall stock options or stock appreciation rights remain exercisable after the five-year anniversary of the date of grant. Outstanding options at December 31, 2002 under the 2001 Plan expire between September 2006 and December 2007.

In 1994, our shareholders approved the 1993 Non-Employee Directors Stock Option Plan (the "Directors Plan"), as amended. The Directors Plan permits the issuance of options to purchase up to an aggregate of 150 thousand shares of our common stock. Additional options to purchase shares of our common stock may be granted under the Directors Plan for any options that are forfeited, expired or canceled without delivery of shares of our common stock or which result in the forfeiture of the shares of our common stock back to us. Under the Directors Plan, members of the Board of Directors who are not our employees receive a non-qualified option to purchase five thousand shares, on a pro-rata basis, when such person is first elected to the Board of Directors and will receive a non-qualified option to purchase five thousand shares each year that the individual is re-elected. Options granted are fully exercisable one year after the date of grant. All options under the Directors Plan expire five years after the date of grant. Outstanding options at December 31, 2002 under the Directors Plan expire between August 2003 and August 2007.

In addition to the above stock option plans, in 1995, we issued certain non-qualified options to various employees. These options expire in January 2005.

As of December 31, 2002, the following table summarizes the outstanding stock options which were issued pursuant to the plans described above, and the options issued outside the plans in 1995 (in thousands, except weighted-average exercise price):

Plan name or description	(a) Number of securities to be issued upon exercise of outstanding options, and warrant	(b) Weighted-average exercise price of outstanding options, and warrant	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
2001 Plan	117	$ 16.21	559
1996 Plan	923	13.11	—
1986 Plan	57	6.89	—
Directors Plan	80	15.33	6
1995 non-qualified options (1)	26	6.89	—
	1,203	$ 13.13	565

(1) These options were not approved by shareholders. All other plans shown in the table were approved by shareholders.

Restricted Common Stock

Under the 2001 Omnibus Plan, we granted 25 thousand restricted shares in October 2001 and 96 thousand restricted shares during the nine months ended December 31, 2002. At December 31, 2002, there were 115 thousand shares of unvested restricted stock, which will vest between October 2003 and September 2007.

Warrant

In July 2000, we granted a warrant to an investment-banking firm in connection with the engagement of such firm to provide advisory services to us. The warrant entitles the holder to purchase up to 50,000 shares of our common stock at an exercise price of $9.50 per share, for a period of three years. This warrant expires in July 2003.

[Table of Contents](#)

Item 6. Selected Financial Data

The following selected financial data has been summarized from our consolidated financial statements set forth in Item 8 of this Form 10-K. The selected financial data should be read in conjunction with the notes set forth at the end of these tables, the accompanying consolidated financial statements and the related notes thereto, and "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations."

SELECTED FINANCIAL DATA
(In thousands, except earnings per share data)

	For the Nine Months Ended December 31,		For the Year Ended March 31,				
	2002	2001	2002	2001	2000	1999	1998
Consolidated Income Statement Data		(unaudited)					
Revenue	$ 1,546,897	$ 1,013,781	$ 1,365,065	$ 1,529,242	$ 1,200,297	$ 720,561	$ 776,617
Cost of sales	(1,483,976)	(958,753)	(1,288,891)	(1,457,500)	(1,136,052)	(667,302)	(733,379)
Gross Profit	62,921	55,028	76,174	71,742	64,245	53,259	43,238
Operating Expense	(49,135)	(40,122)	(54,885)	(57,590)	(57,327)	(38,198)	(28,455)
Income from operations	13,786	14,906	21,289	14,152	6,918	15,061	14,783
Other income (expense), net	(2,030)	1,833	1,937	2,191	(5,646)	1,539	2,260
Income from continuing operations before income taxes	11,756	16,739	23,226	16,343	1,272	16,600	17,043
Provision for income taxes	(1,884)	(3,977)	(5,991)	(4,557)	(1,444)	(2,910)	(3,467)
Income (loss) from continuing operations	9,872	12,762	17,235	11,786	(172)	13,690	13,576
Discontinued operations, net of tax	—	—	—	(1,152)	9,807	1,417	2,277
Net income	$ 9,872	$ 12,762	$ 17,235	$ 10,634	$ 9,635	$ 15,107	$ 15,853
Basic earnings (loss) per share:							
Continuing operations	$ 0.94	$ 1.23	$ 1.66	$ 1.11	$ (0.01)	$ 1.11	$ 1.11
Discontinued operations	—	—	—	(0.11)	0.81	0.11	0.19
Net income	$ 0.94	$ 1.23	$ 1.66	$ 1.00	$ 0.80	$ 1.22	$ 1.30
Weighted average shares - basic	10,468	10,378	10,381	10,644	12,045	12,375	12,230
Diluted earnings (loss) per share:							
Continuing operations	$ 0.91	$ 1.20	$ 1.62	$ 1.11	$ (0.01)	$ 1.10	$ 1.09
Discontinued operations	—	—	—	(0.11)	0.81	0.11	0.18
Net income	$ 0.91	$ 1.20	$ 1.62	$ 1.00	$ 0.80	$ 1.21	$ 1.27
Weighted average shares - diluted	10,900	10,652	10,646	10,663	12,045	12,533	12,528

(Continued)

SELECTED FINANCIAL DATA
(In thousands, except earnings per share data)
(Continued)

	As of December 31	As of March 31,				
	2002	2002	2001	2000	1999	1998
			(In thousands)			
Consolidated Balance Sheet Data						
Accounts and notes receivable, net	$ 177,360	$ 132,586	$ 125,863	$ 142,250	$ 95,436	$ 79,124
Current assets	262,580	213,139	188,225	196,409	128,012	107,755
Goodwill and identifiable intangible asset	35,475	35,751	24,598	23,040	15,148	15,402
Other assets - investment goodwill	2,857	2,857	2,904	—	—	—
Total assets	312,287	257,923	222,165	227,915	164,394	141,213
Current liabilities	180,359	133,851	112,439	122,368	56,741	46,546
Long-term liabilities	4,198	7,633	5,866	5,886	6,856	2,756
Stockholders' equity	127,730	116,439	103,860	99,661	100,797	91,911

NOTES TO SELECTED FINANCIAL DATA

Since 1995, we have declared and paid cash dividends. See “Item 5 - Market for Registrant’s Common Equity and Related Stockholder Matters.” In October 1997, our Board of Directors approved a 3-for-2 stock split for all shares of common stock outstanding as of November 17, 1997. The shares were distributed on December 1, 1997.

We acquired the Baseops group of companies in January 1998, the Bunkerfuels group of companies in April 1999, Norse Bunker A.S. in February 2001, TransportEdge, Inc. in March 2001, the Marine Energy group of companies in April 2001, and the Oil Shipping group of companies in January 2002. These acquisitions were accounted for as purchases. Accordingly, the results of operations of these acquisitions were included with our results since their respective dates of acquisition. In December 2000, we entered into a joint venture agreement with Signature Flight Support Corporation through the acquisition of a 50% equity interest in PAFCO. Under the equity method of accounting, we have recorded our share of the results of PAFCO since January 1, 2001.

In February 2000, we sold our oil-recycling segment. Accordingly, as of December 1999, we reported our oil-recycling segment as a discontinued operation. Our consolidated financial statements were reclassified to report separately the net assets and operating results of the discontinued operation for all periods presented. Financial results for periods prior to the dates of discontinuance have been reclassified to reflect continuing operations. In October 2000, our aviation joint venture in Ecuador ceased operations.

Pursuant to various treasury stock repurchase programs, we repurchased approximately 259 thousand shares for an aggregate cost of $3.3 million during the year ended March 31, 2002, 598 thousand shares for an aggregate cost of $4.4 million during the year ended March 31, 2001, 1.2 million shares for an aggregate cost of $8.4 million during the year ended March 31, 2000, and 324 thousand shares for an aggregate cost of $3.9 million during the year ended March 31, 1999. The treasury stock purchases for the year ended March 31, 2002 included approximately 133 thousand shares at an aggregate cost of $1.3 million which were repurchased during the nine months ended December 31, 2001. No shares were purchased during the nine months ended December 31, 2002. Outside of the treasury stock repurchase programs, we acquired approximately 22 thousand shares of our common stock in 1998 with an aggregate cost of $194 thousand. See “Item 5 – Market for Registrant’s Common Equity and Related Stockholder Matters” for additional information.

(Continued)

NOTES TO SELECTED FINANCIAL DATA
(Continued)

Effective April 2001, we elected to early adopt SFAS No. 142, “Goodwill and Other Intangible Assets,” which among other provisions, states that goodwill shall not be amortized prospectively. Accordingly, no goodwill amortization was recorded subsequent to the adoption of SFAS No. 142.

Effective April 1, 2002, we adopted the accounting provision of SFAS No. 123, “Accounting for Stock-Based Compensation,” as amended by SFAS No. 148, “Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123,” to account for stock options granted to our employees and non-employee directors using the prospective method. Under the fair value recognition provision, as of the grant date, we recorded the fair value of the stock option granted as Unearned deferred compensation, which is amortized over the minimum vesting period of each individual award as compensation cost. For the nine months ended December 31, 2002, we granted stock options to purchase 81 thousand shares of our common stock at an aggregate fair value of $215 thousand and recorded amortization of $59 thousand for employee and non-employee director compensation cost. As of December 31, 2002, the unearned deferred compensation for stock options granted to our employees and non-employee directors was $156 thousand.

In October 2001, we granted 25 thousand shares of restricted common stock at a value of $298 thousand and recorded compensation expense for the amortization of $182 thousand for the year ended March 31, 2002, of which $39 thousand was recorded for the nine months ended December 31, 2001. During the nine months ended December 31, 2002, we granted 96 thousand restricted shares of our common stock at an aggregate value of $1.9 million and recorded amortization of $304 thousand for employee compensation cost. As of December 31, 2002, the unearned deferred compensation for restricted common stock issued to our employees was approximately $1.7 million.

For the nine months ended December 31, 2002, executive severance charges of $4.5 million relating to the termination of employment of our former Chief Executive Officer, Chief Financial Officer, Chief Information Officer, and two other executives were included in Operating expenses. Also, during the nine months ended December 31, 2002, a non-recurring charge of $1.6 million in connection with the settlement of the remaining balance due on the Moorehead judgment was included in Other income (expense), net. See Item 3 – Legal Proceedings.

During the year ended March 31, 2002, an insurance settlement recovery of $1.0 million relating to a product theft off the coast of Nigeria was included in Other income (expense), net. The product theft resulted in a non-recurring charge of $3.1 million recorded for the year ended March 31, 2000 and was included in Other income (expense), net.

For the year ended March 31, 2001, an executive severance charge of $3.5 million relating to the termination of the employment of our former Chief Executive Officer was included in Operating expenses.

During the year ended March 31, 2000, a non-recurring charge of $2.5 million relating to the write-down of our investment in the aviation joint venture in Ecuador was included in Other income (expense), net.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Item 6 - Selected Financial Data," and with the consolidated financial statements and related notes thereto appearing elsewhere in this Form 10-K.

Reportable Segments

We have two reportable operating businesses: marine and aviation fuel services. In our marine fuel services business, we market marine fuel and related management services to a broad base of international shipping companies and to the United States and foreign militaries. Services include credit terms, 24-hour around-the-world service, fuel management services, and competitively priced fuel. In our aviation fuel services business, we extend credit and provide around-the-world single-supplier convenience, 24-hour service, fuel management services, and competitively priced aviation fuel and other aviation related services to passenger, cargo and charter airlines, as well as to United States and foreign militaries. We also offer flight plans and weather reports to our corporate customers.

Our marine fuel business accounted for approximately 66% of our total revenue for the nine months ended December 31, 2002, while our aviation fuel business accounted for the remaining 34%. For the nine months ended December 31, 2001, and the years ended March 31, 2002, 2001, and 2000, our marine fuel services business accounted for approximately 72%, 72%, 66%, and 62%, respectively, of our total revenue. For the nine months ended December 31, 2002, excluding corporate overhead, our aviation fuel services and our marine fuel services contributed 59% and 41%, respectively, of operating income. For the nine months ended December 31, 2001, and the years ended March 31, 2002, 2001, and 2000, excluding corporate overhead, our marine fuel services contributed 56%, 52%, 53% and 63%, respectively, of operating income.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon the consolidated financial statements included elsewhere in this Form 10-K, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to bad debts, deferred tax assets and liabilities, goodwill and identifiable intangible asset, and certain accrued liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have identified the policies below as critical to our business operations and the understanding of our results of operations. For a detailed discussion on the application of these and other accounting policies, see Note 1 to the accompanying consolidated financial statements included in this Form 10-K.

Revenue Recognition

Revenue is generally recorded in the period when the sale is made or as the services are performed. We contract with unrelated third parties to provide the fuel and/or deliver most services. This causes delays in receiving the necessary information for invoicing to our customers. Accordingly, revenue may be recognized in a period subsequent to when the actual delivery of fuel or service was performed. This policy does not result in reported results that are materially different than if the revenue were recognized in the period of actual delivery or performance.

Accounts Receivable and Allowance for Bad Debts

Credit extension, monitoring and collection are performed by each of our business segments. Each segment has a credit committee. The credit committees are responsible for approving credit limits above certain amounts, setting and maintaining credit standards, and managing the overall quality of the credit portfolio. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current credit worthiness, as determined by our review of our customer's credit information. We extend credit on an unsecured basis to many of our customers.

We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowances can be either specific to a particular customer or general to all customers in each of our two business segments. We had accounts and notes receivable of $177.4 million, net of allowance for bad debts of $11.1 million, as of December 31, 2002. At March 31, 2002 and 2001, we had accounts and notes receivable of $132.6 million and $125.9 million, net of allowance for bad debts of $11.0 million and $11.2 million, respectively. The allowance for bad debts at December 31, 2002, March 31, 2002 and 2001 included a specific allowance of $3.0 million for one aviation customer representing the entire accounts receivable balance for that customer. Also, as of March 31, 2001, we established additional specific allowances for two other customers. Our general allowances for all other customers amounted to $8.1 million at December 31, 2002 and March 31, 2001, and $8.0 million at March 31, 2002.

We believe the level of our allowance for bad debts is reasonable based on our experience and our analysis of the net realizable value of our trade receivables at December 31, 2002. We cannot guarantee that we will continue to experience the same credit loss rates that we have experienced in the past since adverse changes in the marine and aviation industries, or changes in the liquidity or financial position of our customers, could have a material adverse effect on the collectability of our accounts receivable and our future operating results. If credit losses exceed established allowances, our results of operation and financial condition may be adversely affected. For additional information on the credit risks inherent in our business, see "Risk Factors" in Item 1 of this Form 10-K.

Goodwill, Identifiable Intangible Assets and Investment Goodwill

Goodwill and investment goodwill represent our cost or investment in excess of net assets, including identifiable intangible assets, of the acquired companies. Investment goodwill of approximately $2.9 million was included in Other assets in the accompanying Consolidated Balance Sheets at December 31, 2002, and March 31, 2002 and 2001. The identifiable intangible asset for customer relations existing at the date of acquisition of $1.8 million was recorded and is being amortized over its useful life of five years. Effective April 2001, as permitted, we elected to early adopt Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 established accounting and reporting standards for acquired goodwill and other intangible assets, and states that goodwill shall not be amortized prospectively. Accordingly, no goodwill amortization was recorded subsequent to the adoption of SFAS No. 142. We recorded goodwill amortization of $824 thousand, including investment goodwill amortization of $74 thousand, for the year ended March 31, 2001 and $730 thousand for the year ended March 31, 2000. We recorded amortization of our identifiable intangible asset of $276 thousand for the nine months ended December 31, 2002 and $92 thousand for the year ended March 31, 2002.

In accordance with SFAS No. 142, goodwill must be reviewed annually (or more frequently under certain circumstances) for impairment. The initial step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. Based on results of these comparisons, goodwill in each of our reporting units is not considered impaired. Accordingly, no impairment charges were recognized.

Income Taxes

Our provision for income taxes was determined by taxable jurisdiction. We file a consolidated U.S. federal income tax return which includes all of our U.S. companies. Our non-U.S. companies file income tax returns in their respective countries of incorporation, as required. We do not provide for U.S. federal and state income taxes, and non-U.S. withholding taxes on the undistributed earnings of our non-U.S. companies. The distribution of these earnings would result in additional U.S. federal and state income taxes to the extent they are not offset by foreign tax credits and non-U.S. withholding taxes. It is our intention to reinvest undistributed earnings of our non-U.S. companies indefinitely and thereby postpone their remittance. Accordingly, no provision has been made for taxes that could result from the remittance of such earnings.

We provide for deferred income taxes on temporary differences arising from assets and liabilities whose bases are different for financial reporting and U.S. federal, state and non-U.S. income tax purposes. A valuation allowance is recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized. No valuation allowance was recorded in the accompanying Consolidated Balance Sheets.

Results of Operations

Profit from our marine fuel services business is determined primarily by the volume and commission rate of brokering business generated and by the volume and gross profit achieved on sales, as well as the overall level of operating expenses, which may be significantly affected to the extent that we are required to provision for potential bad debts. Profit from our aviation fuel services business is directly related to the volume and the gross profit achieved on sales, as well as the overall level of operating expenses, which may be significantly affected to the extent that we are required to provision for potential bad debts.

In April 1999, February 2001, April 2001, and January 2002, we acquired the operations of the Bunkerfuels group of companies, Norse Bunker A.S., the Marine Energy group of companies, and the Oil Shipping group of companies, respectively. These acquisitions form part of our worldwide marine fuel marketing segment and were accounted for as purchases. Accordingly, the results of operations of these acquisitions were included with our results since their respective dates of acquisition. In December 2000, we entered into a joint venture agreement with Signature Flight Support Corporation through the acquisition of a 50% equity interest in PAFCO. Under the equity method of accounting, we have recorded our share of the results of PAFCO since January 1, 2001. In February 2000, we sold our oil-recycling segment to EarthCare Company and we reported this segment as a discontinued operation as of December 31, 1999. In October 2000, our aviation joint venture in Ecuador ceased operations.

During the comparable nine-month periods ending December 31, 2002 and 2001, our profitability was favorably impacted in 2002 by increases in metric tons sold in marine and sales volume in aviation, and a lower provision for bad debts in aviation. Earnings were adversely affected by the executive severance charges, a non-recurring charge in connection with the settlement of the remaining balance due on the Moorehead judgment, decreases in gross profit per metric ton sold in marine and gross profit per gallon sold in aviation, operating expenses of our January 2002 marine acquisition, and increases in salaries and other operating expenses. Also, the results for the nine months ended December 31, 2001 included an insurance settlement recovery of $1.0 million related to a product theft off the coast of Nigeria in 1999 and a gain on the sale of a leasehold property.

The increase in metric tons sold in marine for the nine months ended December 31, 2002 was due, in part, to our January 2002 acquisition of the Oil Shipping group of companies. The increase in aviation sales volume during the nine months ended December 31, 2002 was due to new commercial and government businesses, increases in wholesale and fuel management businesses, and a recovery from the general slowdown in aviation activity during the prior year. The increases in both the wholesale and fuel management businesses contributed to the decrease in gross profit per gallon sold. In marine, the decrease in the gross profit per metric ton sold was primarily related to increased competitive pressures.

We may experience decreases in future sales volume and margins as a result of deterioration in the world economy, or in the shipping or aviation industries, the continued conflicts and instability in the Middle East, Asia and Latin America, and military actions in response to terrorist attacks of September 11th, as well as possible future terrorist activity and military conflicts. In addition, since the sharp decline in world oil prices soon after September 11th, world oil prices have been very volatile. We expect continued volatility in world oil prices as a result of the instability in the Middle East. The volatility in world oil prices can adversely affect our customers' business, and consequently our results of operations. See "Risk Factors" in Item 1 of this Form 10-K.

Nine months ended December 31, 2002 compared to Nine months ended December 31, 2001 (unaudited)

Our revenue for the nine months ended December 31, 2002 was $1.55 billion, an increase of $533.1 million, or 52.6%, as compared to revenue of $1.01 billion for the nine months ended December 31, 2001. Our revenue increase was primarily due to an increase in sales volume for marine and aviation, as well as an increase in marine fuel prices, partially offset by a decrease in aviation fuel prices. Our revenue during these periods was attributable to the following segments (in thousands):

	For the Nine Months Ended December 31,	
	2002	2001
		(unaudited)
Marine fuel services	$ 1,026,162	$ 727,035
Aviation fuel services	520,735	286,746
Total	$ 1,546,897	$ 1,013,781

Our marine fuel services segment contributed $1.03 billion in revenue for the nine months ended December 31, 2002, an increase of $299.1 million, or 41.1%, over the same period of the prior year. The increase in revenue was primarily due to a 13.1% increase in the average price per metric ton sold and a 25.2% increase in the volume of metric tons sold, which was due, in part, to our January 2002 acquisition of the Oil Shipping group of companies. Our aviation fuel services segment contributed $520.7 million in revenue for the nine months ended December 31, 2002, an increase of $234.0 million, or 81.6%, over the corresponding period of the prior year. The increase in revenue was due to a 97.7% increase in the volume of gallons sold, which more than offset an 8.1% decrease in the average price per gallon sold. The increase in aviation sales volume was due to new commercial and government business, increases in wholesale and fuel management businesses, and a recovery from the general slowdown in aviation activity during the prior year.

Our gross profit of $62.9 million for the nine months ended December 31, 2002 increased $7.9 million, or 14.3%, as compared to the corresponding period of the prior year. Our gross margin decreased from 5.4% for the nine months ended December 31, 2001, to 4.1% for the nine months ended December 31, 2002. Our marine fuel services segment achieved a 2.7% gross margin for the nine months ended December 31, 2002, as compared to a 3.9% gross margin for the same period of the prior year. This decrease resulted primarily from a lower average gross profit per metric ton sold as well as an increase in the average sales price per metric ton sold. The decrease in the gross profit per metric ton sold was primarily related to increased competitive pressures. Our aviation fuel services business achieved a 6.7% gross margin for the nine months ended December 31, 2002, as compared to 9.4% for the same period during the prior year. The decrease in gross margin reflects increases in our wholesale and fuel management businesses, which are higher quality, lower margin businesses.

Total operating expenses for the nine months ended December 31, 2002 were $49.1 million, as compared to $40.1 million for the nine months ended December 31, 2001. Included in operating expenses for the nine months ended December 31, 2002 were operating expenses of our January 2002 marine acquisition and executive severance charges of $4.5 million, of which $3.7 million related to our former Chairman and Chief Executive Officer and the remaining amounts were for our former Chief Financial Officer, Chief Information Officer, and two other executives. The remaining increase in operating expenses were primarily increases in salaries and other operating expenses, partially offset by a lower provision for bad debts for aviation and a reimbursement of legal fees associated with prior years' insurance claims in the marine segment. The increase in other operating expenses was due, in part, to overall higher insurance costs resulting from the terrorist attacks of September 11th, and increases in travel, audit fees, telecommunication, worldwide office rent and depreciation expense. In general, increases to operating expenses relate to business growth and expansion.

Our income from operations for the nine months ended December 31, 2002 was $13.8 million, as compared to $14.9 million for the nine months ended December 31, 2001. Income from operations during these periods was attributable to the following segments (in thousands):

	For the Nine Months Ended December 31,	
	2002	2001
		(unaudited)
Marine fuel services	$ 9,932	$ 11,288
Aviation fuel services	14,103	8,950
Corporate overhead	(10,249)	(5,332)
Total	$ 13,786	$ 14,906

The marine fuel services segment earned $9.9 million in income from operations for the nine months ended December 31, 2002, as compared to $11.3 million for the corresponding period of the prior year. This decrease resulted primarily from lower gross profit due to increased competitive pressures, higher operating expenses related to the marine acquisition in January 2002, and an executive severance charge, partially offset by lower salaries and a reimbursement of legal fees associated with prior years' insurance claims. The aviation fuel services segment's income from operations was $14.1 million for the nine months ended December 31, 2002, an increase of $5.2 million, or 57.6%, as compared to the same period of the prior year. This improvement was due to a higher gross profit related to increases in sales volume and lower provision for bad debts, partially offset by increased salaries and other operating expenses related to business growth and expansion, and an executive severance charge. Corporate overhead costs not charged to the business segments totaled $10.2 million for the nine months ended December 31, 2002, as compared to $5.3 million during the same period of the prior year. The increase in corporate overhead costs was primarily due to executive severance charges of $4.3 million and increased other operating expenses, partially offset by lower salaries.

During the nine months ended December 31, 2002, we reported $2.0 million in other expense, net, as compared to other income, net, of $1.8 million for the same period of the prior year. Included in other expense, net, for the nine months ended December 31, 2002, was a $1.6 million non-recurring charge in connection with the settlement of the remaining balance due on the Moorehead judgment. Included in other income, net, for the nine months ended December 31, 2001, were a gain on the sale of a leasehold property and a $1.0 million insurance settlement recovery related to a product theft off the coast of Nigeria in 1999. The remaining variance of $1.1 million was primarily related to lower net interest income of $333 thousand and an unrealized foreign currency translation loss recorded during the nine months ended December 31, 2002 as compared to an unrealized foreign currency translation gain for the corresponding period of the prior year. Unrealized foreign currency translation losses and gains result from the translation of monetary assets and liabilities of our non-U.S. entities at the prevailing exchange rates at year-end. Partially offsetting were lower net realized foreign currency exchange losses on transactions for the nine months ended December 31, 2002 as compared to the same period of the prior year.

For the nine months ended December 31, 2002, our effective tax rate was 16.0%, for an income tax provision of $1.9 million, as compared to 23.8% and an income tax provision of $4.0 million for the nine months ended December 31, 2001. Reflected in the income tax provision for the nine months ended December 31, 2002 were additional taxes provided for our global tax restructuring and income tax benefit totaling approximately $2.3 million for the executive severance charges and the non-recurring charge in connection with the settlement of the remaining balance due on the Moorehead judgment. In addition, the effective tax rate for the nine months ended December 31, 2001 reflects the non-taxable insurance settlement recovery.

Net income and diluted earnings per share for the nine months ended December 31, 2002 were $9.9 million and $0.91, respectively, as compared to $12.8 million and $1.20 during the same period of the prior year. Net income for the nine months ended December 31, 2002 was impacted by two non-recurring, after-tax charges totaling $3.7 million, or $0.34 per diluted share: the charge of $2.8 million, or $0.25 per diluted share, related to executive severance, and the charge of $970 thousand, or $0.09 per diluted share, related to the settlement of the remaining balance due on the Moorehead judgment. In addition, net income for the nine months ended December 31, 2001 included a non-recurring credit of $1.0 million, or $0.09 per diluted share, from the insurance settlement recovery related to a product theft off the coast of Nigeria in 1999.

Year ended March 31, 2002 compared to Year ended March 31, 2001

Our revenue for the year ended March 31, 2002 was $1.37 billion, a decrease of $164.2 million, or 10.7%, as compared to revenue of $1.53 billion for the year ended March 31, 2001. Our revenue decrease was primarily due to a decrease in world oil prices for the year ended March 31, 2002, partially offset by increases in sales resulting from our various marine segment acquisitions. Our revenue during these periods was attributable to the following segments (in thousands):

	For the Year Ended March 31,	
	2002	2001
Marine fuel services	$ 983,986	$ 1,004,572
Aviation fuel services	381,079	524,670
Total	$ 1,365,065	$ 1,529,242

Our marine fuel services segment contributed $984.0 million in revenue for the year ended March 31, 2002, a decrease of $20.6 million, or 2.0%, over the prior year. The decrease in revenue was due to an 18.7% decline in the average price per metric ton sold, partially offset by a 20.2% increase in the volume of metric tons sold. The increase in marine sales volume was due, in part, to sales from our February and April 2001 acquisitions. Our aviation fuel services segment contributed $381.1 million in revenue for the year ended March 31, 2002. This represented a decrease in revenue of $143.6 million or 27.4%, as compared to the prior year. The decrease in revenue was due to a 15.7% decrease in the volume of gallons sold and a 13.8% decrease in the average price per gallon sold. The decrease in aviation sales volume reflects management’s decision to reduce our credit exposure and increase margins, which began during the quarter ended December 31, 2000. Sales volume also decreased during the year ended March 31, 2002 because of a general slowdown in economic activity. During the latter part of the quarter ended March 31, 2002 and thereafter, we have begun to experience increased volumes in aviation.

Our gross profit of $76.2 million for the year ended March 31, 2002 increased $4.4 million, or 6.2%, as compared to the prior year. Our gross margin also increased from 4.7% for the year ended March 31, 2001 to 5.6% for the year ended March 31, 2002. Our marine fueling segment achieved a 3.9% gross margin for the year ended March 31, 2002, as compared to a 3.7% gross margin for the prior year. This gross margin increase resulted from a drop in the average price per metric ton traded, which offset a lower gross profit per metric ton traded. The narrower gross profit per metric ton traded was caused by competitive pressures, and by the marine acquisitions which resulted in the addition of lower margin trading business. By integrating the acquisitions into our existing global network, we expect to gain from synergies in purchasing and value-added services, and thereby maximize the gross profit of our acquired companies. Our aviation fueling business achieved a 9.9%

gross margin for the year ended March 31, 2002, as compared to 6.6% achieved for the prior year. This increase resulted from an overall increase in the gross profit per gallon sold and the decline in the average price per gallon sold. The improvement in gross profit resulted from a revision in our pricing strategy in the quarter ended December 31, 2001, as well as the recovery of certain business taxes previously expensed and the favorable resolution of certain outstanding items with suppliers.

For the year ended March 31, 2002, our operating expenses were $54.9 million, a decrease of $2.7 million or 4.7%, as compared to the prior year. This decrease resulted from a $4.0 million reduction in the provision for bad debts, a $3.5 million executive severance charge for the year ended March 31, 2001 related to the termination of the employment agreement with our former Chairman of the Board, and the early adoption of SFAS No. 142, "Goodwill and Other Intangible Assets," which eliminated the amortization of goodwill effective April 1, 2001. Partially offsetting these improvements were operating expenses of the newly acquired companies, staff additions, and various business initiatives implemented over the past year.

Our income from operations for the year ended March 31, 2002 was $21.3 million, an increase of $7.1 million, or 50.4%, as compared to the prior year. Income from operations during these periods was attributable to the following segments (in thousands):

	For the Year Ended March 31,	
	2002	2001
Marine fuel services	$ 14,964	$ 13,161
Aviation fuel services	13,709	11,790
Corporate overhead	(7,384)	(10,799)
Total	$ 21,289	$ 14,152

The marine fuel segment earned $15.0 million in income from operations for the year ended March 31, 2002, an increase of $1.8 million, or 13.7%, as compared to the prior year. This increase resulted from a $2.8 million lower provision for bad debts and a higher gross profit, partially offset by operating expenses of the newly acquired companies and staff additions. The aviation fuel segment's income from operations was $13.7 million for the year ended March 31, 2002, an increase of $1.9 million, or 16.3%, as compared to the prior year. This improvement was due to a higher gross profit and a $1.2 million lower provision for bad debts, partially offset by increased operating expenses related to staff additions and various business initiatives, which were implemented over the past year. Corporate overhead costs not charged to the business segments totaled $7.4 million during the year ended March 31, 2002, a decrease of $3.4 million, or 31.6%, as compared to the prior year. The improvement in corporate overhead was due to the $3.5 million executive severance charge in the prior year and lower consulting and telecommunications expenses, partially offset by staff additions and higher compensation.

During the year ended March 31 2002, we reported $1.9 million in other income, net, compared to $2.2 million for the year ended March 31, 2001. This decrease was mainly due to foreign exchange losses for the year ended March 31, 2002 as opposed to foreign exchange gains in the prior year, a $339 thousand decrease in net interest income, and a $365 thousand non-recurring credit recorded for the year ended March 31, 2001 related to a partial recovery of a previously written-down aviation joint venture investment. Largely offsetting these decreases were the equity in earnings of our PAFCO aviation joint venture, a gain on the sale of a leasehold property, and a $1.0 million insurance settlement recovery related to a product theft off the coast of Nigeria in 1999.

For the year ended March 31, 2002, our effective tax rate was 25.8%, for an income tax provision of $6.0 million, as compared to an effective tax rate of 27.9% and an income tax provision of $4.6 million for the year ended March 31, 2001. The decrease in our effective tax rate reflects the non-taxable insurance settlement recovery of $1.0 million during the year ended March 31, 2002 related to theft of product off the coast of Nigeria during the year ended March 31, 2000.

Net income from continuing operations for the year ended March 31, 2002 was $17.2 million, an increase of $5.4 million, as compared to $11.8 million for the year ended March 31, 2001. Diluted earnings per share on income from continuing operations was $1.62, an increase of $0.51, or 45.9%, as compared to $1.11 per diluted share for the year ended March 31, 2001.

During the year ended March 31, 2001, we recorded a net loss from discontinued operations of $1.2 million, or $0.11 per diluted share. The net loss resulted from additional income taxes of $496 thousand relating to the gain on the sale of our oil-recycling segment and a $656 thousand after-tax write-off against the assets we ultimately realized in connection with the discontinuance of our used oil-recycling business. No discontinued operations activities were recorded for the year ended

March 31, 2002. Including discontinued operations, net income for the year ended March 31, 2002 increased by $6.6 million, or 62.1%, as compared to the prior year. Diluted earnings per share increased by $0.62, or 62.0%, as compared to the prior year.

Year ended March 31, 2001 compared to Year ended March 31, 2000

Our revenue for the year ended March 31, 2001 was $1.53 billion, an increase of $328.9 million or 27.4%, as compared to revenue of $1.20 billion for the year ended March 31, 2000. Our revenue increase was primarily due to a substantial increase in world oil prices. Our revenue during these periods was attributable to the following segments (in thousands):

	For the Year Ended March 31,	
	2001	2000
Marine fuel services	$ 1,004,572	$ 738,557
Aviation fuel services	524,670	461,740
Total	$ 1,529,242	$ 1,200,297

Our marine fuel services segment contributed $1.0 billion in revenue for the year ended March 31, 2001, an increase of $266.0 million, or 36.0%, over the prior year. The increase in revenue for our marine segment was related to 31.5% and 8.0% increases in the average price per metric ton sold and brokered, respectively. Also contributing to the increase in revenue for our marine segment was an increase in the volume of metric tons sold of 3.8%. Our aviation fuel services segment contributed $524.7 million in revenue for the year ended March 31, 2001. This represented an increase in revenue of $62.9 million, or 13.6%, as compared to the prior year. The increase in revenue results from a 36.2% increase in the average price per gallon sold, partially offset by a 16.6% decrease in the volume of gallons sold.

Our gross profit of $71.7 million for the year ended March 31, 2001 increased $7.5 million, or 11.7%, as compared to the prior year. Our gross margin decreased from 5.4% for the year ended March 31, 2000 to 4.7% for the year ended March 31, 2001. Our marine fuel segment achieved a 3.7% gross margin for the year ended March 31, 2001, as compared to a 3.6% gross margin for the prior year. Our marine segment increased its gross margin despite higher fuel prices, due to an increase in the average gross profit per metric ton sold and brokered, the result of better pricing and a reduction in low margin business activity. Our aviation fuel business achieved a 6.6% gross margin for the year ended March 31, 2001, as compared to 8.2% achieved for the prior year. This decrease resulted from an increase in the average price per gallon sold, partially offset by an increase in the average gross profit per gallon sold.

Total operating expenses for the year ended March 31, 2001 were $57.6 million, an increase of $263 thousand, or 0.5%, as compared to the year ended March 31, 2000. The increase resulted from higher compensation, professional fees, and information technology spending, and a $3.5 million executive severance charge incurred for the year ended March 31, 2001. Largely offsetting the increase in operating expenses was an $11.3 million decrease in the provision for bad debts.

Our income from operations for the year ended March 31, 2001 was $14.2 million, an increase of $7.2 million, or 104.6%, as compared to the year ended March 31, 2000. Income from operations during the year ended March 31, 2001 and 2000 were attributable to the following segments:

	For the Year Ended March 31,	
	2001	2000
Marine fuel services	$ 13,161	$ 7,516
Aviation fuel services	11,790	4,440
Corporate overhead	(10,799)	(5,038)
Total	$ 14,152	$ 6,918

Our marine fuel services segment earned $13.2 million in income from operations for the year ended March 31, 2001, an increase of $5.6 million, or 75.1%, as compared to the prior year. The increase in the marine segment resulted from an improved gross profit per metric ton on traded and brokered transactions and a volume increase in metric tons sold. Partially offsetting was a volume decrease in metric tons brokered and increases in operating expenses, including the provision for bad debts. Our aviation segment's income from operations was $11.8 million for the year ended March 31, 2001, an increase of $7.4 million, or 165.5%, as compared to the prior year. This increase resulted from a decrease in the provision for bad debts and an improvement in the gross profit per gallon sold; partially offset by a decrease in gallons sold and an increase in compensation and other operating expenses. Corporate overhead costs not charged to the business segments totaled $10.8 million for the year ended March 31, 2001, an increase of $5.8 million, or 114.4%, as compared to the prior year. The increase resulted from an executive severance charge, and higher compensation, professional fees, and information technology spending.

During the year ended March 31, 2001, we reported $2.2 million in other income, net, compared to other expense, net, of $5.7 million, for the year ended March 31, 2000. Included in the results for the year ended March 31, 2000 were a $3.1 million non-recurring charge in the marine segment due to product theft off the coast of Nigeria, a $953 thousand non-recurring charge in the aviation segment related to a substantial write-down of our investment in and advances to our discontinued aviation joint venture in Ecuador, and a $1.6 million special charge to the provision for bad debts in our discontinued aviation joint venture in Ecuador related to certain customers based in Ecuador. Also contributing to the variance were foreign exchange gains for the year ended March 31, 2001, an increase in net interest income of $1.2 million, and a partial recovery of $365 thousand related to prior year's write-down of our discontinued aviation joint venture in Ecuador.

Income taxes for the year ended March 31, 2001 reflect the impact of the executive severance and the provision for bad debts, for which we received an income tax benefit. Income taxes for the year ended March 31, 2000 reflect the impact of the provision for bad debts and non-recurring losses in marine and aviation, for which we did not receive an income tax benefit. Thus, our effective income tax rate for the year ended March 31, 2001 decreased substantially as compared to the prior year.

Net income from continuing operations for the year ended March 31, 2001 was $11.8 million, as compared to a net loss of $172 thousand for the year ended March 31, 2000. Diluted income per share on income from continuing operations was $1.11 for the year ended March 31, 2001, as compared to a loss per share of $0.01 for the year ended March 31, 2000.

During the year ended March 31, 2001, we incurred a net loss from discontinued operations of $1.2 million, or $0.11 per diluted share, as compared to net income of $9.8 million, or $0.81 per diluted share, for the year ended March 31, 2000. Including discontinued operations, net income for the year ended March 31, 2001 was $10.6 million, an increase of $1.0 million or 10.4%, as compared to net income of $9.6 million for the year ended March 31, 2000. Diluted earnings per share of $1.00 for the year ended March 31, 2001 increased $0.20, or 25.0%, over the $0.80 achieved during the year ended March 31, 2000.

Liquidity and Capital Resources

In our marine and aviation fuel businesses, the primary use of working capital is to finance receivables. We maintain aviation fuel inventories at certain locations in the United States, mostly for competitive reasons. Our marine and aviation fuel businesses historically have not required significant capital investment in fixed assets as we subcontract fueling services and maintain inventories at third party storage facilities. We have funded our operations primarily with cash flow generated from operations. As of December 31, 2002, we had $57.8 million of cash and cash equivalents as compared to $58.2 million at March 31, 2002.

We also have a revolving credit facility which permits borrowings of up to $40.0 million, with a sublimit of $30.0 million for the issuance of letters of credit. Our available borrowings under the credit facility are reduced by the amount of outstanding letters of credit. The credit facility imposes certain operating and financial restrictions, including restrictions on the payment of dividends in excess of specified amounts. Our failure to comply with the obligations under the credit facility, including meeting certain financial ratios, could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the credit facility, or impair our ability to receive advances, and issue letters of credit, and may have a material adverse effect on us. As of December 31, 2002, we had no borrowings under the credit facility. Letters of credit of $14.4 million were outstanding, at December 31, 2002, under the credit facility agreement.

Net cash provided by continuing operating activities totaled $6.2 million for the nine months ended December 31, 2002, as compared to net cash provided from operating activities of $23.4 million for the corresponding period of the prior year. The variance in cash flows from continuing operating activities of $17.2 million was primarily a result of increases in net operating assets mainly due to increased business volume in both our marine and aviation fuel services segments. Cash provided by discontinued operations of $1.75 million during the nine months ended December 31, 2001 was for the settlement payment from EarthCare Company on the remaining discontinued operating assets sold in February 2000.

During the nine months ended December 31, 2002, net cash used in investing activities was $2.7 million, a decrease of $1.0 million as compared to the same period of the prior year. Included in net cash used for the nine months ended December 31, 2001 were payment for acquisition of a business of $3.1 million and proceeds of $296 thousand from the sale of a leasehold property. Partially offsetting was an increase in capital expenditures of $1.8 million, primarily related to the move of our corporate offices.

For the nine months ended December 31, 2002, net cash used by financing activities was $3.9 million, a decrease of $280 thousand as compared to the same period a year ago. The decrease was attributable to purchases of treasury stock of $1.3 million during the nine months ended December 31, 2001 and a decrease in dividends paid on common stock of $770 thousand. The decrease in dividends was primarily related to the July 2001 payment of the special cash dividend declared in May 2001. Largely offsetting these decreases in usage of net cash was an increase in the repayment of debt of $2.9 million. In addition, an increase in the proceeds from exercise of stock options contributed to lower net cash used by financing activities during the nine months ended December 31, 2002.

Working capital at December 31, 2002 was $82.2 million, representing an increase of $2.3 million from working capital at March 31, 2002. Our accounts and notes receivable, at December 31, 2002, excluding the allowance for bad debts, amounted to $188.5 million, an increase of $44.9 million, as compared to the balance at March 31, 2002. This increase was mostly related to increased sales volume for both our marine and aviation segments. At December 31, 2002, the allowance for bad debts of $11.1 million increased by $100 thousand from the balance at March 31, 2002. During the nine months ended December 31, 2002, we charged $2.2 million to the provision for bad debts, as compared to $3.2 million for the same period of the prior year. We had charge-offs in excess of recoveries of $2.1 million for the nine months ended December 31, 2002, as compared to $3.4 million for the corresponding period of the prior year. The decreases in our provision for bad debts and charge-offs primarily reflect the refinement in our credit practices that resulted in an overall improvement in Days Sales Outstanding (DSO) to 30 days for the nine months ended December 31, 2002 versus 34 days for the same period a year ago.

As of December 31, 2002, prepaid expenses and other current assets of $22.3 million increased $2.1 million from March 31, 2002. This increase was due to increases in prepaid fuel, prepaid insurance, and the fair market value of our outstanding derivatives. The increase was partially offset by a reduction in the amount due from PAFCO, a decrease in deferred income tax assets, and the receipt of the final payment to settle the remaining balance due on the Moorehead judgment.

At December 31, 2002, in the aggregate, net goodwill, identifiable intangible asset, and investment goodwill decreased $276 thousand, to $38.3 million, due to the amortization of the identifiable intangible asset. Other asset, excluding investment goodwill, increased $3.9 million, to $4.5 million, due to reclassification of a portion of the current deferred income tax assets to non-current.

Our current liabilities, excluding short-tem debt, increased $49.7 million primarily due to increased business activity in both our marine and aviation segments. Long-term debt and short-term debt, in the aggregate, decreased by $6.6 million due to repayment of our debt and deferred compensation payments.

Stockholders' equity amounted to $127.7 million at December 31, 2002, as compared to $116.4 million at March 31, 2002. The increase in stockholders' equity was primarily due to $9.9 million in earnings, $3.4 million from the exercise of stock options, and $363 thousand in amortization of unearned deferred compensation. The increase was partially offset by the declaration of dividends of $2.4 million during the nine months ended December 31, 2002.

We believe that available funds from existing cash and cash equivalents, our credit facility, and cash flows generated by operations will be sufficient to fund our working capital and capital expenditure requirements for the next twelve months. Our opinions concerning liquidity and our ability to obtain financing are based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of trade credit or other sources of financing may be reduced and our liquidity would be adversely affected. Factors that may affect the availability of trade credit, or other financing, include our performance (as measured by various factors including cash provided from operating activities), the state of worldwide credit markets, and our levels of outstanding debt. In addition, we may decide to raise additional funds to respond to competitive pressures or to acquire complementary businesses. Accordingly, we cannot guarantee that financing will be available when needed or desired on terms favorable to us.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

Our significant contractual obligations, commercial commitments, and off-balance sheet arrangements are set forth below. For additional information on any of the following and other contractual obligations, commitments, and off-balance sheet arrangements, see Notes 3, 6 and 7 in the Notes to the Consolidated Financial Statements in Item 15 of this Form 10-K.

Letters of Credit

In the normal course of business, we are required to provide letters of credit to certain suppliers. A majority of these letters of credit expire within one year from their issuance, and expired letters of credit are renewed as needed. As of December 31, 2002, we had outstanding letters of credit of $14.4 million. The letters of credit were issued under our revolving credit facility, and count against the $40.0 million limit on total borrowings under this facility. For additional information on our revolving credit facility and letters of credit, see the discussion thereof in "Liquidity and Capital Resources," above.

Lease Commitments

As of December 31, 2002, our future minimum lease payments under non-cancelable operating leases for rental properties were as follows (in thousands):

For the Year Ending December 31,	
2003	$ 1,382
2004	1,318
2005	1,132
2006	981
2007	855
Thereafter	3,308
	$ 8,976

In the normal course of business, we may enter into non-cancelable operating leases for office and computer equipment, and service contracts with minimum service fee commitments for telecommunication, and computer data and document storage. As of December 31, 2002, there were no material non-cancelable operating leases for office and computer equipment or service contracts with minimum service fee commitments.

Surety Bonds

In the normal course of business, we are required to post bid, performance and garnishment bonds. The majority of the surety bonds posted relate to our aviation fuel services business. As of December 31, 2002, we had approximately $9.8 million in outstanding bonds.

Purchase and Sale Commitments and Derivatives

See "Item 7A – Quantitative and Qualitative Disclosures About Market Risk," included in this Form 10-K, for a discussion of our purchase and sale commitments and derivatives.

Employment Agreements

In July 2002, our Board of Directors elected a new Chairman of the Board of Directors ("Chairman") and Chief Executive Officer ("CEO") and appointed a new President and Chief Operating Officer ("COO"). In connection with the executives' promotion to their respective positions, they received increases in their base salary, grants of restricted common stock, an extension of their employment period to July 2007, and modifications to their termination severance benefits. In February 2003, the compensation payable under the new employment agreements was further amended. Under their new employment agreements, our CEO and COO each receive an annual base salary of $525 thousand. Each of them also received a grant of 25 thousand shares of restricted common stock. The restricted common stock grants for both our CEO and COO shall vest in three equal installments in July 2005, 2006, and 2007. Effective April 1, 2002, our CEO and COO are eligible to receive an annual bonus upon achievement of performance targets, which targets are based on diluted earnings per share growth and certain yearly objectives, agreed upon between the executives and the Compensation Committee. The bonus payout may range from 15% of base salary if at least 5% diluted earnings per share growth is achieved, to 200% of base salary if diluted earnings per share growth equals or exceeds 15%. For the nine months ended December 31, 2002, the CEO and COO received a prorated bonus.

In addition, the payment of any portion of the bonus causing the compensation of any of the above two executives to exceed $1.0 million during any fiscal year will be deferred and accrue interest at the U.S. Prime rate, until a fiscal year during the employment term in which the executive earns less than $1.0 million; provided, however, that in the event of the executive's death, the termination of the executive for any reason, or the expiration of the employment agreement, the deferred portion of any bonus, including any interest earned thereon, shall be paid to the executive within ten days of such death, termination or expiration. As of December 31, 2002, $219 thousand in bonuses was deferred under the employment agreements of our Chairman and President. As of March 31, 2002 and 2001, $1.6 million and $1.3 million, respectively, in bonuses was deferred under the employment agreements of our Chairman, President, and former Chairman. Such deferred compensation was included in Long-term liabilities in the accompanying Consolidated Balance Sheets. The compensation deferred for our former Chairman was paid to him in August 2002 in accordance with his employment agreement.

Pursuant to their employment agreements, our CEO and COO each is entitled to receive a cash severance payment if: (a) we terminate the executive for any reason other than death, disability or cause; (b) the executive resigns for good reason (generally a reduction in his responsibilities or compensation, or a breach by us), or resigns for any reason following a change of control; or (c) we elect not to renew the executive's employment agreement upon expiration, for any reason other than cause. The severance payment is equal to two times the executive's average salary and bonus during the three-year period preceding termination; provided, if (i) the termination occurs within three years after a change of control the multiple set forth above will be three instead of two, and (ii) in the case of a non-renewal, as described in item (c) above, the multiple will be one and the severance will be paid in 26 equal installments over a one year period. Upon any such termination, we will continue to provide coverage to the executive under our group insurance plans for up to three years, and all of the executive's stock options and stock grants will immediately vest.

The current employment agreements for our Chairman and CEO, and President and COO are included as Exhibits 10.1 and 10.2 as part of this Form 10-K.

In addition to the above executives, we have also entered into employment agreements with certain of our executive officers and employees. These agreements provide for minimum salary levels, and for certain executive officers and employees, bonus formulas which are payable if specified performance goals are attained.

As of December 31, 2002, the future minimum commitments under employment agreements, excluding discretionary and performance bonuses, are as follows (in thousands):

For the Year Ending December 31,	
2003	$ 8,717
2004	7,296
2005	5,722
2006	4,032
2007	1,689
	$ 27,456

Aviation Joint Venture

In December 2000, we entered into a joint venture with Signature through the acquisition of a 50% equity interest in PAFCO from Signature. In accordance with the venture's operating agreement, we are entitled to 80% of the income from PAFCO's operations. The higher allocation percentage versus the ownership percentage is in consideration of the risks assumed by us with respect to credit losses on PAFCO's accounts receivable. We are required to purchase, without recourse, PAFCO's accounts receivable that are 120 days past due, subject to certain requirements. We also have the right to approve all credit sales by PAFCO. Net losses, including infrequent or unusual losses, and interest expense incurred by PAFCO, and any gain resulting from the liquidation of the venture, will be shared equally between Signature and us. During the nine months ended December 31, 2002, we purchased $38 thousand of PAFCO's accounts receivable, which was subsequently written-off. For the years ended March 31, 2002 and 2001, we did not purchase any of PAFCO's accounts receivable.

Recent Accounting Pronouncements

In April 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets, excluding goodwill. The adoption of SFAS No. 144 did not have a material effect on our consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45 ("FIN No. 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 clarifies and expands on the existing disclosure requirements for guarantees. FIN No. 45 also requires recognition of a liability at fair value of a company's obligations under certain guarantee contracts. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. We believe that our consolidated financial statements as of and for the nine months ended December 31, 2002 are in compliance with the disclosure requirements of FIN No. 45. The initial recognition and measurement provisions of FIN No. 45 are applied only on a prospective basis to guarantees issued after December 31, 2002, irrespective of the guarantor's fiscal year-end. We are currently evaluating the impact of FIN No. 45, if any, on our financial position and results of operations.

In January 2003, the FASB issued Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities." FIN No. 46 expands upon and strengthens existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. A variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Disclosure requirements apply to any financial statements issued after January 31, 2003. Since currently we do not have variable interest entities, we do not believe that the implementation of FIN No. 46 will have a material effect on our consolidated financial statements and related disclosures.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

To take advantage of favorable market conditions or for competitive reasons, we enter into short-term cancelable fuel purchase commitments for the physical delivery of product. We simultaneously may hedge the physical delivery of fuel through a commodity based derivative instrument, to minimize the effects of commodity price fluctuations.

As part of our price risk management services, we offer to our marine and aviation customers fixed fuel prices on future sales with, or without, physical delivery of fuel. Typically, we simultaneously enter into a commodity based derivative instrument with a counterparty to hedge our variable fuel price on related future purchases with, or without, physical delivery of fuel. The counterparties are major oil companies and derivative trading firms. Accordingly, we do not anticipate non-performance by such counterparties. Pursuant to these transactions, we are not affected by market price fluctuations since the contracts have the same terms and conditions except for the fee or spread earned by us. Performance risk under these contracts is considered a credit risk. This risk is minimized by dealing with customers meeting stricter credit criteria.

As of December 31, 2002, we had 108 outstanding swaps contracts totaling approximately 209 thousand metric tons of marine fuel, expiring through December 2005, and 33 outstanding swaps contracts totaling 22.0 million gallons of aviation fuel, expiring through June 2003. As of December 31, 2002, we have recorded our derivatives, which consisted of swaps contracts to hedge fixed fuel prices on future sales to our customers with, or without, physical delivery of fuel at their fair market value of $9.5 million. In the accompanying Consolidated Balance Sheets, such amount was included as Prepaid expenses and other current assets with an offsetting amount in Accrued expenses. For additional information, see “Derivatives” in Note 1 to the consolidated financial statements included herein.

We conduct the vast majority of our business transactions in U.S. dollars. However, in certain markets, primarily in Mexico, payments to our aviation fuel supplier are denominated in local currency. In addition, in Mexico, payments from some of our customers are also denominated in local currency. This subjects us to foreign currency exchange risk, which may adversely affect our results of operations and financial condition. We seek to minimize the risks from currency exchange rate fluctuations through our regular operating and financing activities.

Our policy is to not use derivative financial instruments for speculative purposes.

Item 8. Financial Statements and Supplementary Data

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated February 21, 2003, and the Selected Quarterly Financial Data (Unaudited), are set forth in Item 15 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

In March 2002, we changed our certifying accountants from Arthur Andersen LLP to PricewaterhouseCoopers LLP. There were no disagreements with Arthur Andersen LLP on any matter of accounting principles, accounting practices, or financial statement disclosure which have been reported on a Form 8-K within the 24 months prior to March 2002, or subsequently with PricewaterhouseCoopers LLP to the date of the most recent financial statement.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information concerning our directors and executive officers set forth under the captions "Election of Directors" and "Information Concerning Executive Officers," respectively, appearing in our definitive 2003 Proxy Statement for the Annual Meeting of Shareholders (the "2003 Proxy Statement"), is incorporated herein by reference.

Item 11. Executive Compensation

The information set forth in the 2003 Proxy Statement under the caption "Compensation of Officers" and "Board of Directors - Compensation of Directors" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the caption "Principal Shareholders and Security Ownership of Management" in the 2003 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under the caption "Transactions with Management and Others" in the 2003 Proxy Statement is incorporated herein by reference.

Item 14. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

We have evaluated our disclosure controls and procedures during the last 90 days. Based on such evaluation, our CEO, COO and Chief Financial Officer ("CFO") believe that such controls and procedures are effective to achieve the above objectives.

Changes in Internal Controls

Our CEO, COO and CFO have determined, based upon our most recent evaluation, that there have been no significant changes in our internal controls that could significantly affect our internal controls and procedures subsequent to that evaluation.

Limitations on the Effectiveness of Controls

Our management, including our CEO, COO and CFO, does not expect that our disclosure controls or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Table of Contents

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) The following consolidated financial statements are filed as a part of this Form 10-K:

(a)(2) Consolidated financial statement schedules not set forth herein have been omitted either because the required information is set forth in the consolidated financial statements or notes thereto, or the information called for is not required.

(a)(3) The exhibits set forth in the following index of exhibits are filed or incorporated by reference as a part of this Form 10-K:

Exhibit Number	Description
(3)	Articles of Incorporation and By-laws:
	(.1) Articles of Incorporation are incorporated by reference to our Registration Statement on Form S-18 filed February 3, 1986.
	(.2) By-laws, amended and restated By-laws as of February 19, 2003.
(4)	Instruments defining rights of security holders:
	(.1) 1986 Employee Stock Option Plan is incorporated by reference to our Registration Statement on Form S-18 filed February 3, 1986.
	(.2) 1993 Non-Employee Directors Stock Option Plan is incorporated by reference to our Schedule 14A filed June 28, 1994.
	(.3) 1996 Employee Stock Option Plan is incorporated by reference to our Schedule 14A filed July 18, 1997.
	(.4) 2001 Omnibus Plan is incorporated by reference to our Schedule 14A filed July 17, 2001.

(10) Material contracts:

(.1) Amended and Restated Employment Agreement with Mr. Paul Stebbins, Chairman to the Board of Directors and Chief Executive Officer, dated July 26, 2003.

(.2) Amended and Restated Employment Agreement with Mr. Michael Kasbar, President and Chief Operating Officer, dated July 26, 2003.

(.3) Credit Agreement, excluding schedules and exhibits as listed in the agreement, dated as of December 7, 2001, between World Fuel Services Corporation and LaSalle Bank National Association is incorporated by reference to our Form 10-Q filed February 8, 2002.

(.4) First Amendment to Credit Agreement, dated as of May 15, 2002, between World Fuel Services Corporation and LaSalle Bank National Association is incorporated by reference to our Form 10-K filed June 18, 2002.

(.5) Second Amendment to Credit Agreement, dated as of December 11, 2002, between World Fuel Services Corporation and LaSalle Bank National Association.

(.6) Third Amendment to Credit Agreement, dated as of February 24, 2003, between World Fuel Services Corporation and LaSalle Bank National Association.

(21) Subsidiaries of the Registrant.

(23) Consent of Independent Certified Public Accountants.

(99) Certifications

(.1) Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

(.2) Chief Operating Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

(.3) Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

(b) No reports on Form 8-K were filed during the quarter ended December 31, 2002.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors
of World Fuel Services Corporation:

In our opinion, the consolidated financial statements listed in the accompanying index appearing under item 15(a)(1) on page 31 present fairly, in all material respects, the financial position of World Fuel Services Corporation and subsidiaries (the "Company") at December 31, 2002 and March 31, 2002, and the results of their operations and their cash flows for the nine months ended December 31, 2002 and for the year ended March 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, pursuant to the adoption of Statement of Financial Accounting Standards ("SFAS") No.142, "Goodwill and other Intangible Assets," the Company changed its method of accounting for goodwill effective April 1, 2001. In addition, as discussed in Note 5, pursuant to the adoption of the accounting provision of SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123," effective April 1, 2002, the Company changed its accounting for the fair value of prospectively granted options.

/s/ PRICEWATERHOUSECOOPERS LLP

Miami, Florida
February 21, 2003

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To World Fuel Services Corporation:

We have audited the accompanying consolidated balance sheets of World Fuel Services Corporation (a Florida corporation) and subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2001. These consolidated financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of World Fuel Services Corporation and subsidiaries as of March 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2001 in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Miami, Florida,
May 30, 2001.

This Report of Independent Certified Public Accountants is a copy of a previously issued Arthur Andersen LLP ("Andersen") report and has not been reissued by Andersen. The inclusion of this previously issued Andersen report is pursuant to the "Temporary Final Rule and Final Rule: Requirements for Arthur Andersen LLP Auditing Clients," issued by the U.S Securities and Exchange Commission in March 2002. Note that this previously issued Andersen report includes references to certain years, which are not required to be presented in the accompanying consolidated financial statements as of and for the nine months ended December 31, 2002. In addition, this previously issued Andersen report includes reference to Schedule II, which was omitted in this report since the required information is set forth in Note 1 to the accompanying consolidated financial statements.

Table of Contents

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	As of		
	December 31, 2002	March 31, 2002	March 31, 2001
Assets			
Current assets:			
Cash and cash equivalents	$ 57,776	$ 58,172	$ 38,977
Accounts and notes receivable, net of allowance for bad debts of $11,112 at December 31, 2002, $11,012 at March 31, 2002, and $11,167 at March 31, 2001	177,360	132,586	125,863
Inventories	5,144	2,219	5,009
Prepaid expenses and other current assets	22,300	20,162	18,376
Total current assets	262,580	213,139	188,225
Property and equipment:			
Leasehold and improvements	462	302	357
Office equipment, furniture, computer equipment and software	12,492	11,754	10,904
Construction in progress - corporate office	1,946	—	—
	14,900	12,056	11,261
Less accumulated depreciation and amortization	8,026	6,438	5,130
	6,874	5,618	6,131
Other:			
Goodwill, net of amortization of $3,490	34,003	34,003	24,598
Identifiable intangible asset, net of amortization of $368 at December 31, 2002 and $92 at March 31, 2002	1,472	1,748	—
Other assets	7,358	3,415	3,211
	$ 312,287	$ 257,923	$ 222,165
Liabilities			
Current liabilities:			
Short-term debt	$ 2,527	$ 5,710	$ 2,321
Accounts payable	97,560	82,904	69,147
Accrued expenses	66,012	30,806	28,465
Customer deposits	5,264	3,819	5,781
Accrued salaries and wages	5,634	6,461	5,144
Income taxes payable	3,362	4,151	1,581
Total current liabilities	180,359	133,851	112,439
Long-term liabilities	4,198	7,633	5,866
	184,557	141,484	118,305
Commitments and contingencies			
Stockholders' Equity			
Preferred stock, $1.00 par value; shares of 100 authorized, none issued	—	—	—
Common stock, $0.01 par value; shares of 25,000 authorized, issued and outstanding shares of 12,765 at December 31, 2002 and March 31, 2002, and 12,541 at March 31, 2001	128	128	125
Capital in excess of par value	32,595	29,691	26,889
Retained earnings	114,334	106,841	93,770
Unearned deferred compensation	(1,886)	(116)	—
Treasury stock, at cost; shares of 2,071 at December 31, 2002, 2,388 at March 31, 2002, and 2,138 at March 31, 2001	(17,441)	(20,105)	(16,924)
	127,730	116,439	103,860
	$ 312,287	$ 257,923	$ 222,165

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(Unaudited)			
Revenue	$ 1,546,897	$ 1,013,781	$ 1,365,065	$ 1,529,242	$ 1,200,297
Cost of sales	(1,483,976)	(958,753)	(1,288,891)	(1,457,500)	(1,136,052)
Gross profit	62,921	55,028	76,174	71,742	64,245
Operating expenses:					
Salaries and wages	(23,484)	(22,445)	(30,515)	(26,299)	(21,587)
Executive severance charges	(4,492)	—	—	(3,505)	—
Provision for bad debts	(2,182)	(3,244)	(3,928)	(7,909)	(19,250)
Other	(18,977)	(14,433)	(20,442)	(19,877)	(16,490)
	(49,135)	(40,122)	(54,885)	(57,590)	(57,327)
Income from operations	13,786	14,906	21,289	14,152	6,918
Other (expense) income, net:					
Interest income	1,227	1,499	1,819	1,965	1,330
Interest expense	(389)	(328)	(541)	(348)	(953)
Earnings (losses) from aviation joint ventures, net	310	313	416	24	(1,955)
Non-recurring (charge) credit	(1,577)	1,000	1,000	365	(4,045)
Other, net	(1,601)	(651)	(757)	185	(23)
	(2,030)	1,833	1,937	2,191	(5,646)
Income from continuing operations before income taxes	11,756	16,739	23,226	16,343	1,272
Provision for income taxes	(1,884)	(3,977)	(5,991)	(4,557)	(1,444)
Income (loss) from continuing operations	9,872	12,762	17,235	11,786	(172)
Discontinued operations, net of tax	—	—	—	(1,152)	9,807
Net income	$ 9,872	$ 12,762	$ 17,235	$ 10,634	$ 9,635
Basic earnings (loss) per share:					
Continuing operations	$ 0.94	$ 1.23	$ 1.66	$ 1.11	$ (0.01)
Discontinued operations	—	—	—	(0.11)	0.81
Net income	$ 0.94	$ 1.23	$ 1.66	$ 1.00	$ 0.80
Weighted average shares - basic	10,468	10,378	10,381	10,644	12,045
Diluted earnings (loss) per share:					
Continuing operations	$ 0.91	$ 1.20	$ 1.62	$ 1.11	$ (0.01)
Discontinued operations	—	—	—	(0.11)	0.81
Net income	$ 0.91	$ 1.20	$ 1.62	$ 1.00	$ 0.80
Weighted average shares - diluted	10,900	10,652	10,646	10,663	12,045

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

Table of Contents

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

	Common Stock					Treasury Stock		
	Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Unearned Deferred Compensation	Shares	Amount	Total
Balance at March 31, 1999	12,534	$ 125	$ 26,769	$ 78,000	—	346	$ (4,097)	$ 100,797
Net income	—	—	—	9,635	—	—	—	9,635
Cash dividends declared	—	—	—	(2,379)	—	—	—	(2,379)
Purchases of stock	—	—	—	—	—	1,194	(8,423)	(8,423)
Other	3	—	31	—	—	—	—	31
Balance at March 31, 2000	12,537	125	26,800	85,256	—	1,540	(12,520)	99,661
Net income	—	—	—	10,634	—	—	—	10,634
Cash dividends declared	—	—	—	(2,120)	—	—	—	(2,120)
Purchases of stock	—	—	—	—	—	598	(4,404)	(4,404)
Other	4	—	89	—	—	—	—	89
Balance at March 31, 2001	12,541	125	26,889	93,770	—	2,138	(16,924)	103,860
Net income	—	—	—	17,235	—	—	—	17,235
Cash dividends declared	—	—	—	(4,164)	—	—	—	(4,164)
Purchases of stock	—	—	—	—	—	259	(3,257)	(3,257)
Issuance of restricted stock	25	1	297	—	(298)	—	—	—
Amortization of unearned deferred compensation	—	—	—	—	182	—	—	182
Exercise of stock options, including income tax benefit of $383	196	2	2,466	—	—	(9)	76	2,544
Other	3	—	39	—	—	—	—	39
Balance at March 31, 2002	12,765	128	29,691	106,841	(116)	2,388	(20,105)	116,439
Net income	—	—	—	9,872	—	—	—	9,872
Cash dividends declared	—	—	—	(2,379)	—	—	—	(2,379)
Issuance of restricted stock and options	—	—	1,327	—	(2,133)	(96)	806	—
Amortization of unearned deferred compensation	—	—	—	—	363	—	—	363
Exercise of stock options, including income tax benefit of $475	—	—	1,531	—	—	(217)	1,824	3,355
Other	—	—	46	—	—	(4)	34	80
Balance at December 31, 2002	12,765	$ 128	$ 32,595	$ 114,334	$ (1,886)	2,071	$ (17,441)	$ 127,730

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

Table of Contents

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(Unaudited)			
Cash flows from continuing operating activities:					
Income (loss) from continuing operations	$ 9,872	$ 12,762	$ 17,235	$ 11,786	$ (172)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by continuing operating activities -					
Provision for bad debts	2,182	3,244	3,928	7,909	19,250
Depreciation and amortization	2,222	1,296	1,939	2,350	2,430
Deferred income tax benefit	(618)	(607)	(2,163)	(743)	(2,762)
(Earnings) losses from aviation joint ventures, net	(310)	(313)	(416)	(24)	1,955
Non-recurring charges (credit)	1,577	—	—	(365)	4,045
Unearned deferred compensation amortization	363	39	182	—	—
Other non-cash operating charges	228	(195)	(131)	155	21
Changes in assets and liabilities, net of acquisitions					
Accounts and notes receivable	(46,956)	26,983	8,103	9,000	(68,174)
Inventories	(2,925)	2,107	2,790	5,409	(5,100)
Prepaid expenses and other current assets	(7,509)	1,180	460	(1,106)	1,348
Other assets	157	430	(293)	347	50
Accounts payable and accrued expenses	49,834	(21,395)	712	(10,213)	57,589
Customer deposits	1,445	(1,643)	(1,962)	2,764	(1,057)
Accrued salaries and wages	(827)	(145)	1,317	1,586	9
Income taxes payable	(789)	(158)	2,450	162	(233)
Deferred compensation	(1,712)	(183)	60	(880)	77
Total adjustments	(3,638)	10,640	16,976	16,351	9,448
Net cash provided by continuing operating activities	6,234	23,402	34,211	28,137	9,276
Cash flows from investing activities:					
Capital expenditures	(2,755)	(978)	(1,436)	(2,684)	(1,860)
Proceeds from the sale of leasehold property	—	296	296	—	—
Payment for acquisition of businesses	—	(3,113)	(8,574)	(1,824)	(4,184)
Proceeds from the sale of oil-recycling segment	—	—	—	—	28,000
Investment in aviation joint venture	—	—	—	(1,036)	—
Advances to aviation joint venture, net	—	—	—	—	(409)
Net cash (used in) provided by investing activities	(2,755)	(3,795)	(9,714)	(5,544)	21,547
Cash flows from financing activities:					
Dividends paid on common stock	(2,351)	(3,121)	(3,906)	(2,154)	(2,434)
Purchases of treasury stock	—	(1,279)	(3,257)	(4,404)	(8,423)
Repayment of debt	(4,404)	(1,510)	(2,050)	(18)	(1,456)
Proceeds from exercise of stock options	2,880	1,755	2,161	—	10
Payments under revolving credit facility, net	—	—	—	—	(4,000)
Net cash used in financing activities	(3,875)	(4,155)	(7,052)	(6,576)	(16,303)
Discontinued operations	—	1,750	1,750	(9,813)	1,726
Net (decrease) increase in cash and cash equivalents	(396)	17,202	19,195	6,204	16,246
Cash and cash equivalents, at beginning of period	58,172	38,977	38,977	32,773	16,527
Cash and cash equivalents, at end of period	$57,776	$56,179	$58,172	$38,977	$32,773

(Continued)

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(Continued)

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(Unaudited)			
Supplemental Disclosures of Cash Flow Information					
Cash paid during the period for:					
Interest	$ 761	$ 265	$ 397	$ 254	$ 838
Income taxes	$ 6,749	$ 4,720	$ 5,600	$ 14,752	$ 4,280

We paid cash and issued notes payable in connection with certain acquisitions of businesses accounted for under the purchase method for the nine months ended December 31, 2001 and the years ended March 31, 2002, 2001, and 2000. The following reconciles the fair values of the assets acquired, liabilities assumed, and promissory notes issued with cash paid:

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(Unaudited)			
Accounts receivable	$ —	$ —	$ 18,754	$ —	$ 192
Prepaid and other current assets	—	—	232	—	63
Property and equipment	—	—	—	—	152
Goodwill	—	5,113	9,405	2,364	8,520
Identifiable intangible assets	—	—	1,840	—	—
Short-term debt	—	—	(1,500)	—	(197)
Promissory notes, short-term portion	—	(1,000)	(1,952)	(540)	(1,262)
Accounts payable	—	—	(14,666)	—	(227)
Accrued expenses	—	—	(462)	—	(51)
Income tax payable	—	—	(29)	—	(18)
Promissory notes, long-term portion	—	(1,000)	(3,048)	—	(2,988)
Cash paid	$ —	$ 3,113	$ 8,574	$ 1,824	$ 4,184

(Continued)

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

Table of Contents

WORLD FUEL SERVICES CORPORATION AND SUBSIDIAIRES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)

Supplemental Schedule of Noncash Investing and Financing Activities

Cash dividends declared, but not yet paid, totaled $806 thousand at December 31, 2002, $783 thousand at December 31, 2001, $778 thousand at March 31, 2002, $520 thousand at March 31, 2001 and $554 thousand at March 31, 2000, and paid these dividends in January 2003 and 2002, April 2002, 2001, and 2000, respectively.

During the nine months ended December 31, 2002, in connection with the construction of our new corporate office, we recorded leasehold improvements of $484 thousand, which was paid by the landlord as an office construction allowance. As of December 31, 2002, the leasehold improvements for our new corporate office was included in Construction in progress – corporate office and the related deferred rental credit was included in Long-term liabilities. The deferred rental credit is being amortized on a straight-line basis over the lease period of the new corporate office.

In connection with the acquisition of businesses, we issued interest and non-interest bearing promissory notes amounting to $5.0 million, in the aggregate, after discounting the non-interest bearing promissory note at 5%, in January 2002 and April 2001; $540 thousand in February 2001; and $4.25 million in April 1999. See Notes 1 and 3 to the consolidated financial statements for additional information.

In January 2002 and April 1999, we assumed short-term debt of $1.5 million and $197 thousand, respectively, in connection with the acquisition of businesses. See Notes 1 and 3 to the consolidated financial statements for additional information.

In connection with our aviation joint venture investment in December 2000, we issued a non-interest bearing promissory note of $1.9 million after discounting the promissory note at 9%. For additional information, see Notes 1, 3, and 7 to the consolidated financial statements.

Effective April 1, 2002, we adopted the accounting provision of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123," to account for stock-based awards to our employees and non-employee directors. Under the provision of SFAS 123, we recorded, as of the grant date, the fair value of awards granted as Unearned deferred compensation and is being amortized over the minimum vesting period of each individual award. Stock-based awards granted prior to April 1, 2002, continued to be accounted for under the intrinsic value method of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." For the nine months ended December 31, 2002, we granted options to purchase 81 thousand shares at an aggregate value of $215 thousand and amortization of $59 thousand was recognized as compensation expense. See Note 5 to the consolidated financial statements for additional information.

Beginning in October 2001, under the 2001 Omnibus Plan, we started granting shares of restricted common stock to our employees. The fair value of the restricted stock, based on the market value of our common stock on the date of grant, is recorded as Unearned deferred compensation and is being amortized over the minimum vesting period of each individual stock grant. In October 2001, we granted 25 thousand shares at a value of $298 thousand and recorded compensation expense for the amortization of $182 thousand for the year ended March 31, 2002, of which $39 thousand was recorded for the nine months ended December 31, 2001. During the nine months ended December 31, 2002, we granted 96 thousand restricted shares at an aggregate value of $1.9 million and recorded amortization of $363 thousand as compensation expense. See Note 5 to the consolidated financial statements for additional information.

In connection with the sale of the oil-recycling segment in February 2000, we received $5.0 million of EarthCare Company ("EarthCare") stock, subject to lock-up and price protection agreements. See Notes 2 and 6 to the consolidated financial statements for additional information.

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Results for the Nine Months ended December 31, 2001 are Unaudited)

1. Nature of Business and Significant Accounting Policies

Nature of Business

In August 2002, we changed our fiscal year-end from March 31st to a calendar year-end of December 31st. We initiated this change so we could be more directly comparable to other public companies that use a calendar year for their fiscal year. This change was first effective with respect to the nine months ended December 31, 2002. The results for the nine months ended December 31, 2001, presented in this Form 10-K for comparison, are unaudited.

World Fuel Services Corporation began operations in 1984 as a used oil-recycler in the southeast United States. However, after 16 years, we sold our oil-recycling business in February 2000. In 1986, we diversified our operations by entering the aviation fuel services business through an acquisition. This new segment expanded rapidly, from a business primarily concentrated in Florida, to an international sales company covering airports throughout most of the world. Expansion was accomplished by establishing new offices and through acquisitions. In 1995, we further diversified our fuel services operations by entering the marine fuel services business through the acquisition of the Trans-Tec Services group of companies.

In April 1999, we continued the expansion of our global presence in the marine fuel services business by acquiring the operations of the Bunkerfuels group of companies, a worldwide seller and marketer of marine fuel services. We paid $4.2 million in cash, including $78 thousand in acquisition costs, and $4.25 million in the form of 7.75% promissory notes, due and paid over three years through April 2002. The acquisition was accounted for as a purchase. Accordingly, the results of operations of the Bunkerfuels group of companies were included with our results of operations since April 1999. Goodwill, representing our cost in excess of net assets acquired, amounted to approximately $8.5 million. No other significant intangible assets existed at the date of acquisition.

In December 2000, we entered into an aviation joint venture with Signature Flight Support Corporation (“Signature”), a Delaware corporation, through the acquisition of a 50% equity interest in PAFCO, L.L.C. (“PAFCO”) from Signature for $1.0 million in cash, and $2.5 million in the form of a non-interest bearing promissory note, payable over five years through January 2006. Due to a price adjustment, the first installment was approximately $400 thousand and paid in May 2002, and the second installment of $500 thousand was paid in January 2003. PAFCO markets aviation fuel and related services. Under the equity method of accounting, we have recorded our share of PAFCO’s results since January 1, 2001. Goodwill related to the cost in excess of 50% of the net assets of PAFCO, amounted to approximately $2.9 million, after discounting the promissory note at an interest rate of 9%, and including $79 thousand in acquisition costs and the price adjustment. No other significant intangible assets existed at the date of acquisition. See Note 7 for additional information.

In February 2001 and March 2001, we acquired the assets of Norse Bunker A.S., a Norway corporation, and the stock of TransportEdge, Inc., a Delaware corporation, respectively, for an aggregate purchase price of $2.4 million, including $64 thousand in acquisition costs. The aggregate purchase price consisted of $1.8 million in cash and $540 thousand in the form of a 7% promissory note, due and paid in February 2002. The acquisitions of Norse Bunker A.S., a marine fuel marketer, and TransportEdge, Inc., a software development company, were accounted for as purchases. Accordingly, the operations of these acquisitions have been included in our operating results since their respective dates of acquisition. The cost in excess of net assets acquired, or goodwill, for these acquisitions amounted to $2.4 million. No other significant intangible assets existed at the dates of the acquisitions.

Acquisitions in our marine segment continued in April 2001 and January 2002 with the stock acquisitions of Marine Energy Arabia Establishment Ltd., a British Virgin Islands (“BVI”) corporation, and the Oil Shipping group of companies, respectively. Both of these companies sell and market marine fuel services. The aggregate purchase price of these acquisitions was $13.6 million, including $175 thousand in acquisition costs. The components of the aggregate purchase price were $8.6 million in cash and the remainder in promissory notes. The promissory notes consisted of a $2.0 million note bearing interest of 7%, payable over two years with the first installment paid in April 2002, and a $3.3 million non-interest bearing note, which was discounted to $3.0 million using an interest rate of approximately 5%, payable annually over three years through January 2005 with approximately $73 thousand paid in July 2002 and $1.1 million paid in January 2003, which represented the remaining first installment balance. Both of these acquisitions were accounted for as purchases and the operations of these acquisitions have been included in our operating results since their respective dates of acquisition. Goodwill, representing the cost in excess of net assets acquired, for these acquisitions totaled $9.4 million. At the date of our January 2002 acquisition, we identified an intangible asset of approximately $1.8 million, relating to customer relations. This intangible asset is being amortized over five years using the straight-line method.

The BVI company sells and markets marine fuel services through Marine Energy Arabia Co, LLC, a United Arab Emirates ("Dubai") corporation. The BVI company owns 49% of the Dubai company. In accordance with local laws, the Dubai entity is 51% owned by a Dubai citizen, referred to as a Sponsor. The Dubai company, pursuant to a management contract, is required to pay for the staff and administrative support provided by the BVI entity. The BVI entity has entered into various agreements with the Dubai Sponsor to prevent an unauthorized ownership transfer and to effectively grant majority control of the Dubai entity to BVI. Accordingly, the financial position and operations of the Dubai entity have been included in our consolidated financial statements.

Basis of Consolidation

The accompanying consolidated financial statements and related notes to the consolidated financial statements include our accounts and those of our majority owned or controlled subsidiaries, after elimination of all significant intercompany accounts, transactions, and profits. Investments in non-majority controlled subsidiaries representing ownership of at least 20%, but less than or equal to 50%, are accounted for under the equity method. Accordingly, we use the equity method of accounting to record our share of the earnings and losses of our aviation joint ventures.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates fair value. Cash equivalents consist of highly liquid investments with maturities of three months or less from the date of purchase. Our cash equivalents consist principally of bank repurchase agreements collateralized by the United States Government, bank money market accounts, and commercial paper rated A1P1.

Accounts Receivable and Allowance for Bad Debts

Credit extension, monitoring and collection are performed by each of our business segments. Each segment has a credit committee. The credit committees are responsible for approving credit limits above certain amounts, setting and maintaining credit standards, and managing the overall quality of the credit portfolio. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current credit worthiness, as determined by our review of our customer's credit information. We extend credit on an unsecured basis to many of our customers.

We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowances can be either specific to a particular customer or general to all customers in each of our two business segments. We had accounts and notes receivable of $177.4 million, net of allowance for bad debts of $11.1 million, as of December 31, 2002. At March 31, 2002 and 2001, we had accounts and notes receivable of $132.6 million and $125.9 million, net of allowance for bad debts of $11.0 million and $11.2 million, respectively. The allowance for bad debts at December 31, 2002, March 31, 2002 and 2001 included a specific allowance of $3.0 million for one aviation customer representing the entire accounts receivable balance for that customer. Also, as of March 31, 2001, we established additional specific allowances for two other customers. Our general allowances for all other customers amounted to $8.1 million at December 31, 2002 and March 31, 2001, and $8.0 million at March 31, 2002.

The following table sets forth activities in our allowance for bad debts (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(unaudited)			
Balance at beginning of period	$ 11,012	$ 11,167	$ 11,167	$ 15,202	$ 6,709
Charges to provision for bad debts	2,182	3,244	3,928	7,909	19,250
Write-off of uncollectible accounts receivable	(2,473)	(3,608)	(4,288)	(12,145)	(11,243)
Recoveries of bad debts	391	198	205	201	486
Balance at end of period	$ 11,112	$ 11,001	$ 11,012	$ 11,167	$ 15,202

For additional information on accounts receivable and allowance for bad debts in our marine and aviation segments, see "Business Segments" in Note 8.

Inventories

Inventories are stated at the lower of cost (principally, first-in, first-out) or market. Components of inventory cost include fuel purchase costs, and the related transportation costs and storage fees. Also included in inventories are costs not yet billed, consistent with our policy on revenue recognition.

Derivatives

We use commodity swap contracts to hedge fixed fuel prices on future sales to our customers with, or without, physical delivery of product. We also may hedge the physical delivery of future purchases through a commodity based derivative instrument.

Effective April 2001, we adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and 138 and various interpretations of the Derivatives Implementation Task Force (collectively, SFAS No. 133). SFAS No. 133 established accounting and reporting standards requiring that all derivative instruments (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or a liability, and measured at fair value.

Our swap contracts are cash flow hedges of the related sales commitments. Changes in the fair value of our swap contracts are recognized as a component of other comprehensive income ("OCI") until the underlying hedged sale commitments are recognized in earnings. The ineffective portion of a hedge's change in fair value is immediately recognized in earnings as part of cost of sales. We formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategies for undertaking our hedge transactions.

As of December 31, 2002, we have recorded our swap contracts at their fair value of $9.5 million. In the accompanying Consolidated Balance Sheets, such amount was included as Prepaid expenses and other current assets with an offsetting amount in Accrued expenses since our OCI amounts for swap contracts fully offset at December 31, 2002. During the nine months ended December 31, 2002, all net changes in the fair value of our cash flow hedges were immaterial, as were any ineffective portions of these hedges. No cash flow hedges were derecognized or discontinued during the nine months ended December 31, 2002, and the amount of estimated unrealized net gains or losses which are expected to be reclassified to earnings in the next twelve months is not material.

Prior to April 2001, the fair values of our swap contracts were not recorded in our financial statements. Any differences paid or received on swap contracts were recognized as adjustments to earnings over the life of the contracts. Any gains or losses on sale commitments were recognized as adjustments to earnings as part of cost of sales upon the delivery of fuel or maturity of the commitment.

Table of Contents

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Leasehold and improvements	5 - 10
Office equipment, furniture, computer equipment and software	3 – 7

Costs of major additions and improvements, including appropriate interest, are capitalized and expenditures for maintenance and repairs, which do not extend the life of the asset, are expensed. Upon sale or disposition of property and equipment, the cost and related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Long-lived assets held and used by us are reviewed based on market factors and operational considerations for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Computer software costs are accounted for under Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 established criteria for determining which costs of developing or obtaining internal-use computer software should be charged to expense and which should be capitalized. In March 2000, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-2, "Accounting for Web Site Development Costs," which applies to all web site development costs incurred for quarters beginning after June 30, 2000. The consensus states that the accounting for specific web site development costs should be based on a model consistent with SOP 98-1. As of December 31, 2002, March 31, 2002 and 2001, capitalized computer software costs, including web site development costs, amounted to $3.0 million, $3.5 million, and $3.7 million, net of accumulated amortization of $2.8 million, $1.8 million, and $1.1 million, respectively.

In February 2003, we moved our corporate office from 700 South Royal Poinciana Boulevard in Miami Springs to 9800 Northwest 41st Street in Miami. As of December 31, 2002, leasehold improvements for our new corporate office, office equipment and furniture totaling approximately $1.9 million was included in Construction in progress – corporate office in the accompanying Consolidated Balance Sheets.

Goodwill, Identifiable Intangible Asset and Investment Goodwill

Goodwill and investment goodwill represent our cost or investment in excess of net assets, including identifiable intangible assets, of the acquired companies. Investment goodwill of approximately $2.9 million was included in Other assets in the accompanying Consolidated Balance Sheets at December 31, 2002, and March 31, 2002 and 2001. The identifiable intangible asset for customer relations existing at the date of acquisition of $1.8 million was recorded and is being amortized over its useful life of five years. Effective April 2001, as permitted, we elected to early adopt SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 established accounting and reporting standards for acquired goodwill and other intangible assets, and states that goodwill shall not be amortized prospectively. Accordingly, no goodwill amortization was recorded subsequent to the adoption of SFAS No. 142. We recorded goodwill amortization of $824 thousand, including investment goodwill amortization of $74 thousand, for the year ended March 31, 2001 and $730 thousand for the year ended March 31, 2000. We recorded amortization of our identifiable intangible asset of $276 thousand for the nine months ended December 31, 2002 and $92 thousand for the year ended March 31, 2002.

In accordance with SFAS No. 142, goodwill must be reviewed annually (or more frequently under certain circumstances) for impairment. The initial step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. Based on results of these comparisons, goodwill in each of our reporting units is not considered impaired. Accordingly, no impairment charges were recognized.

In accordance with SFAS No. 142, the following pro forma information is presented (in thousands, except earnings per share):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(unaudited)			
Net income:					
Reported net income	$ 9,872	$ 12,762	$ 17,235	$ 10,634	$ 9,635
Add back: Goodwill amortization, net of tax	—	—	—	636	573
Adjusted net income	$ 9,872	$ 12,762	$ 17,235	$ 11,270	$ 10,208
Basic earnings per share:					
Reported earnings per share	$ 0.94	$ 1.23	$ 1.66	$ 1.00	$ 0.80
Add back: Goodwill amortization, net of tax	—	—	—	0.06	0.05
Adjusted earnings per share	$ 0.94	$ 1.23	$ 1.66	$ 1.06	$ 0.85
Diluted earnings per share:					
Reported earnings per share	$ 0.91	$ 1.20	$ 1.62	$ 1.00	$ 0.80
Add back: Goodwill amortization, net of tax	—	—	—	0.06	0.05
Adjusted earnings per share	$ 0.91	$ 1.20	$ 1.62	$ 1.06	$ 0.85

Revenue Recognition

Revenue is generally recorded in the period when the sale is made or as the services are performed. We contract with third parties to provide the fuel and/or deliver most services. This causes delays in receiving the necessary information for invoicing. Accordingly, revenue may be recognized in a period subsequent to when the actual delivery of fuel or service was performed. This policy does not result in reported results that are materially different than if the revenue were recognized in the period of actual delivery or performance.

In December 1999, the staff of the Securities and Exchange Commission (the "SEC") published Staff Accounting Bulletin 101, "Topic 13: Revenue Recognition," ("SAB 101") to provide guidance on the recognition, presentation and disclosure of revenue in financial statements. SAB 101 also provides guidance on disclosures that should be made for revenue recognition policies and the impact of events and trends on revenue. We adopted SAB 101, effective June 30, 2000, as required. The implementation of SAB 101 did not have a material effect on our financial position or results of operations.

Income Taxes

Our provision for income taxes was determined by taxable jurisdiction. We file a consolidated U.S. federal income tax return which includes all of our U.S. companies. Our non-U.S. companies file income tax returns in their respective countries of incorporation, as required. We do not provide for U.S. federal and state income taxes, and non-U.S. withholding taxes on the undistributed earnings of our non-U.S. companies. The distribution of these earnings would result in additional U.S. federal and state income taxes to the extent they are not offset by foreign tax credits and non-U.S. withholding taxes. It is our intention to reinvest undistributed earnings of our non-U.S. companies indefinitely and thereby postpone their remittance. Accordingly, no provision has been made for taxes that could result from the remittance of such earnings.

We provide for deferred income taxes on temporary differences arising from assets and liabilities whose bases are different for financial reporting and U.S. federal, state and non-U.S. income tax purposes. A valuation allowance is recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized. No valuation allowance was recorded in the accompanying Consolidated Balance Sheets.

Table of Contents

Earnings Per Share

Basic earnings per share is computed based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the sum of the weighted average number of common shares outstanding, non-vested restricted common stock and common stock equivalents arising out of employee stock options and non-employee stock options and warrants. Our net income is the same for basic and diluted earnings per share calculations. Shares used to calculate earnings per share are as follows (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(unaudited)			
Basic weighted average shares	10,468	10,378	10,381	10,644	12,045
Restricted stock weighted average shares	72	7	12	—	—
Common stock equivalents	360	267	253	19	—
Diluted weighted average shares used in the calculation of diluted earnings per share	10,900	10,652	10,646	10,663	12,045
Weighted average shares of stock options and warrants included in the determination of common stock equivalents for the calculation of diluted earnings per share	1,168	1,524	1,087	184	—
Weighted average shares of stock options which are not included in the calculation of diluted earnings per share because their impact is antidilutive	168	474	415	1,029	1,097

Foreign Currency

Our primary functional currency is the U.S. Dollar, which also serves as our reporting currency. Our non-U.S. entities translate their monetary assets and liabilities, denominated in foreign currencies, at fiscal year-end exchange rates while non-monetary assets and liabilities, denominated in foreign currencies, are translated at historical rates. Income and expense accounts, denominated in foreign currencies, are translated at the average rates in effect during the year, except for depreciation which was translated at historical rates. Unrealized foreign currency gains and losses relating to the translation of non-U.S. entities’ assets, liabilities, income, and expense were included in Other, net in the accompanying Consolidated Statements of Income, in the period incurred and ended, and amounted to net losses of $1.2 million for the nine months ended December 31, 2002, and $127 thousand and $428 thousand for the years ended March 31, 2001 and 2000, respectively, and net gains of $77 thousand for the nine months ended December 31, 2001 and $134 thousand for the year ended March 31, 2002, respectively.

Some of our aviation fuel purchases are denominated in local currency. Realized foreign currency exchange gains and losses on transactions were included in Other, net in the accompanying Consolidated Statements of Income, in the period incurred, and amounted to net losses of $364 thousand and $1.0 million for the nine months ended December 31, 2002 and 2001, respectively, and $1.2 million and $312 thousand for the years ended March 31, 2002 and 2000, respectively, and a net gain of $376 thousand for the year ended March 31, 2001.

Comprehensive Income

There were no significant items of other comprehensive income, and, thus, net income was equal to comprehensive income for all periods presented.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates primarily relate to the realizability of accounts and notes receivable, and unsettled transactions and events as of the date of the financial statements. Accordingly, actual results could differ from estimated amounts.

Fair Value of Financial Instruments

The estimated fair values of financial instruments, which are presented herein, have been determined by our management using available market information and appropriate valuation methodologies. However, considerable judgment was required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of amounts we could realize in a current market exchange.

Accounts and notes receivable, net, and accounts payable are reflected in the accompanying Consolidated Balance Sheets at amounts considered by management to reasonably approximate fair value due to their short-term nature.

We estimate the fair value of our long-term debt generally using discounted cash flow analysis based on our current borrowing rates for similar types of debt. As of December 31, 2002, the carrying value of the long-term debt approximated the fair value of such instruments.

Reclassifications

Certain amounts in prior periods have been reclassified to conform to the presentation for the nine months ended December 31, 2002.

Recent Accounting Pronouncements

In April 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets, excluding goodwill. The adoption of SFAS No. 144 did not have a material effect on our consolidated financial statements.

In November 2002, the FASB issued Interpretation No. 45 ("FIN No. 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN No. 45 clarifies and expands on the existing disclosure requirements for guarantees. FIN No. 45 also requires recognition of a liability at fair value of a company's obligations under certain guarantee contracts. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. We believe that our consolidated financial statements as of and for the nine months ended December 31, 2002 are in compliance with the disclosure requirements of FIN No. 45. The initial recognition and measurement provisions of FIN No. 45 are applied only on a prospective basis to guarantees issued after December 31, 2002, irrespective of the guarantor's fiscal year-end. We are currently evaluating the impact of FIN No. 45, if any, on our financial position and results of operations.

In January 2003, the FASB issued Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities." FIN No. 46 expands upon and strengthens existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. A variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Disclosure requirements apply to any financial statements issued after January 31, 2003. Since currently we do not have variable interest entities, we do not believe that the implementation of FIN No. 46 will have a material effect on our consolidated financial statements and related disclosures.

2. Discontinued Operations

In January 2000, our Board of Directors authorized the sale of our oil-recycling segment. Accordingly, as of December 1999, we reported our oil-recycling segment as a discontinued operation. Financial results for periods prior to the dates of discontinuance have been reclassified to reflect continuing operations.

In February 2000, we sold the stock of our oil-recycling subsidiaries, the International Petroleum Corporation group (“IPC”), to EarthCare Company. Pursuant to the stock purchase agreement between the parties, we received $28.0 million in cash and $5.0 million in EarthCare common stock, subject to lock-up and price protection agreements. In addition to the $33.0 million purchase price, after the sale, EarthCare was to pay us the value of certain assets employed in the oil-recycling business through the collection of our accounts receivable by EarthCare and the sale of inventory, prepaid expenses and other assets to EarthCare. EarthCare failed to pay us the amounts due after closing of the sale, and we commenced legal proceedings to collect these amounts.

In March 2001, we entered into a settlement agreement with EarthCare (the “Settlement Agreement”) which dismissed the pending proceedings. Pursuant to this settlement, in April 2001, we received $1.75 million from EarthCare in settlement of amounts due to us. The Settlement Agreement also released us from all indemnifications previously provided to EarthCare, including environmental indemnifications, as stated in the original purchase agreement for the IPC companies. The settlement resulted in a reduction in the amount of assets we ultimately realized in connection with the discontinuance of our used oil-recycling business. Accordingly, this was reflected as a non-recurring after-tax charge of $656 thousand to our discontinued operations for the year ended March 31, 2001. We also recorded additional income taxes of $496 thousand associated with the discontinued operations based on the actual income tax returns filed for the year ended March 31, 2000. As of March 31, 2001, the $1.75 million settlement was included in Prepaid expenses and other current assets.

As part of the Settlement Agreement, Donald F. Moorehead, Jr., Chairman of EarthCare, agreed to purchase the EarthCare stock owned by us for approximately $5.0 million. In May 2001, Mr. Moorehead defaulted on his agreement to purchase those shares. We commenced legal proceedings against Mr. Moorehead to enforce his contract to purchase the EarthCare stock owned by us.

In July 2001, we received a Summary Judgment from the United States District Court for the Southern District of Florida which ordered Mr. Moorehead to pay us compensatory damages of approximately $5.0 million, plus interest from May 1, 2001. From August 2001 to October 2001, we received principal and interest payments totaling $700 thousand from Mr. Moorehead. As of March 31, 2002 and 2001, a receivable from Mr. Moorehead of approximately $4.3 million and $5.0 million, respectively, was included in Prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets. We had been pursuing collection of this judgment and, in May 2002, the court appointed a receiver to take possession and control of all nonexempt assets and property interests of Mr. Moorehead. As a result of the receiver’s activities, we received several offers from Mr. Moorehead to settle the outstanding balance on our judgment and received $350 thousand of principal and interest payments from Mr. Moorehead from May 2002 to August 2002, resulting in a total principal and interest collection of approximately $1.1 million. Finally, in October 2002, we received $3.0 million as a final payment to settle the remaining balance due on our judgment. Accordingly, in connection with the settlement, during the nine months ended December 31, 2002, we recorded a non-recurring charge of approximately $1.6 million, which includes $346 thousand of legal and receiver fees. See Note 6, Commitments and Contingencies – Legal matters, for additional information.

During the year ended March 31, 2000, we recognized net income of $9.8 million on the disposal of our oil-recycling segment. Net income from discontinued operations included $1.6 million, net of $980 thousand in taxes, for the oil-recycling segment operating income for the ten months ended January 31, 2000, the measurement date, and $8.2 million, net of $5.2 million in taxes and $92 thousand in provision for certain costs during the phase-out period, for the gain on sale of the segment. Revenue applicable to the discontinued operations was $22.5 million for the year ended March 31, 2000. Income from operations of the discontinued operations for the year ended March 31, 2000 was $2.5 million.

3. Debt

In December 2001, we obtained a new credit facility from a different bank to replace our former credit facility. Our credit facility, as amended, has a credit limit of $40.0 million with a sublimit of $30.0 million for the issuance of letters of credit. Our available borrowings under the credit facility are reduced by the amount of outstanding letters of credit. Borrowings under the revolving credit facility bear interest at market rates. Interest is payable quarterly in arrears. The credit facility agreement expires on December 7, 2005. The credit facility agreement imposes certain operating and financial restrictions on us, including restrictions on the payment of dividends in excess of specified amounts. Our failure to comply with obligations under the revolving credit agreement, including meeting certain financial ratios, could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the credit agreement, and impair our ability to receive advances, and issue letters of credit, and may have a material adverse effect on us.

As of December 31, 2002, we had no borrowings under the credit facility. Letters of credit of $14.4 million were outstanding, at December 31, 2002, under the credit facility agreement. A majority of these letters of credit, provided to certain suppliers under the normal course of business, expire within one year from their issuance, and expired letters of credit are renewed as needed.

Our debt consisted of the following (in thousands):

	As of		
	December 31, 2002	March 31, 2002	March 31, 2001
Promissory notes issued in connection with business acquisitions, including the investment in aviation joint venture:			
Non-interest bearing promissory note of $2.5 million, payable annually through January 2006, net of unamortized imputed discount (at 9%) of $226 at December 31, 2002, and $335 and $513 at March 31, 2002 and 2001, respectively, with an adjusted first installment of $400 paid in May 2002 and a second installment of $500 paid in January 2003	$ 1,774	$ 2,065	$ 1,987
Non-interest bearing promissory note of $3.3 million, payable annually through January 2005, net of unamortized imputed discount (at 5%) of $152 and $263 at December 31, 2002 and March 31, 2002, respectively, with approximately $73 paid in July 2002 and the remainder of the first installment of approximately $1,027 paid in January 2003	3,074	3,037	—
7.0% promissory note, payable annually through April 2003 with the first installment paid in April 2002	1,000	2,000	—
7.75% promissory note, paid in April 2002, secured by letters of credit which expired in April 2002	—	1,430	2,832
7.0% promissory note, paid in February 2002	—	—	540
3.68% bank loan assumed in connection with a business acquisition, paid in September 2002	—	1,500	—
Other	—	—	120
Total debt	$ 5,848	$ 10,032	$ 5,479
Short-term debt	$ 2,527	$ 5,710	$ 2,321
Long-term debt	$ 3,321	$ 4,322	$ 3,158

As of December 31, 2002, the aggregate annual maturities of debt, net of unamortized imputed discount, are as follows (in thousands):

For the Year Ending December 31,	
2003	$ 2,527
2004	1,385
2005	1,469
2006	467
	$ 5,848

4. Income Taxes

U.S. and non-U.S. income (loss) from continuing operations before income taxes, based on the country of incorporation of World Fuel Services Corporation and subsidiaries, consist of the following (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(unaudited)			
United States	$ (5,674)	$ (1,536)	$ (1,051)	$ (5,014)	$ (1,769)
Non-U.S.	17,430	18,275	24,277	21,357	3,041
	$ 11,756	$ 16,739	$ 23,226	$ 16,343	$ 1,272

The provision (benefit) for income taxes related to continuing operations consist of the following components (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(unaudited)			
Current:					
U.S. federal	$ (805)	$ (197)	$ 948	$ 106	$ 584
State	140	37	449	(99)	(386)
Non-U.S.	3,167	4,744	6,757	5,293	4,008
	2,502	4,584	8,154	5,300	4,206
Deferred:					
U.S. federal	(211)	(222)	(486)	(1,109)	(479)
State	(288)	53	(537)	233	(139)
Non-U.S.	(119)	(438)	(1,140)	133	(2,144)
	(618)	(607)	(2,163)	(743)	(2,762)
Total	$ 1,884	$ 3,977	$ 5,991	$ 4,557	$ 1,444

Our share of undistributed earnings of non-U.S. subsidiaries, not included in the consolidated U.S. federal income tax return which could be subject to additional U.S. federal income taxes, if remitted, was approximately $60.3 million at December 31, 2002, and $49.9 million and $39.5 million at March 31, 2002 and 2001, respectively. The distribution of these earnings would result in additional U.S. federal and state income taxes to the extent they are not offset by foreign tax credits and non-U.S. withholding taxes. It is our intention to reinvest undistributed earnings of our non-U.S. companies indefinitely and thereby postpone their remittance. Accordingly, no provision has been made for taxes that could result from the remittance of such earnings and it is not practicable to estimate the amount of such taxes. During the year ended March 31, 2002, our non-U.S. subsidiaries remitted to us previously taxed earnings of $6.0 million. As part of our global tax restructuring, our non-U.S. subsidiaries declared and paid to us dividends of $21.5 million during the year ended March 31, 2001.

A reconciliation of the Federal statutory tax rate with the effective tax rate is as follows (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(unaudited)			
U.S. federal statutory rate	34.0%	34.0%	34.0%	34.0%	34.0%
Non-deductible goodwill amortization	—	—	—	0.6	8.0
Other permanent differences	2.6	0.4	0.3	0.5	5.3
State income taxes, net of U.S. federal income tax benefit	1.1	0.4	2.9	5.7	1.0
Foreign earnings, net of foreign taxes	(21.7)	(11.0)	(11.4)	(12.9)	65.2
Effective income tax rate	16.0%	23.8%	25.8%	27.9%	113.5%

The temporary differences which comprise our net deferred income tax assets are as follows (in thousands):

	As of		
	December 31, 2002	March 31, 2002	March 31, 2001
Excess of provision for bad debts over charge-offs	$ 4,971	$ 5,131	$ 4,330
Income tax credits	3,325	4,118	2,491
Net operating loss	2,231	—	—
Excess of tax over financial reporting for depreciation of fixed assets	(559)	(612)	(432)
Excess of tax over financial reporting amortization of of identifiable intangibles and goodwill	(1,924)	(1,364)	(963)
Accrued compensation expenses recognized for financial reporting purposes, not currently tax deductible	707	1,167	1,005
Accrued expenses recognized for financial reporting purposes, not curently tax deductible	1,186	579	(49)
Total deferred income tax assets, net	$ 9,937	$ 9,019	$ 6,382
Deferred income tax assets, current	$ 5,837	$ 10,226	$ 7,045
Deferred income tax assets, non-current	$ 4,100	$ —	$ —
Deferred income tax liabilities, non-current	$ —	$ 1,207	$ 663

The deferred current and non-current income tax assets, and deferred non-current income tax liabilities are included in Prepaid expenses and other current assets, Other assets, and Long-term liabilities in the accompanying Consolidated Balance Sheets, respectively. As of December 31, 2002, we have foreign income tax credit carryovers of approximately $2.8 million, which begin to expire in 2005. Additionally, we have an alternative minimum tax (“AMT”) credit carryforward of approximately $486 thousand, which can be used to offset our regular income tax payable in future fiscal years. The AMT credit has an indefinite carryforward period.

At December 31, 2002, we have U.S. federal, state, and non-U.S. non-capital net operating losses of approximately $5.3 million, $5.0 million, and $300 thousand. Current U.S. federal tax laws allow net operating losses to be carried back five years, or forward for 20 years, and we are currently evaluating the available carry periods to maximize our tax benefits. The U.S. federal, state, and non-U.S. non-capital net operating losses, if unused, will start to expire, in varying amounts, after 2022, 2020, and 2011, respectively.

Also, at December 31, 2002, we have U.S. federal capital losses of approximately $1.6 million. Current U.S. federal laws allow capital losses to be carried back three years and forward five years, and we are currently evaluating the available carry periods to maximize our tax benefits. The capital losses, if unused, will expire in 2007.

During the year ended March 31, 2002, the Internal Revenue Service ("IRS") completed an examination of our consolidated U.S. Federal income tax returns for the years ended March 31, 1999 and 1998. The results of the IRS examination did not have a material effect on our consolidated financial statements.

5. Stockholders' Equity

Common Stock Grants

During the nine months ended December 31, 2002 and the years ended March 31, 2002, 2001 and 2000, we issued 3,500 shares, 3,000 shares, 2,500 shares, and 2,000 shares, respectively, of our common stock to our non-employee directors pursuant to a stock grant program whereby each non-employee director is given an annual stock grant of 500 shares of our common stock. In September 2002, two non-employee directors received an additional common stock grant of 300 shares. In January 2001, we issued an additional 1,000 shares of our common stock to one non-employee director. These additional common stock grants were for additional services performed by such individuals for the Board of Directors committees. Based on the market value of our common stock on the date of grant, we recorded non-employee director compensation cost of $35 thousand for the nine months ended December 31, 2002, and $39 thousand, $29 thousand, and $31 thousand for the years ended March 31, 2002, 2001, and 2000.

Dividends

We declared cash dividends of $0.225 and $0.325 per share of common stock for the nine months ended December 31, 2002 and 2001, respectively, $0.40 per share of common stock for the year ended March 31, 2002, and $0.20 per share of common stock for the years ended March 31, 2001 and 2000. Included in the cash dividend for the nine months ended December 31, 2001 and the year ended March 31, 2002 was a special cash dividend of $0.10 declared in May 2001.

Treasury Stock

Our Board of Directors, from time to time, has authorized certain stock repurchase programs whereby we could repurchase our common stock, subject to certain restrictions pursuant to our credit facility. The following summarizes the status of our treasury stock repurchase programs at December 31, 2002 (in thousands, except average price per share data):

		Repurchases			
Repurchase Program	Authorized Stock Repurchases	Shares	Aggregate Cost	Average Price	Remaining Authorized Stock Repurchases
August 1998	$ 6,000	616	$ 6,000	$ 9.74	$ —
January 2000	10,000	1,391	10,000	7.19	—
September 2000	10,000	368	3,987	10.83	6,013
		2,375	$ 19,987		

Outside of the treasury stock repurchase programs, we acquired approximately 22 thousand shares of our common stock in 1998 with an aggregate cost of $194 thousand.

Our Board of Directors also resolved that the repurchased shares may be reissued for any proper corporate purpose, including without limitation, future acquisitions. In March 2002, we began reissuing our repurchased shares in connection with restricted stock grants to employees, non-restricted stock grants to non-employee directors, and exercises of stock options by employee and non-employee directors. The difference between the aggregate cost of the repurchased shares and the fair value of the restricted stock grants at the date of grant or the proceeds from the employee stock option exercises is recorded in Capital in excess of par value in the accompanying Consolidated Balance Sheets. As of December 31, 2002, we have reissued 326 thousand shares of treasury stock with an aggregate cost of $2.7 million.

Employee and Non-Employee Directors Stock Options

In 1986, our shareholders approved the 1986 Employee Stock Option Plan (the "1986 Plan"), as amended. The 1986 Plan expired in 1996. Options granted under the 1986 Plan, but not yet exercised, survive the 1986 Plan until the options expire. Outstanding options at December 31, 2002 under the 1986 Plan expire between January 2005 and March 2005.

In 1997, our shareholders approved the 1996 Employee Stock Option Plan (the "1996 Plan"), as amended. The 1996 Plan was replaced by the 2001 Omnibus Plan (the "2001 Plan"). Options granted under the 1996 Plan, but not yet exercised, survive the 1996 Plan until the options expire. Outstanding options at December 31, 2002 under the 1996 Plan expire between August 2006 and October 2011.

The 2001 Plan was approved by our shareholders in August 2001 and provides a total of 500 thousand shares of our common stock for issuance to our employees. The 2001 Plan is administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"). Additional shares of our common stock that may be granted under the 2001 Plan include any shares of our common stock that are available for future grant under any of our prior stock option plans, and any stock or options granted under the 2001 Plan or any prior plans that are forfeited, expired or canceled. Furthermore, pursuant to the 2001 Plan and upon our Board of Directors' authorization in January 2002, any shares of our common stock that are reacquired by us in the open market or in private transactions after the effective date of the 2001 Plan, were added to the limitation on the total shares of our common stock which may be issued under the 2001 Plan. As of December 31, 2002, we have repurchased approximately 259 thousand shares since the 2001 Plan's effective date, and accordingly increased the total number of shares of our common stock which may be delivered to participants in the 2001 Plan by the same number of shares. As of December 31, 2002, the aggregate limit on the total shares of our common stock which may be issued under the 2001 Plan was approximately 797 thousand shares, of which 117 thousand shares are subject to stock options already issued and an additional 121 thousand shares have been issued as restricted stock grants.

Under the provisions of the 2001 Plan, the Compensation Committee is authorized to grant common stock, which can be restricted, or stock options which can be "qualified" or "nonqualified" under the Internal Revenue Code of 1986, as amended, or stock appreciation rights, or other stock or non-stock-based awards, including but not limited to stock units, performance units, or dividend equivalent payments. The 2001 Plan is unlimited in duration and, in the event of its termination, the 2001 Plan will remain in effect as long as any of the above items granted by the Compensation Committee are outstanding; provided, however, that no awards may be granted under the 2001 Plan after August 2006. The term and vesting period of awards granted under the 2001 Plan is established by the Compensation Committee, but in no event shall stock options or stock appreciation rights remain exercisable after the five-year anniversary of the date of grant. Outstanding options at December 31, 2002 under the 2001 Plan expire between September 2006 and December 2007.

In 1994, our shareholders approved the 1993 Non-Employee Directors Stock Option Plan (the "Directors Plan"), as amended. The Directors Plan permits the issuance of options to purchase up to an aggregate of 150 thousand shares of our common stock. Additional options to purchase shares of our common stock may be granted under the Directors Plan for any options that are forfeited, expired or canceled without delivery of shares of our common stock or which result in the forfeiture of the shares of our common stock back to us. Under the Directors Plan, members of the Board of Directors who are not our employees receive a non-qualified option to purchase five thousand shares, on a pro-rata basis, when such person is first elected to the Board of Directors and will receive a non-qualified option to purchase five thousand shares each year that the individual is re-elected. Options granted are fully exercisable one year after the date of grant. All options under the Directors Plan expire five years after the date of grant. Outstanding options at December 31, 2002 under the Directors Plan expire between August 2003 and August 2007.

In addition to the above stock option plans, in 1995, we issued certain non-qualified options to various employees. These options expire in January 2005.

Table of Contents

As of December 31, 2002, the following table summarizes the outstanding stock options which were issued pursuant to the plans described above, and the options issued outside the plans in 1995 (in thousands, except weighted-average exercise price):

Plan name or description	(a) Number of securities to be issued upon exercise of outstanding options, and warrant	(b) Weighted-average exercise price of Outstanding Options, and warrant	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
2001 Plan	117	$ 16.21	559
1996 Plan	923	13.11	—
1986 Plan	57	6.89	—
Directors Plan	80	15.33	6
1995 non-qualified options (1)	26	6.89	—
	1,203	$ 13.13	565

(1) These options were not approved by shareholders. All other plans shown in the table were approved by shareholders.

The following table summarizes the status of our stock options outstanding and exercisable, and related transactions for the nine months ended December 31, 2002, and the years ended March 31, 2002, 2001, and 2000 (in thousands, except weighted-average exercise price):

	Options Outstanding		Options Exercisable	
	Options	Weighted-Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding at March 31, 1999	1,056	$ 14.36	471	$ 9.99
Granted	64	11.79		
Exercised	(2)	6.89		
Forfeited/expired	(30)	11.42		
Options outstanding at March 31, 2000	1,088	14.30	602	12.22
Granted	428	8.20		
Forfeited/expired	(58)	14.04		
Options outstanding at March 31, 2001	1,458	12.52	1,130	13.14
Granted	148	13.38		
Exercised	(205)	10.53		
Forfeited/expired	(30)	12.59		
Options outstanding at March 31, 2002	1,371	12.90	1,123	13.15
Granted	81	18.52		
Exercised	(221)	13.46		
Forfeited/expired	(28)	17.39		
Options outstanding at December 31, 2002	1,203	$ 13.13	949	$ 12.89

Table of Contents

The following table summarizes the exercise prices of our stock options outstanding and exercisable at December 31, 2002 (in thousands, except exercise price data and contractual life):

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Options	Weighted - Average Remaining Contractual Life (in Years)	Weighted - Average Exercise Price	Options	Weighted - Average Exercise Price
$ 6.89 to $9.25	459	6.8	$ 7.96	392	$ 7.78
$10.75 to $13.69	333	4.9	11.65	246	11.56
$16.71 to $21.63	411	5.1	20.10	311	20.39
Total	1,203		$ 13.13	949	$ 12.89

Effective April 1, 2002, we adopted the accounting provision of SFAS No. 123, “Accounting for Stock-Based Compensation,” as amended by SFAS No. 148, “Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123,” to account for stock options granted to our employees and non-employee directors using the prospective method. Under the fair value recognition provision, as of the grant date, we recorded the fair value of the stock option granted as Unearned deferred compensation, which is amortized over the minimum vesting period of each individual award as compensation cost. For the nine months ended December 31, 2002, we granted stock options to purchase 81 thousand shares of our common stock at an aggregate fair value of $215 thousand and recorded amortization of $59 thousand for employee and non-employee director compensation cost. As of December 31, 2002, the unearned deferred compensation for stock options granted to our employees and non-employee directors was $156 thousand.

For stock options granted prior to April 1, 2002, we continued using the intrinsic value method of APB Opinion No. 25, “Accounting for Stock Issued to Employee,” and related interpretations. Accordingly, no compensation expense has been recognized for such stock options when the exercise price was at or above market price of our common stock on the date of grant. As required, the following table reflects pro forma net income and diluted earnings per share had stock options granted prior to April 1, 2002 been accounted for under the fair value recognition provision of SFAS 123 (in thousands, except earnings per share):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
Net income:					
As reported	$ 9,872	$ 12,762	$ 17,235	$ 10,634	$ 9,635
Pro forma	9,770	12,629	17,057	10,199	9,152
Basic earnings per share:					
As reported	$ 0.94	$ 1.23	$ 1.66	$ 1.00	$ 0.80
Pro forma	0.93	1.22	1.64	0.96	0.76
Diluted earnings per share:					
As reported	$ 0.91	$ 1.20	$ 1.62	$ 1.00	$ 0.80
Pro forma	0.90	1.19	1.60	0.96	0.76

The fair value of each stock option granted was estimated using the Black-Scholes option pricing model. The following table summarizes the weighted average fair value of the stock options granted for each of the following periods and the related weighted average assumptions:

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
Fair-value of stock option	$ 2.66	$ 2.36	$ 2.36	$ 2.12	$ 2.48
Expected life (in years)	2.86	4.00	4.00	4.00	4.00
Dividend yields	1.39%	2.16%	2.16%	1.74%	1.45%
Risk-free interest rates	2.47%	4.13%	4.13%	5.04%	5.06%
Volatility	18.80%	20.00%	20.00%	20.00%	20.00%

Restricted Common Stock

Beginning in October 2001, under the 2001 Omnibus Plan, we started granting shares of restricted common stock to our employees. The fair value of the restricted stock, based on the market value of our common stock on the date of grant, is recorded as Unearned deferred compensation and is being amortized over the minimum vesting period of each individual stock grant. In October 2001, we granted 25 thousand shares at a value of $298 thousand and recorded amortization for employee compensation expense of $182 thousand for the year ended March 31, 2002, of which $39 thousand was recorded for the nine months ended December 31, 2001. During the nine months ended December 31, 2002, we granted 96 thousand restricted shares at an aggregate value of $1.9 million and recorded amortization of $304 thousand for employee compensation cost. As of December 31, 2002, the unearned deferred compensation for restricted common stock to our employees was approximately $1.7 million. At December 31, 2002, there were 115 thousand shares of unvested restricted stock, which will vest between October 2003 and September 2007.

Warrant

In July 2000, we granted a warrant to an investment-banking firm in connection with the engagement of such firm to provide advisory services to us. The warrant entitles the holder to purchase up to 50,000 shares of our common stock at an exercise price of $9.50 per share, for a period of three years. In accordance with EITF Issue No. 96-18, “Accounting for Equity Instruments That Are Issued through Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,” we determined the fair value of this warrant to be approximately $60 thousand based on the Black-Scholes option-pricing model. In October 2000, we terminated our relationship with the investment-banking firm. Accordingly, we expensed the entire estimated value of this warrant during the year ended March 31, 2001. This warrant expires in July 2003.

6. Commitments and Contingencies

Lease Commitments

As of December 31, 2002, our future minimum lease payments under non-cancelable operating leases for rental properties were as follows (in thousands):

For the Year Ending December 31,	
2003	$ 1,382
2004	1,318
2005	1,132
2006	981
2007	855
Thereafter	3,308
	$ 8,976

We incurred rental expense for all properties of $1.5 million and $1.1 million for the nine months ended December 31, 2002 and 2001, respectively, $1.5 million for the year ended March 31, 2002, and $1.3 million for each of the years ended March 31, 2001 and 2000.

In the normal course of business, we may enter into non-cancelable operating leases for office and computer equipment, and service contracts with minimum service fee commitments for telecommunication, and computer data and document storage. As of December 31, 2002, there were no material non-cancelable operating leases for office and computer equipment or service contracts with minimum service fee commitments.

Surety Bonds

In the normal course of business, we are required to post bid, performance and garnishment bonds. The majority of the surety bonds posted relate to our aviation fuel services business. As of December 31, 2002, we had $9.8 million in outstanding bonds.

Concentration of Credit Risk

Our marine and aviation fueling businesses extend unsecured credit to most of their customers. Part of our success in attracting business has been due, in part, to our willingness to extend credit on an unsecured basis to customers which exhibit a high credit risk profile and would otherwise be required to prepay or post letters of credit with their suppliers of fuel and related services. We recognize that extending credit and setting the appropriate reserves for receivables is largely a subjective decision based on knowledge of the customer and the industry. Active management of our credit risk is essential to our success. We do not insure our receivables. Diversification of credit risk is difficult since we sell primarily within the marine and aviation industries. Our sales executives and their respective staff meet regularly to evaluate credit exposure, in the aggregate and by individual credit. Credit exposure also includes the amount of estimated unbilled sales. We also have a credit committee for each of our segments. The credit committees are responsible for approving credit limits above certain amounts, setting and maintaining credit standards, and managing the overall quality of the credit portfolio. The level of credit granted to a customer is influenced by a customer's credit history with us, including claims experience and payment patterns. In our marine fuel services segment, we have extended lines of credit of at least $5.0 million to ten non-governmental customers, and two of these customers have lines of credit ranging from $9.0 to $12.0 million. In our aviation fuel services segment, our largest credit line, extended to two non-governmental customers, is $4.0 million.

Since the sharp decline in world oil prices soon after the terrorist attacks of September 11th, world oil prices have been very volatile. Fuel costs represent a significant part of a vessel's and airline's operating expenses; accordingly, the volatility in fuel prices can adversely affect our customers' business, and consequently our credit losses.

Although most of our transactions are denominated in U.S. dollars, many of our customers are foreign and may be required to purchase U.S. dollars to pay for our products and services. A rapid devaluation in currency affecting our customers could have an adverse effect on our customers' operations and their ability to convert local currency to U.S. dollars to make the required payments to us. This will in turn result in higher credit losses for us.

We may also incur credit losses due to other causes, including deteriorating conditions in the world economy, or in the shipping or aviation industries, continued conflicts and instability in the Middle East, Asia and Latin America, and military actions in response to the terrorist attacks of September 11th, as well as possible future terrorist activity and military conflicts. Any credit losses, if significant, will have a material adverse effect on our financial position and results of operations.

Environmental and Other Liabilities; Uninsured Risks

In the marine and aviation fuel segments, we utilize subcontractors to provide various services to customers, including into-plane fueling at airports, fueling of vessels in-port and at-sea, and transportation and storage of fuel and fuel products. We are subject to possible claims by customers, regulators and others who may be injured by a fuel spill or other accident. In addition, we may be held liable for damages to the environment arising out of such events. Although we generally require our subcontractors to carry liability insurance, not all subcontractors carry adequate insurance. Our marine business does not have liability insurance to cover the acts or omissions of our subcontractors. None of our liability insurance covers acts of war and terrorism. If we are held responsible for any acts of war or terrorism, accident or other event, and the liability is not adequately covered by insurance and is of sufficient magnitude, our financial position and results of operations will be adversely affected.

We have exited several businesses which handled hazardous and non-hazardous waste. We treated and/or transported this waste to various disposal facilities. We may be held liable as a potentially responsible party for the clean-up of such disposal facilities, or required to clean up facilities previously operated by us, pursuant to current U.S. federal and state laws and regulations.

We continuously review the adequacy of our insurance coverage. However, we lack coverage for various risks, including environmental claims. An uninsured claim arising out of our activities, if successful and of sufficient magnitude, will have a material adverse effect on our financial position and results of operations.

Legal Matters

In July 2001, we settled litigation filed in February 2000 relating to a product theft off the coast of Nigeria. The settlement resulted in a recovery of $1.0 million. In the accompanying Consolidated Statements of Income, the product theft was included as a non-recurring charge in Other income (expense), net during the year ended March 31, 2000 and the recovery was included as a non-recurring credit in Other income (expense), net for the year ended March 31, 2002.

In July 2001, we received a Summary Judgment from the United States District Court for the Southern District of Florida which ordered Donald F. Moorehead, Jr., Chairman of EarthCare Company (“EarthCare”) to pay us compensatory damages of approximately $5.0 million, plus interest from May 1, 2001. This judgment relates to Mr. Moorehead’s default on his agreement to purchase all of the EarthCare stock owned by us for approximately $5.0 million. We received the EarthCare stock as part payment for the sale of our oil-recycling operations in February 2000. From August 2001 to October 2001, we received principal and interest payments totaling $700 thousand from Mr. Moorehead. We had been pursuing collection of this judgment and, in May 2002, the court appointed a receiver to take possession and control of all nonexempt assets and property interests of Mr. Moorehead. As a result of the receiver’s activities, we received several offers from Mr. Moorehead to settle the outstanding balance on our judgment and received $350 thousand of principal and interest payments from Mr. Moorehead from May 2002 to August 2002, resulting in a total principal and interest collection of approximately $1.1 million. Lastly, in October 2002, we received $3.0 million as a final payment to settle the remaining balance due on our judgment. Accordingly, in connection with the settlement, during the nine months ended December 31, 2002, we recorded a non-recurring charge of $1.6 million, which includes $346 thousand for legal and receiver fees.

In April 2001, Miami-Dade County, Florida (the “County”) filed suit (the “County Suit”) against 17 defendants to seek reimbursement for the cost of remediating environmental contamination at Miami International Airport (the “Airport”). Page Avjet Fuel Corporation, now known as PAFCO L.L.C. (“PAFCO”), is a defendant. We acquired a 50% interest in PAFCO from Signature Flight Support Corporation (“Signature”) in December 2000. Pursuant to the PAFCO acquisition agreement, Signature agreed to indemnify us for all PAFCO liabilities arising prior to the closing date (“Closing”). Because the Airport contamination occurred prior to Closing, we believe that the County Suit is covered by Signature’s indemnification obligation. We have notified Signature of the County Suit, as stipulated in the acquisition agreement. We expect Signature to defend this claim on behalf of PAFCO and at Signature’s expense.

Also in April 2001, the County sent a letter to approximately 250 potentially responsible parties ("PRP's"), including World Fuel Services Corporation and one of our subsidiaries, advising them of their potential liability for the clean-up costs which are the subject of the County Suit. The County has threatened to add the PRP's as defendants in the County Suit, unless they agree to share in the cost of the environmental clean-up at the Airport. In May 2001, we advised the County that: (1) neither we nor any of our subsidiaries were responsible for any environmental contamination at the Airport, and (2) to the extent we or any of our subsidiaries were so responsible, our liability was subject to indemnification by the County pursuant to the indemnity provisions contained in our lease agreement with the County.

We intend to vigorously defend all claims asserted by the County relating to environmental contamination at the Airport. We believe our liability in these matters (if any) should be adequately covered by the indemnification obligations of Signature as to PAFCO, and the County as to World Fuel Services Corporation and our other subsidiaries.

There can be no assurance that we will prevail on the above legal proceedings and management cannot estimate the exposure if we do not prevail. A ruling against us in any of the proceedings described above may have a material adverse effect on our financial condition and results of operation.

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

Purchase and Sales Commitments and Derivatives

To take advantage of favorable market conditions or for competitive reasons, we enter into short-term cancelable fuel purchase commitments for the physical delivery of product. We simultaneously may hedge the physical delivery of fuel through a commodity based derivative instrument, to minimize the effects of commodity price fluctuations.

As part of our price risk management services, we offer to our marine and aviation customers fixed fuel prices on future sales with, or without, physical delivery of fuel. Typically, we simultaneously enter into a commodity based derivative instrument with a counterparty to hedge our variable fuel price on related future purchases with, or without, physical delivery of fuel. The counterparties are major oil companies and derivative trading firms. Accordingly, we do not anticipate non-performance by such counterparties. Pursuant to these transactions, we are not affected by market price fluctuations since the contracts have the same terms and conditions except for the fee or spread earned by us. Performance risk under these contracts is considered a credit risk. This risk is minimized by dealing with customers meeting stricter credit criteria.

As of December 31, 2002, we had 108 outstanding swaps contracts totaling approximately 209 thousand metric tons of marine fuel, expiring through December 2005, and 33 outstanding swaps contracts totaling 22.0 million gallons of aviation fuel, expiring through June 2003. Our policy is to not use derivative financial instruments for speculative purposes.

Employment Agreements

In July 2000, our Board of Directors terminated the employment of our Chairman of the Board of Directors ("Former Chairman"). Pursuant to the terms of our Former Chairman's employment agreement, we were required to pay severance equal to three times the executive's average salary and bonus during the five-year period preceding termination, plus all deferred compensation, including accrued interest. Accordingly, during the year ended March 31, 2001, we recorded an executive severance charge of $3.5 million and, in August 2000, paid our Former Chairman his executive severance plus deferred compensation, including accrued interest.

In July 2002, our Board of Directors elected a new Chairman of the Board of Directors ("Chairman") and Chief Executive Officer ("CEO"), and agreed to employ our former Chairman and CEO as an advisor to the new Chairman for a term of two years. During this two-year period, the advisor will receive a salary of $100 thousand per year, and he will not be an officer or director of the company. Pursuant to the terms of our former Chairman and CEO's employment contract, changes in his compensation and responsibilities entitles him to receive a severance equal to three times his average salary and bonus during the five-year period preceding termination, plus all deferred compensation, including accrued interest. In addition, from July to September 2002, we terminated the employment of our former Chief Financial Officer, Chief Information Officer, and two other executives. Accordingly, for the nine months ended December 31, 2002, we recorded severance expense totaling $4.5 million, of which $3.7 million related to our former Chairman and CEO. In August 2002, we paid our former Chairman and CEO his executive severance plus deferred compensation, including accrued interest. The other executive severance amounts are paid on a monthly basis over a period of six months to twenty-one months. As of December 31, 2002, our remaining severance liability was approximately $398 thousand.

In connection with the promotion of our new Chairman and Chief Executive Officer ("CEO") and new President and Chief Operating Officer ("COO") to their respective positions, in July 2002, they received increases in their base salary, grants of restricted common stock, an extension of their employment period to July 2007, and modifications to their termination severance benefits. In February 2003, the compensation payable under the new employment agreements was further amended. Under their new employment agreements, our CEO and COO each receive an annual base salary of $525 thousand. Each of them also received a grant of 25 thousand shares of restricted common stock. The restricted common stock grants for both our CEO and COO shall vest in three equal installments in July 2005, 2006, and 2007. Effective April 1, 2002, our CEO and COO are eligible to receive an annual bonus upon achievement of performance targets, which targets are based on diluted earnings per share growth and certain yearly objectives, agreed upon between the executives and the Compensation Committee. The bonus payout may range from 15% of base salary if at least 5% diluted earnings per share growth is achieved, to 200% of base salary if diluted earnings per share growth equals or exceeds 15%. For the nine months ended December 31, 2002, the CEO and COO received a prorated annual bonus.

In addition, the payment of any portion of the bonus causing the compensation of any of the above two executives to exceed $1.0 million during any fiscal year will be deferred and accrue interest at the U.S. Prime rate, until a fiscal year during the employment term in which the executive earns less than $1.0 million; provided, however, that in the event of the executive's death, the termination of the executive for any reason, or the expiration of the employment agreement, the deferred portion of any bonus, including any interest earned thereon, shall be paid to the executive within ten days of such death, termination or expiration. As of December 31, 2002, $219 thousand in bonuses was deferred under the employment agreements of our Chairman and President. As of March 31, 2002 and 2001, $1.6 million and $1.3 million, respectively, in bonuses was deferred under the employment agreements of our Chairman, President, and former Chairman. Such deferred compensation was included in Long-term liabilities in the accompanying Consolidated Balance Sheets. The compensation deferred for our former Chairman was paid to him in August 2002 in accordance with his employment agreement.

Pursuant to their employment agreements, our CEO and COO each is entitled to receive a cash severance payment if: (a) we terminate the executive for any reason other than death, disability or cause; (b) the executive resigns for good reason (generally a reduction in his responsibilities or compensation, or a breach by us), or resigns for any reason following a change of control; or (c) we elect not to renew the executive's employment agreement upon expiration, for any reason other than cause. The severance payment is equal to two times the executive's average salary and bonus during the three-year period preceding termination; provided, if (i) the termination occurs within three years after a change of control the multiple set forth above will be three instead of two, and (ii) in the case of a non-renewal, as described in item (c) above, the multiple will be one and the severance will be paid in 26 equal installments over a one year period. Upon any such termination, we will continue to provide coverage to the executive under our group insurance plans for up to three years, and all of the executive's stock options and stock grants will immediately vest.

The current employment agreements for our Chairman and CEO, and President and COO are included as Exhibits 10.1 and 10.2 as part of this Form 10-K.

In addition to the above executives, we have also entered into employment agreements with certain of our executive officers and employees. These agreements provide for minimum salary levels, and for certain executive officers and employees, bonus formulas which are payable if specified performance goals are attained.

As of December 31, 2002, the future minimum commitments under employment agreements, excluding discretionary and performance bonuses, are as follows (in thousands):

For the Year Ending December 31,	
2003	$ 8,717
2004	7,296
2005	5,722
2006	4,032
2007	1,689
	$ 27,456

We recorded expenses under the terms of the above described agreements, including discretionary and performance bonuses, and executive severance charges of approximately $19.0 million and $12.5 million for the nine months ended December 31, 2002 and 2001, respectively, and approximately $15.1 million, $18.6 million, and $11.7 million for the years ended March 31, 2002, 2001 and 2000, respectively.

Deferred Compensation Plans

Our Deferred Compensation Plan ("Deferred Plan") relates to the marine segment and it is administered by a Deferred Plan Committee appointed by the Board of Directors of Trans-Tec Services, Inc. The Deferred Plan was suspended effective August 1, 1997 by the Deferred Plan Committee. The Deferred Plan is unfunded and is not a qualified plan under the Internal Revenue Code. The Deferred Plan allowed for distributions of vested amounts over a five-year period, subject to certain requirements, during and after employment with us. Participants became fully vested over a five-year period. Fully vested participants must wait two years from the year of contribution to be eligible for the distribution of deferred account balances. Our liability under the Deferred Plan was $267 thousand at December 31, 2002, $469 thousand at March 31, 2002 and $714 thousand at March 31, 2001, and was included in Long-term liabilities in the accompanying Consolidated Balance Sheets. As of March 31, 2001, all participants in the Deferred Plan are vested.

We maintain a 401(k) defined contribution plan which covers all U.S. employees who meet minimum requirements and elect to participate. Participants may contribute up to 15% of their compensation, subject to certain limitations. During the nine months ended December 31, 2002, and the years ended March 31, 2002, 2001, and 2000, we made matching contributions of 25% of the participants' contributions up to 1% of the participant's compensation. Annual contributions by us are made at our sole discretion, as approved by the Compensation Committee. We recorded expenses for our contribution of approximately $71 thousand and $49 thousand for the nine months ended December 31, 2002 and 2001, respectively, and $76 thousand, $60 thousand and $50 thousand for the years ended March 31, 2002, 2001, and 2000, respectively.

Certain of our non-U.S. subsidiaries have defined contribution benefit plans, which allow for voluntary contributions by the employees. The non-U.S. subsidiaries paid all general and administrative expenses of the plans and in some cases made employer contributions on behalf of the employees. We recorded expenses for our contribution of approximately $104 thousand and $75 thousand for the nine months ended December 31, 2002 and 2001, respectively, and $105 thousand, $77 thousand and $67 thousand for the years ended March 31, 2002, 2001, and 2000, respectively.

Severance Benefits Payable

In accordance with local laws which apply to certain non-U.S. subsidiaries, we have accrued employee severance benefits payable of approximately $104 thousand at December 31, 2002, $634 thousand at March 31, 2002, and $496 thousand at March 31, 2001.

7. Aviation Joint Ventures

In August 1994, we began operation of an aviation joint venture in Ecuador (the "Ecuador Venture"). The Ecuador Venture was organized to distribute jet fuel pursuant to a contract with the nationally owned oil company and the airport authority. In October 2000, the Ecuador Venture ceased operations. Our ownership interest in the Ecuador Venture was 50%. Accordingly, we used the equity method of accounting to record our proportionate share of the Ecuador Venture's earnings or losses. During the year ended March 31, 2000, we wrote down the investment in and advance to the Ecuador Venture by $953 thousand and recorded a special provision for bad debts of $1.6 million as a result of the political and economic conditions in Ecuador. For the year ended March 31, 2001, we completed the closure of the Ecuador Venture, recovering approximately $365 thousand of the previously provisioned investment write down.

As described in Note 1, in December 2000, we entered into a joint venture with Signature through the acquisition of a 50% equity interest in PAFCO from Signature. We paid Signature $1.0 million in cash and a $2.5 million note, payable over five years through January 2006. Due to a price adjustment, the first installment was approximately $400 thousand and paid in May 2002, and the second installment of $500 thousand was paid in January 2003. PAFCO markets aviation fuel and related services. The non-interest bearing promissory note was discounted at 9% and the discount of $558 thousand is being amortized as interest expense over five years using the interest method. We recorded interest expense of $110 thousand and $131 thousand for the nine months ended December 31, 2002 and 2001, respectively, and $167 thousand and $45 thousand for the years ended March 31, 2002 and 2001, respectively. The interest expense was included in Earnings (losses) from aviation joint ventures in the accompanying Consolidated Statements of Income. Our investment goodwill, representing our cost in excess of 50% of the net assets of PAFCO, amounted to $2.9 million, after discounting the promissory note at an interest rate of 9% and including $79 thousand in acquisition costs and the price adjustment. No other significant intangible assets existed at the date of acquisition.

Effective April 1, 2001, as permitted, we elected to early adopt SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 established accounting and reporting for acquired goodwill and other intangible assets, and states that goodwill shall not be amortized prospectively. Accordingly, no investment goodwill amortization was recorded for the year ended March 31, 2002. During the year ended March 31, 2001, we recorded investment goodwill amortization of $74 thousand which was included in Earnings (losses) from aviation joint ventures in the accompanying Consolidated Statements of Income. As of December 31, 2002, March 31, 2002 and 2001, investment goodwill of $2.9 million was included in Other assets in the accompanying Consolidated Balance Sheets.

In accordance with the PAFCO's operating agreement, we are entitled to 80% of the income from PAFCO's operations. The higher allocation percentage versus the ownership percentage is in consideration of the risks assumed by us with respect to credit losses on PAFCO's accounts receivable. We are required to purchase, without recourse, PAFCO's accounts receivable that are 120 days past due, subject to certain requirements. Net losses, including infrequent or unusual losses, and interest expense incurred by PAFCO, and any gain resulting from the liquidation of the venture, will be shared equally between Signature and us. During the nine months ended December 31, 2002, we purchased $38 thousand of PAFCO's accounts receivable, which was subsequently written-off. For the years ended March 31, 2002 and 2001, we did not purchase any of PAFCO's accounts receivable.

We recorded equity earnings from the aviation joint ventures of $420 thousand and $444 thousand for the nine months ended December 31, 2002 and 2001, respectively, and $583 thousand and $143 thousand for the years ended March 31, 2002 and 2001, respectively. These equity earnings were included in Earnings (losses) from aviation joint ventures in the accompanying Consolidated Statements of Income. Amounts due from PAFCO of $136 thousand at December 31, 2002, $416 thousand at March 31, 2002, and $161 thousand at March 31, 2001 were included in Prepaid expenses and other current assets and Other assets, respectively, in the accompanying Consolidated Balance Sheets.

8. Business Segments, Geographic Information, and Major Customers

Business Segments

We market fuel and related services, and have two reportable operating segments: marine and aviation fuel services. In our marine fuel services business, we market marine fuel and related management services to a broad base of international shipping companies and to the United States and foreign militaries. Services include credit terms, 24-hour around-the-world service, fuel management services, and competitively priced fuel. In our aviation fuel services business, we extend credit and provide around-the-world single-supplier convenience, 24-hour service, fuel management services, and competitively priced aviation fuel and other aviation related services to passenger, cargo and charter airlines, as well as to United States and foreign militaries. We also offer flight plans and weather reports to our corporate customers.

Performance measurement and resource allocation for the reportable operating segments are based on many factors. One of the primary financial measures used is income from operations. We employ shared-service concepts to realize economies of scale and efficient use of resources. The costs of shared services and other corporate center operations managed on a common basis are allocated to the segments based on usage, where possible, or on other factors according to the nature of the activity. The accounting policies of the reportable operating segments are the same as those described in the Summary of Significant Accounting Policies (see Note 1).

Table of Contents

Information concerning our operations by business segment is as follows (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(Unaudited)			
Revenue:					
Marine fuel services	$ 1,026,162	$ 727,035	$ 983,986	$ 1,004,572	$ 738,557
Aviation fuel services	520,735	286,746	381,079	524,670	461,740
Total	$ 1,546,897	$ 1,013,781	$ 1,365,065	$ 1,529,242	$ 1,200,297
Income from operations:					
Marine fuel services	$ 9,932	$ 11,288	$ 14,964	$ 13,161	$ 7,516
Aviation fuel services	14,103	8,950	13,709	11,790	4,440
Corporate overhead	(10,249)	(5,332)	(7,384)	(10,799)	(5,038)
Total	$ 13,786	$ 14,906	$ 21,289	$ 14,152	$ 6,918
Depreciation and amortization:					
Marine fuel services	$ 911	$ 194	$ 478	$ 822	$ 923
Aviation fuel services	169	184	242	435	528
Corporate	1,142	918	1,219	1,093	979
Total	$ 2,222	$ 1,296	$ 1,939	$ 2,350	$ 2,430
Capital expenditures:					
Marine fuel services	$ 540	$ 183	$ 837	$ 1,276	$ 211
Aviation fuel services	180	184	218	251	240
Corporate	2,035	611	381	1,157	1,409
Total	$ 2,755	$ 978	$ 1,436	$ 2,684	$ 1,860

	As of		
	December 31, 2002	March 31, 2002	March 31, 2001
Accounts and notes receivable, net:			
Marine fuel services, net of allowance for bad debts of $5,319 at December 31, 2002, $5,217 at March 31, 2002, and $5,157 at March 31, 2001	$ 118,548	$ 100,912	$ 77,898
Aviation fuel services, net of allowance for bad debts of $5,793 at December 31, 2002, $5,795 at March 31, 2002, and $6,010 at March 31, 2001	58,812	31,674	47,965
Total	$ 177,360	$ 132,586	$ 125,863
Goodwill, identifiable intangible asset, and investment goodwill:			
Marine fuel services, net of accumulated amortization of $2,798 at December 31, 2002, $2,522 at March 31, 2002, and $2,430 at March 31, 2001	$ 30,123	$ 30,399	$ 19,246
Aviation fuel services, net of accumulated amortization of $1,134 for each period presented	8,209	8,209	8,256
Total	$ 38,332	$ 38,608	$ 27,502
Total assets:			
Marine fuel services	$ 187,155	$ 170,561	$ 114,424

Aviation fuel services	108,999	69,736	78,448
Corporate, including discontinued operation assets of $1,750 at March 31, 2001	16,133	17,626	29,293
	$ 312,287	$ 257,923	$ 222,165

Geographic Information

Information concerning our operations, as segregated between U.S. and non-U.S., is presented as follows, based on the country of incorporation (in thousands):

	For the Nine Months Ended December 31,		For the Year Ended March 31,		
	2002	2001	2002	2001	2000
		(Unaudited)			
Revenue:					
United States	$ 843,543	$ 624,841	$ 823,828	$ 940,036	$ 615,951
United Kingdom	194,398	142,122	187,633	204,409	239,150
Singapore	235,399	124,070	166,027	191,937	146,828
Other non-U.S. countries	273,557	122,748	187,577	192,860	198,368
Total	$ 1,546,897	$ 1,013,781	$ 1,365,065	$ 1,529,242	$ 1,200,297
Income (loss) from operations:					
United States	$ (5,639)	$ (2,868)	$ (2,616)	$ (4,933)	$ (776)
United Kingdom	3,873	4,386	5,818	5,896	2,851
Singapore	6,681	5,787	7,874	6,761	2,363
Other non-U.S. countries	8,871	7,601	10,213	6,428	2,480
Total	$ 13,786	$ 14,906	$ 21,289	$ 14,152	$ 6,918

	As of		
	December 31, 2002	March 31, 2002	March 31, 2001
Total assets:			
United States	$ 152,067	$ 127,159	$ 133,101
United Kingdom	33,828	33,443	28,045
Singapore	49,671	32,677	23,912
Other non-U.S. countries	76,721	64,644	37,107
	$ 312,287	$ 257,923	$ 222,165

Major Customers

No customer accounted for more than 10% of total consolidated revenue for the nine months ended December 31, 2002 and 2001, and the years ended March 31, 2002, 2001, and 2000.

9. Summary Quarterly Information (Unaudited)

A summary of the unaudited quarterly results for the nine months ended December 31, 2002 and the year ended March 31, 2002 is presented below (in thousands):

	For the Three Months Ended (1)		
	June 30, 2002	September 30, 2002	December 31, 2002
Revenue	$ 458,909	$ 510,601	$ 577,387
Gross profit	$ 20,106	$ 20,134	$ 22,681
Net income	$ 4,406	$ 747(2)	$ 4,719
Basic earnings per share	$ 0.42	$ 0.07(2)	$ 0.45
Diluted earnings per share	$ 0.41	$ 0.07(2)	$ 0.43

	For the Three Months Ended			
	June 30, 2001	September 30, 2001	December 31, 2001	March 31, 2002
Revenue	$ 338,107	$ 349,710	$ 325,964	$ 351,284
Gross profit	$ 18,297	$ 17,882	$ 18,849	$ 21,146
Net income	$ 4,687(3)	$ 3,602	$ 4,473	$ 4,473
Basic earnings per share	$ 0.45(3)	$ 0.35	$ 0.43	$ 0.43
Diluted earnings per share	$ 0.44(3)	$ 0.34	$ 0.42	$ 0.42

(1) In August 2002, we changed our fiscal year end from March 31 to a calendar year end of December 31. We initiated this change so we could be more directly comparable to other public companies that use a calendar year for their fiscal year. This change was first effective with respect to the nine months ended December 31, 2002.

(2) Includes two non-recurring, after-tax charges totaling $3.7 million, or $0.36 per basic share and $0.34 per diluted share, relating to judgment settlement and executive severances. See Legal Matters and Employment Agreements in Note 5 for additional information.

(3) Includes the receipt of $1.0 million, or $0.10 per basic share and $0.09 per diluted share, from an insurance settlement recovery related to a product theft off the coast of Nigeria in 1999.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of March 2003.

WORLD FUEL SERVICES CORPORATION

/s/ MICHAEL J. KASBAR

Michael J. Kasbar
Director, President, and Chief Operating Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PAUL H. STEBBINS **Paul H. Stebbins**	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 20, 2003
/s/ MICHAEL J. KASBAR **Michael J. Kasbar**	Director, President, and Chief Operating Officer	March 20, 2003
/s/ FRANCIS X. SHEA **Francis X. Shea**	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 20, 2003
/s/ KEN BAKSHI **Ken Bakshi**	Director	March 20, 2003
/s/ JOHN R. BENBOW **John R. Benbow**	Director	March 20, 2003
/s/ RALPH FEUERRING **Ralph Feuerring**	Director	March 20, 2003
/s/ RICHARD A. KASSAR **Richard A. Kassar**	Director	March 20, 2003
/s/ MYLES KLEIN **Myles Klein**	Director	March 20, 2003
/s/ J. THOMAS PRESBY **J. Thomas Presby**	Director	March 20, 2003
/s/ JEROME SIDEL **Jerome Sidel**	Director	March 20, 2003
/s/ LUIS R. TINOCO **Luis R. Tinoco**	Director	March 20, 2003

CERTIFICATIONS

I, Paul H, Stebbins, certify that:

1. I have reviewed this transition report on Form 10-K of World Fuel Services Corporation;
2. Based on my knowledge, this transition report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transition report;
3. Based on my knowledge, the financial statements, and other financial information included in this transition report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transition report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transition report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this transition report (the "Evaluation Date"); and
   c) presented in this transition report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this transition report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 20, 2003

/s/ PAUL H. STEBBINS

Paul H. Stebbins
Chairman and Chief Executive Officer

[Table of Contents](#)

I, Michael J. Kasbar, certify that:

1. I have reviewed this transition report on Form 10-K of World Fuel Services Corporation;
2. Based on my knowledge, this transition report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transition report;
3. Based on my knowledge, the financial statements, and other financial information included in this transition report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transition report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transition report is being prepared;
   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this transition report (the "Evaluation Date"); and
   c) presented in this transition report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this transition report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 20, 2003

/s/ MICHAEL J. KASBAR

Michael J. Kasbar
President and Chief Operating Officer

I, Francis X. Shea, certify that:

1. I have reviewed this transition report on Form 10-K of World Fuel Services Corporation;
2. Based on my knowledge, this transition report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this transition report;
3. Based on my knowledge, the financial statements, and other financial information included in this transition report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this transition report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
    a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this transition report is being prepared;
    b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this transition report (the "Evaluation Date"); and
    c. presented in this transition report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
    a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this transition report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 20, 2003

/s/ FRANCIS X. SHEA

Francis X. Shea
Executive Vice President and Chief Financial Officer

BY-LAWS

OF

WORLD FUEL SERVICES CORPORATION

(Amended and Restated as of February 19, 2003)

ARTICLE I. MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the Stockholders of this corporation shall be held at the time and place designated by the Board of Directors of the corporation. The annual meeting shall be held within four months after the close of the corporation's fiscal year. The annual meeting of Stockholders for any year shall be held no later than thirteen months after the last preceding annual meeting of Stockholders. Business transacted at the annual meeting shall include the election of Directors of the corporation.

Section 2. Special Meetings. Special meetings of the Stockholders shall be held when directed by the President or the Board of Directors, or when requested in writing by the holders of not less than ten percent of all the shares entitled to vote at the meeting. A meeting requested by Stockholders shall be called for a date not less than ten nor more than sixty days after the request is made, unless the Stockholders requesting the meeting designate a later date. The call for the meeting shall be issued by the Secretary, unless the President, Board of Directors, or Stockholders requesting the meeting shall designate another person to do so.

Section 3. Place. Meetings of Stockholders may be held within or without the State of Florida.

Section 4. Notice. Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten nor more than sixty days before the meeting, either personally or by first class mail, by or at the direction of the President, the Secretary, or the Officer or persons calling the meeting to each Stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Stockholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 5. Notice of Adjourned Meetings. When a meeting is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. If, however, after the adjournment the Board of Directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given as provided in this section to each Stockholder of record on the new record date entitled to vote at such meeting.

Section 6. Fixing Record Date. For the purpose of determining Stockholders entitled to notice of or to vote at any meeting of Stockholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of Stockholders for any other purpose, the Board of Directors shall fix in advance a date as the record date for any determination of Stockholders, such date in any case to be not more than seventy days and, in case of a meeting of Stockholders, not less than ten days, prior to the date on which the particular action requiring such determination of Stockholders is to be taken. When a determination of Stockholders entitled to vote at any meeting of Stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date for the adjourned meeting.

Section 7. Voting Record. The Officers or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before each meeting of Stockholders, a complete list of the Stockholders entitled to vote at such meeting or any adjournment thereof, with the address of and the number and class and series, if any, of shares held by each. The list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation, at the principal place of business of the corporation or at the office of the transfer agent or registrar of the corporation and any Stockholder shall be entitled to inspect the list at any time during the usual business hours. The list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Stockholder at any time during the meeting.

If the requirements of this section have not been substantially complied with, the meeting on demand of any Stockholder in person or by proxy, shall be adjourned until the requirements are complied with. If no such demand is made, failure to comply with the requirements of this section shall not affect the validity of any action taken at such meeting.

Section 8. Stockholder Quorum and Voting. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Stockholders. When a specified item of business is required to be voted on by a class or series of stock, a majority of the shares of such class or series shall constitute a quorum for the transaction of such item of business by that class or series.

If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the Stockholders unless otherwise provided by law.

After a quorum has been established at a Stockholders' meeting, the subsequent withdrawal of Stockholders, so as to reduce the number of Stockholders entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

Section 9. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of Stockholders.

Treasury shares, shares of stock of this corporation owned by another corporation the majority of the voting stock of which is owned or controlled by this corporation, and shares of stock of this corporation held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

A Stockholder may vote either in person or by proxy executed in writing by the Stockholder or his duly authorized attorney-in-fact.

At each election for Directors every Stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are Directors to be elected at that time and for whose election he has a right to vote.

Shares standing in the name of another corporation, domestic or foreign, may be voted by the Officer, agent, or proxy designated by the By-Laws of the corporate Stockholder; or, in the absence of any applicable By-Law, by such person as the Board of Directors of the corporate Stockholder may designate. Proof of such designation may be made by presentation of a certified copy of the By-Laws or other instrument of the corporate Stockholder. In the absence of any such designation, or in case of conflicting designation by the corporate Stockholder, the Chairman of the Board, President, any Vice President, Secretary and Treasurer of the corporate Stockholder shall be presumed to possess, in that order, authority to vote such shares.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A Stockholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee or his nominee shall be entitled to vote the shares so transferred.

On and after the date on which a written notice of redemption of redeemable shares has been mailed to the holders thereof and a sum sufficient to redeem such shares has been deposited with a bank or trust company with irrevocable instruction and authority to pay the redemption price to the holders thereof upon surrender of certificates therefor, such shares shall not be entitled to vote on any matter and shall not be deemed to be outstanding shares.

Section 10. Proxies. Every Stockholder entitled to vote at a meeting of Stockholders or to express consent or dissent without a meeting or any Stockholder's duly authorized attorney-in-fact may authorize another person or persons to act for him by proxy.

Every proxy must be signed by the Stockholder or his attorney-in-fact. No proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Stockholder executing it, except as otherwise provided by law.

The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the Stockholder who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the corporate Officer responsible for maintaining the list of Stockholders.

If a proxy for the same shares confers authority upon two or more persons and does not otherwise provide, a majority of them present at the meeting, or if only one is present then that one, may exercise all the powers conferred by the proxy; but if the proxy holders present at the meeting are equally divided as to the right and manner of voting in any particular case, the voting of such shares shall be prorated.

If a proxy expressly provides, any proxy holder may appoint in writing a substitute to act in his place.

Section 11. Voting Trusts. Any number of Stockholders of this corporation may create a voting trust for the purpose of conferring upon a trustee or trustees the right to vote or otherwise represent their shares, as provided by law. Where the counterpart of a voting trust agreement and the copy of the record of the holders of voting trust certificates has been deposited with the corporation as provided by law, such documents shall be subject to the same right of examination by a Stockholder of the corporation, in person or by agent or attorney, as are the books and records of the corporation, and such counterpart and such copy of such record shall be subject to examination by any holder of record of voting trust certificates either in person or by agent or attorney, at any reasonable time for any proper purpose.

Section 12. Stockholders' Agreements. Two or more Stockholders of this corporation may enter into an agreement or agreements providing for the exercise of voting rights in the manner provided in the agreement(s) or relating to any phase of the affairs of the corporation as provided by law. Nothing therein shall impair the right of this corporation to treat the Stockholders of record as entitled to vote the shares standing in their names.

Section 13. Action Without a Meeting. Any action required to be taken at any annual or special meeting of Stockholders of the corporation or any action which may be taken at any annual or special meeting of Stockholders, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. If any class of shares is entitled to vote thereon as a class, such written consent shall be required of the holders of a majority of the shares of each class entitled to vote as a class thereon and of the total shares entitled to vote thereon.

Within 10 days after first obtaining such authorization by written consent, notice must be given to those stockholders who have not consented in writing. The notice shall fairly summarize the material features of the authorized action and, if the action be a merger, consolidation, or sale or exchange of assets for which dissenters rights are provided, the notice shall contain a clear statement of the right of stockholders dissenting therefrom to be paid the fair value of their shares upon compliance with the Florida Statutes provision concerning dissenters rights of shareholders.

ARTICLE II. DIRECTORS

Section 1. Function. All corporate powers shall be exercised by or under the authority of, and the business and affairs of a corporation shall be managed under the direction of, the Board of Directors.

Section 2. Qualification. Directors need not be residents of this state or Stockholders of this corporation.

Section 3. Compensation. The Board of Directors shall have authority to fix the compensation of Directors.

Section 4. Duties of Directors. A Director shall perform his duties as a Director, including his duties as a member of any committee of the Board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

In performing his duties, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) one or more Officers or employees of the corporation whom the Director reasonably believes to be reliable and competent in the matters presented,

(b) counsel, public accountants or other persons as to matters which the Director reasonably believes to be within such person’s professional or expert competence, or

(c) a committee of the Board upon which he does not serve, duly designated in accordance with a provision of the Articles of Incorporation or the By-Laws, as to matters within its designated authority, which committee the Director reasonably believes to merit confidence.

A Director shall not be considered to be acting in good faith if he has actual knowledge concerning the matter in question that would cause such reliance described above to be unwarranted.

A person who performs his duties in compliance with this section shall have no liability by reason of being or having been a Director of the corporation.

Section 5. Presumption of Assent. A Director of the corporation who is present at a meeting of its Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest.

Section 6. Number. This corporation shall have not less than four (4) nor more than ten (10) Directors. The number of Directors may be increased or decreased from time to time by amendment to these By-Laws, but no decrease shall have the effect of shortening the terms of any incumbent Director.

Section 7. Election and Term. Each person named in the Articles of Incorporation as a member of the initial Board of Directors shall hold office until the first annual meeting of Stockholders, and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

At the first annual meeting of Stockholders and at each annual meeting thereafter the Stockholders shall elect Directors to hold office until the next succeeding annual meeting. Each Director shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier resignation, removal from office or death.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors, including any vacancy created by reason of an increase in the number of Directors, may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall hold office only until the next election of Directors by the Stockholders.

Section 9. Removal of Directors. At a meeting of Stockholders called expressly for that purpose, any Director or the entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of Directors.

Section 10. Quorum and Voting. A majority of the number of Directors fixed by these By-Laws shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 11. Director Conflicts of Interest. No contract or other transaction between this corporation and one or more of its Directors or any other corporation, firm, association or entity in which one or more of the Directors are Directors or Officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such Director or Directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if:

(a) The fact of such relationship or interest is disclosed or known to the Board of Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested Directors; or

(b) The fact of such relationship or interest is disclosed or known to the Stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or

(c) The contract or transaction is fair and reasonable as to the corporation at the time it is authorized by the Board, a committee or the Stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

Section 12. Executive and Other Committees. The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members an executive committee and one or more other committees each of which, to the extent provided in such resolution shall have and may exercise all the authority of the Board of Directors, except that no committee shall have the authority to:

(a) approve or recommend to Stockholders actions or proposals required by law to be approved by Stockholders,

(b) designate candidates for the office of Director, for purposes of proxy solicitation or otherwise,

(c) fill vacancies on the Board of Directors or any committee thereof,

(d) amend the By-Laws,

(e) authorize or approve the reacquisition of shares unless pursuant to a general formula or method specified by the Board of Directors, or

(f) authorize or approve the issuance or sale of, or any contract to issue or sell, shares or designate the terms of a series of a class of shares, except that the Board of Directors, having acted regarding general authorization for the issuance or sale of shares, or any contract therefor, and, in the case of a series, the designation thereof, may, pursuant to a general formula or method specified by the Board of Directors, by resolution or by adoption of a stock option or other plan, authorize a committee to fix the terms of any contract for the sale of the shares and to fix the terms upon which such shares may be issued or sold, including, without limitation, the price, the rate or manner of payment of dividends, provisions for redemption, sinking fund, conversion, voting or preferential rights, and provisions for other features of a class of shares, or a series of a class of shares, with full power in such committee to adopt any final resolution setting forth all the terms thereof and to authorize the statement of the terms of a series for filing with the Department of State.

The Board of Directors, by resolution adopted in accordance with this section, may designate one or more Directors as alternate members of any such committee, who may act in the place and stead of any absent member or members at any meeting of such committee.

Section 13. Place of Meetings. Regular and special meetings by the Board of Directors may be held within or without the State of Florida.

Section 14. Time, Notice and Call of Meetings. Regular meetings of the Board of Directors shall be held without notice immediately following the annual meeting of Stockholders. Written notice of the time and place of special meetings of the Board of Directors shall be given to each Director by either personal delivery, telegram, telex or cable at least two days before the meeting or by notice mailed to the Director at least five days before the meeting.

Notice of a meeting of the Board of Directors need not be given to any Director who signs a waiver of notice either before or after the meeting. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a Director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

A majority of the Directors present, whether or not a quorum exists, may adjourn any meeting of the Board of Directors to another time and place. Notice of any such adjourned meeting shall be given to the Directors who were not present at the time of the adjournment and, unless the time and place of the adjourned meeting are announced at the time of the adjournment, to the other Directors.

Meetings of the Board of Directors may be called by the Chairman of the Board, by the President of the corporation, or by any two Directors.

Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 15. Action Without a Meeting. Any action required to be taken at a meeting of the Directors of a corporation, or any action which may be taken at a meeting of the Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so to be taken, signed by all of the

Directors, or all the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board or of the committee. Such consent shall have the same effect as a unanimous vote.

ARTICLE III. OFFICERS

Section 1. Officers. The Officers of this corporation shall consist of a Chairman of the Board, President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other Officers and Assistant Officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors from time to time. Any two or more offices may be held by the same person.

Section 2. Duties. The Officers of this corporation shall have the following duties:

The Chairman of the Board shall preside at all meetings of the Stockholders and Board of Directors at which he is present and shall be the chief executive officer of the corporation.

The President shall have general management of the business and affairs of the corporation subject to the directions of the Chairman of the Board and the Board of Directors.

The Secretary shall have custody of, and maintain, all of the corporate records except the financial records; shall record the minutes of all meetings of the Stockholders and Board of Directors, send all notices of meetings out, and perform such other duties as may be prescribed by the Board of Directors, its Chairman or the President.

The Treasurer shall have custody of all corporate funds and financial records, shall keep full and accurate accounts of receipts and disbursements and render accounts thereof at the annual meetings of Stockholders and whenever else required by the Board of Directors, its Chairman or the President, and shall perform such other duties as may be prescribed by the Board of Directors, its Chairman or the President.

Section 3. Removal of Officers. Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board, with or without cause, whenever in its judgment the best interests of the corporation will be served thereby.

Any Officer or agent elected by the Stockholders may be removed only by vote of the Stockholders, unless the Stockholders shall have authorized the Directors to remove such Officer or agent.

Any vacancy, however occurring, in any office may be filled by the Board of Directors, unless the By-Laws shall have expressly reserved such power to the Stockholders.

Removal of any Officer shall be without prejudice to the contract rights, if any, of the person so removed; however, election or appointment of an Officer or agent shall not of itself create contract rights.

Section 4. Compensation. The compensation of the Chairman, President, Secretary, Treasurer and such other Officers elected or appointed by the Board of Directors shall be fixed by the Board of Directors and may be changed from time to time by a majority vote of the Board. The fact that an Officer is also a Director shall not preclude such person from receiving compensation as either a Director or Officer, nor shall it affect the validity of any resolution by the Board of Directors fixing such compensation. The Chairman and the President shall have authority to fix the salaries of all employees of the corporation other than Officers elected or appointed by the Board of Directors.

ARTICLE IV. STOCK CERTIFICATES

Section 1. Issuance. Every holder of shares in this corporation shall be entitled to have a certificate, representing all shares to which he is entitled. No certificate shall be issued for any share until such share is fully paid.

Section 2. Form. Certificates representing shares in this corporation shall be signed by the President or Vice President and the Secretary or an Assistant Secretary and may be sealed with the seal of this corporation or a facsimile thereof. The signatures of the President or Vice President and the Secretary or Assistant Secretary may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any Officer who signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such Officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such Officer at the date of its issuance.

Every certificate representing shares which are restricted as to the sale, disposition or other transfer of such shares shall state that such shares are restricted as to transfer and shall set forth or fairly summarize upon the certificate, or shall state that the corporation will furnish to any Stockholder upon request and without charge a full statement of, such restrictions.

Each certificate representing shares shall state upon the face thereof: the name of the corporation; that the corporation is organized under the laws of this state; the name of the person or persons to whom issued; the number and class of shares, and the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate, or a statement that the shares are without par value.

Section 3. Transfer of Stock. The corporation shall register a stock certificate presented to it for transfer if the certificate is properly endorsed by the holder of record or by his duly authorized attorney, and the signature of such person has been guaranteed by a commercial bank or trust company or by a member of the New York or American Stock Exchange.

Section 4. Lost, Stolen, or Destroyed Certificates. The corporation shall issue a new stock certificate in the place of any certificate previously issued if the holder of record of the certificate (a) makes proof in affidavit form that it has been lost, destroyed or wrongfully taken; (b) requests the issue of a new certificate before the corporation has notice that the certificate has been acquired by a purchaser for value in good faith and without notice of any adverse claim; and (c) satisfies any other reasonable requirements imposed by the corporation, including bond in such form as the corporation may direct, to indemnify the corporation, the transfer agent, and registrar against any claim that may be made on account of the alleged loss, destruction or theft of a certificate.

ARTICLE V. BOOKS AND RECORDS

Section 1. Books and Records. This corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Stockholders, Board of Directors and committees of Directors.

This corporation shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its Stockholders, giving the names and addresses of all Stockholders, and the number, class and series, if any, of the shares held by each.

Any books, records and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 2. Stockholders' Inspection Rights. Any person who shall have been a holder of record of one quarter of one percent (.25%) of the outstanding shares of any class or series of the corporation, or of voting trust certificates therefor, at least six months immediately preceding his demand or shall be the holder of record of, or the holder of record of voting trust certificates for, at least five percent of the outstanding shares of any class or series of the corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person or by agent or attorney, at any reasonable time or times, for any proper purpose its relevant books and records of accounts, minutes and records of Stockholders and to make extracts therefrom.

Section 3. Financial Information. Not later than four months after the close of each fiscal year, this corporation shall prepare a balance sheet showing in reasonable detail the financial condition of the corporation as of the close of its fiscal year, and a profit and loss statement showing the results of the operations of the corporation during its fiscal year. This requirement may be modified by a resolution of the Stockholders not later than four months after the close of each fiscal year.

Upon written request of any Stockholder or holder of voting trust certificates for shares of the corporation, the corporation shall mail to such Stockholder or holder of voting trust certificates a copy of the most recent such balance sheet and profit and loss statement.

The balance sheets and profit and loss statements shall be filed in the registered office of the corporation in this state, shall be kept for at least five years, and shall be subject to inspection during business hours by any Stockholder or holder of voting trust certificates, in person or by agent.

ARTICLE VI. DIVIDENDS

The Board of Directors of this corporation may, from time to time, declare and the corporation may pay dividends on its shares in cash, property or its own shares, except when the corporation is insolvent or when the payment thereof would render the corporation insolvent or when the declaration or payment thereof would be contrary to any restrictions contained in the Articles of Incorporation, subject to the following provisions:

(a) Dividends in cash or property may be declared and paid, except as otherwise provided in this section, only out of the unreserved and unrestricted earned surplus of the corporation or out of capital surplus, howsoever arising, but each dividend paid out of capital surplus shall be identified as a distribution of capital surplus, and the amount per share paid from such surplus shall be disclosed to the Stockholders receiving the same concurrently with the distribution.

(b) Dividends may be declared and paid in the corporation’s own treasury shares.

(c) Dividends may be declared and paid in the corporation’s own authorized but unissued shares out of any unreserved and unrestricted surplus of the corporation upon the following conditions:

(1) If a dividend is payable in shares having a par value, such shares shall be issued at not less than the par value thereof and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate par value of the shares to be issued as a dividend.

(2) If a dividend is payable in shares without par value, such shares shall be issued at such stated value as shall be fixed by the Board of Directors by resolution adopted at the time such dividend is declared, and there shall be transferred to stated capital at the time such dividend is paid an amount of surplus equal to the aggregate stated value so fixed in respect of such shares; and the amount per share so transferred to stated capital shall be disclosed to the Stockholders receiving such dividend concurrently with the payment thereof.

(d) No dividend payable in shares of any class shall be paid to the holders of shares of any other class unless the Articles of Incorporation so provide or such payment is authorized by the affirmative vote or the written consent of the holders of at least a majority of the outstanding shares of the class in which the payment is to be made.

(e) A split-up or division of the issued shares of any class into a greater number of shares of the same class without increasing the stated capital of the corporation shall not be construed to be a share dividend within the meaning of this section.

ARTICLE VII. CORPORATE SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the following:

WORLD FUEL SERVICES CORPORATION
1984
Florida

ARTICLE VIII.

INDEMNIFICATION

1. World Fuel Services Corporation (referred to in this Article 8 as the "Company") shall indemnify any person who is or was a director or officer of the Company and is made, or threatened to be made, a party to, or is otherwise involved in, any action, suit or other type of proceeding (whether civil, criminal, administrative or investigative, and whether formal or informal) by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or, at the request of the Company, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, to the fullest extent authorized or permitted by the laws of Florida as in effect at the date hereof and, if broader, as authorized or permitted pursuant to the laws of Florida hereafter.

2. Expenses (including counsel fees) incurred by an officer or director in defending any pending, threatened, or completed action, suit or other type of proceeding (whether civil, criminal, administrative or investigative, and whether formal or informal) shall be paid by the Company in advance of the determination of such officer's or director's entitlement to indemnification promptly upon receipt of an undertaking by or on behalf of such officer or director to repay amounts so advanced in the event and to the extent that such officer or director is ultimately found not to be entitled to indemnification by the Company as authorized by this Article. The Board of Directors may, upon approval of such officer or director, authorize the Company's counsel to represent such officer or director, in any action, suit or proceeding, whether or not the Company is a party thereto.

3. All rights to indemnification and advances under this Article: (a) shall be deemed to be a contract between the Company and each person who is or was a director or officer of the Company who serves or served in such capacity at any time while this Article is in effect; and (b) are and are intended to be, retroactive and shall be available with respect to events occurring prior to the adoption of these provisions. Any repeal or modification of this Article or any repeal or modification of relevant provisions of the Florida Business Corporation Act or any other applicable laws shall not, with respect to any events occurring or matters arising prior to the date of such repeal or modification, in any way diminish any rights to indemnification and to such advances of such person or the obligations of the Company arising hereunder.

4. The provisions of this Article shall inure to the benefit of heirs, executors, administrators and personal representatives of those entitled to such indemnification and advances and shall be binding upon any successor to the Company to the fullest extent permitted by the laws of Florida as from time to time in effect.

5. The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement may be entitled under Florida law, the Company's Articles of Incorporation, any agreement, any vote of shareholders or disinterested directors or otherwise.

6. Any indemnification required by this Article shall be made promptly, and in any event within 30 days, upon the written request of the indemnified party. Any advance required by this Article shall be made within 5 business days after the written request of the indemnified party. The right to indemnification or advances as granted by this Article shall be enforceable by the indemnified party in any court of competent jurisdiction if the Company denies such request, in whole or in part, or if no disposition thereof is made within the time period specified in this Section 6. The indemnified party's costs and expenses incurred in connection with successfully establishing a right of indemnification or advances, in whole or in part, in any such action shall also be indemnified by the Company.

7. Except as provided in Section 8, any determination that indemnification of a director or officer is proper in the circumstances because he or she has met the standard of conduct pursuant to applicable law, unless pursuant to a determination by a court, shall be made:

(a) By the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such proceeding;

(b) If such a quorum is not obtainable or, even if obtainable, by majority vote of a committee, consisting solely of two or more directors not at the time parties to the proceeding, which committee shall be designated by the Board of Directors (and directors who are parties to the proceeding may participate in the vote to select such committee);

(c) By independent legal counsel:

1. Selected by the Board of Directors as prescribed in clause (a) above or by the committee prescribed in clause (b) above; or
2. If a quorum of the directors cannot be obtained for clause (a) above and the committee cannot be designated under clause (b), selected by majority vote of the full Board of Directors (and directors who are parties to the proceeding may participate in the vote to select such counsel);

(d) By the shareholders by a majority vote of a quorum consisting of shareholders who were not parties to such proceeding or, if no such quorum is obtainable, by a majority vote of shareholders who were not parties to such proceeding; or

(e) By any other method authorized by the laws of the State of Florida.

8. If a Change in Control has occurred, the person asserting the right to indemnification shall be entitled to select the method of making the determination described in Section 7, so long as such method is authorized pursuant to applicable law. As used herein, Change in Control means the occurrence of an event which results in any of the following:

(i) any person or "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), but excluding any employee benefit plan or plans of the Company and its subsidiaries, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company;

(ii) any merger, consolidation, reorganization or similar event of the Company or any of its subsidiaries, as a result of which the holders of the voting stock of the Company immediately prior to such merger, consolidation, reorganization or similar event do not directly or indirectly hold at least fifty-one percent (51%) of the aggregate voting power of the capital stock of the surviving entity;

(iii) the individuals who, as of March 1, 2003 (the "Effective Date"), constitute the Board of Directors of the Company (the "Board" generally and as of the Effective Date the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of the Company, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly by another corporation or entity, do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) of the voting seats on any body comparable to a board of directors of such controlling entity, or if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity); provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to the Effective Date whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest), shall be, for purposes of this Article, considered as though such person were a member of the Incumbent Board; or

(iv) there is a liquidation or dissolution of the Company or a sale of all or substantially all of its assets.

9. For purposes of this Article, the term “Company” shall include any predecessor of the Company and any constituent corporation (including any constituent of a constituent) absorbed by the Company in a consolidation or merger. Any director or officer of the Company serving (i) another corporation, partnership, joint venture, trust, or other enterprise, of which a majority of the equity interests entitled to vote in the election of its directors or the equivalent is controlled directly or indirectly by the Company, or (ii) any employee benefit plan of the Company or any entity referred to in clause (i), in any capacity shall be deemed to be doing so at the request of the Company and action by a person with respect to any employee benefit plan which such person reasonably believes to be in the interest of the participants and beneficiaries of such plan shall be deemed to be action not opposed to the best interests of the Company.

10. Each of the provisions of this Article is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid or unenforceable in whole or in part for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof. In the event that all or any portion of this Article is ever held void or unenforceable by a court of competent jurisdiction, then such court is hereby expressly authorized to modify any provision(s) held void or unenforceable to the extent, and only to the extent, necessary to render it valid and enforceable. If any such portion cannot be so modified and is invalidated on any ground by a court of competent jurisdiction, then the Company shall nevertheless indemnify each person who is or was a director and officer of the Corporation as to costs, charges and expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE IX. AMENDMENT

These By-Laws may be repealed or amended, and new By-Laws may be adopted, by either the Board of Directors or the Stockholders, but the Board of Directors may not amend or repeal any By-Law adopted by Stockholders if the Stockholders specifically provide that such By-Law is not subject to amendment or repeal by the Directors.

Exhibit 10.1

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into effective as of the 26th day of July, 2002, by and between World Fuel Services Corporation, a Florida corporation (the “Company”), and Paul H. Stebbins (the “Executive”).

RECITALS. Executive currently is employed by the Company pursuant to an employment agreement dated August 1, 2000 (the “2000 Employment Agreement”) as the President and Chief Operating Officer of the Company. The Executive has been promoted to serve as Chairman of the Board (“Chairman”) and Chief Executive Officer of the Company, effective July 26, 2002 (the “Effective Date”). The Company and the Executive now wish to amend and restate the 2000 Employment Agreement in its entirety, to reflect the increased duties and responsibilities of Executive as a result of his promotion.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the 2000 Employment Agreement is hereby amended and restated in its entirety to read as follows:

1. Employment. The Company hereby employs Executive pursuant to the terms and conditions of this Agreement for a term (the initial “Employment Term”), commencing on the Effective Date and ending on the fifth (5th) anniversary of the Effective Date. At least one (1) year prior to each date on which the Employment Term otherwise would terminate, the Company and the Executive shall notify each other in writing whether they elect to extend the Employment Term for an additional year, and the Employment Term shall not be so extended unless both parties so elect to extend the Employment Term. If the Company is electing not to extend the Employment Term for Cause, or the Executive is electing not to extend the Employment Term for Good Reason, it or he shall so state in the notice. During the Employment Term, the Executive shall serve as Chairman and Chief Executive Officer of the Company. The Executive shall faithfully and diligently perform all services as may be assigned to him by the Board of Directors (the “Board”) of the Company consistent with his position, shall report solely to the Board, and shall exercise such power and authority as may from time to time be delegated to him by the Board. The Executive shall devote his full business time and attention to the business and affairs of the Company, render such services to the best of his ability, and use his reasonable best efforts to promote the interests of the Company. Notwithstanding the foregoing or any other provision of this Agreement, it shall not be a breach or violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, or (iii) manage personal investments, so long as such activities do not significantly interfere with or significantly detract from the performance of the Executive’s responsibilities to the Company in accordance with this Agreement.

2. Compensation and Benefits. During the Employment Term, the Company shall pay Executive the compensation and other amounts set forth below.

2.1 Base Salary. The Company shall pay Executive an annual salary (“Base Salary”) of Five Hundred Twenty-Five Thousand Dollars ($525,000), payable in equal installments according to the Company’s regular payroll practices and subject to such deductions as may be required by law. The Base Salary shall be reviewed, at least annually, for merit increases and may, by action and in the discretion of the Board or the Compensation Committee of the Board (the “Compensation Committee”), be increased at any time or from time to time. Base Salary shall not be decreased and, if increased, shall not thereafter be decreased for any reason.

2.2 Bonus.

(a) Subject to the terms of the Company’s Annual Incentive Plan (the “AIP”), adopted by the Board of Directors on July 26, 2002, the Executive will be eligible to receive an annual bonus (the “Bonus”) for the period beginning April 1, 2002 and ending December 31, 2002, and for each 12 month period beginning each January 1 thereafter (each a “Bonus Period”). Executive has received and reviewed a copy of the AIP. Capitalized terms used in this Section 2.2 and not otherwise defined shall have the meanings assigned to them in the AIP. Executive understands that the AIP imposes various conditions and limitations on Performance Awards payable to Participants, and that, unless otherwise provided herein, such conditions and limitations apply to Executive’s Bonuses hereunder. The Bonus shall be equal to a percentage of the Executive’s Base Salary as of the last day of the Bonus Period for which the Bonus is being calculated, and will be conditioned on achievement of the Performance Goals shown below for the Bonus Period. The Bonus for the period from April 1, 2002 to December 31, 2002 has been determined by the Compensation Committee and accepted by the Executive. The Compensation Committee and the Executive have agreed that the principal Performance Goal for the remainder of the Employment Term will be Growth in EPS (as defined below) and that the Bonus for each Bonus Period commencing January 1, 2003 shall be determined pursuant to the formula set forth in the following table:

Growth in EPS Achieved	Amount of Bonus determined as a % of Base Salary
Less than 5%	No Bonus
5%	15%
6%	23%
7%	33%
8%	45%
9%	59%
10%	75%
11%	93%
12%	113%
13%	138%
14%	168%
15% or higher	200%

The Executive and the Compensation Committee have agreed that the target Performance Goal for each Bonus Period is Growth in EPS of 11.5%. If the Performance Goal achieved is between one of the thresholds set forth in the foregoing table, Executive shall be eligible to receive a pro-rated portion of the Bonus. For example, if 7.5% EPS growth is achieved, Executive would be eligible for a Bonus equal to 39% of Base Salary. The Bonus payable pursuant to this subsection (a) is referred to as the "Earnings Bonus," and the Bonus payable pursuant to subsection (b)(ii) below is referred to as the "MBO Bonus." Both such bonuses are hereinafter collectively referred to as the "Bonus."

(b) Notwithstanding the foregoing:

(i) If in any Bonus Period the Company achieves or exceeds the target Performance Goal of 11.5% Growth in EPS, the aggregate of bonuses paid to the Company's executive officers as a group in such year shall not exceed an amount equal to 50% of any increment in net earnings (after taxes and payment of bonuses) earned by the Company in excess of the net earnings required to achieve or exceed the target Performance Goal of 11.5% Growth in EPS. Executive's Bonus shall be subject to the limitation set forth in the preceding sentence, and shall be reduced, but not below 100% of Base Salary, as necessary to comply with such limitation. In the event such a reduction is required, it shall be made pro-rata to all executive officers. For purposes of this provision, "executive officers" means the Company's senior executive officers who are designated by the Compensation Committee (after consultation with the Chairman and President) as eligible to participate in the AIP for the Bonus Period in question.

(ii) If in any Bonus Period (1) the Company achieves the Growth in EPS necessary for Executive to receive an Earnings Bonus pursuant to subsection (a), and (2) the Executive also satisfies certain objectives (the "MBO's") for such Bonus Period (which MBO's shall be agreed to by the Executive and the Compensation Committee within the first 90 days of each Bonus Period), then the Executive shall be eligible to receive an additional Bonus (the "MBO Bonus") over and above the Earnings Bonus paid pursuant to subsection (a) above, which MBO Bonus shall be in an amount to be determined by the Compensation Committee in its discretion; provided, however, that (A) the MBO Bonus shall not exceed twenty percent (20%) of the Earnings Bonus, and (B) the MBO Bonus shall be reduced as required (x) to comply with the limitations set forth in subsection (b)(i) above, and (y) so that in no event shall the aggregate of the Earnings Bonus and the MBO Bonus in any Bonus Period exceed 200% of the Executive's Base Salary.

(iii) Furthermore, in no event shall the aggregate of the Earnings Bonus and the MBO Bonus in any Bonus Period exceed the maximum Performance Award per year set forth in Section 4.2 of the AIP (currently $1,500,000), or such higher maximum as may be adopted by amendment to the AIP.

(c) For purposes of the foregoing formula, "Growth in EPS" for a Bonus Period shall mean the quotient obtained by dividing (x) the amount, if any, by which (i) the EPS for the 12 month period that ends on the last day of the Bonus Period exceeds (ii) the EPS for the 12 month period ending immediately prior to the Bonus Period (the "Prior Year's

EPS"), by (y) the Prior Year's EPS. For purposes of the foregoing formula, EPS shall mean the Company's earnings per share, on a fully diluted basis, computed in accordance with FASB Statement 128. However, the Compensation Committee has the right to adjust financial results to eliminate the effect of certain accounting adjustments and other one-time events, so that the bonus payouts reflect ongoing operating results and are not artificially inflated, or deflated, due to unusual, one-time events. Notwithstanding the terms of the AIP, the parties expressly agree that acquisitions of companies or assets by the Company will not be considered extraordinary or one-time events that would require an adjustment pursuant to the preceding sentence or the AIP.

(d) The requirements that the Company achieve the Performance Goals and the Executive achieve the MBO's under this Section 2.2 are intended as "performance goals" for Executive, as that term is used in Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations promulgated thereunder. The Company hereby represents and warrants to Executive that such Performance Goals have been determined and approved by the Compensation Committee, consisting solely of at least two (2) outside directors, as required by Code § 162(m)(4)(C)(i) and Treasury Regulations promulgated thereunder.

(e) Notwithstanding anything to the contrary contained herein, in no event shall Executive receive any portion of his Bonus if and to the extent that the Company could not reasonably deduct such portion solely by operation of Code § 162(m). For purposes of this limitation: (i) no portion of the Executive's compensation or benefits, the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment, shall be taken into account; (ii) no portion of any compensation or benefits shall be taken into account which, in the opinion of tax counsel selected by the Company's independent auditors and acceptable to Executive, does not constitute "applicable employee remuneration" within the meaning of Code §162(m) and Treasury Regulations promulgated thereunder; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Executive's remuneration shall be determined by the Company's independent auditors in accordance with the Code. This subsection (e) shall not prohibit the payment of any Bonus (or portion thereof) which is deferred in accordance with subsection (h) below.

(f) At any time during the Employment Term, upon written request of Executive, the Company shall submit the Performance Goal and other material compensation terms provided herein for approval by the Company's shareholders so as to comply with Code § 162(m)(4)(C)(ii) and Regulations promulgated thereunder, and the Company shall use reasonable efforts to secure such shareholder approval; provided, (i) the Company shall not be required to call a special shareholders meeting for the sole purpose of complying with this section; and (ii) in order to have such approval sought at the Company's annual shareholders meeting, Executive shall provide written notice thereof to the Company no less than ninety (90) days prior to the scheduled date of the annual meeting. If any executive officer of the Company requests that his Performance Goals and compensation terms be submitted for shareholder approval pursuant to this Agreement, the Company shall have the right to submit the Performance Goals and compensation arrangements of all executive officers for shareholder approval at the same meeting.

(g) If required to comply with Code §162(m)(4)(C)(iii), the Company's Compensation Committee shall, before the payment of any Bonus, certify in writing, if applicable, that the Performance Goal and any other material terms hereof were satisfied, as necessary to comply with Code § 162(m)(4)(C)(iii).

(h) Unless the Company's shareholders have approved the Performance Goal and other material compensation terms provided herein, the payment of any portion of the Bonus causing Executive's compensation to exceed the limitation under Section 162(m)(i) of the Code during any fiscal year of the Company (the "Excess Amount") will be deferred until a fiscal year during the Employment Term in which Executive earns less than the limitation under Section 162(m)(i) of the Code; provided, however, that in the event of Executive's death, the termination of Executive for any reason, or the expiration of this Agreement, any Excess Amount, including any interest earned thereon, shall be paid to Executive within ten (10) days of such death, termination, or expiration. Any Excess Amount shall earn interest at the prime rate as published in the Wall Street Journal (the "Prime Rate") until such amount is paid to the Executive. The Company shall hold any Excess Amount, including any interest earned thereon, in trust for Executive until such amount is paid to Executive in accordance with the terms hereof; provided, that all amounts held in trust for Executive shall be subject to the claims of the creditors of the Company.

(i) The provisions of this Section 2.2 are intended, and shall be interpreted, to comply with the requirements of Code § 162(m) so as to permit the Company to deduct all payments of applicable employee remuneration made to Executive pursuant to this Agreement.

2.3 Stock Options.

(a) Pursuant to the 2000 Employment Agreement, the Company granted to the Executive options (the "Initial Options") to purchase up to 150,000 shares of common stock (the "Common Stock") of the Company under (and therefore subject to all terms and conditions of) the World Fuel Services Corporation 1996 Employee Stock Option Plan, and any successor plan thereto, and all rules of the Securities and Exchange Commission applicable to stock option plans then in effect. In addition to the Initial Options, the Executive shall be eligible to receive additional option grants under the 2001 Omnibus Plan in such number and on such terms and conditions as shall be determined by the Board or the Compensation Committee of the Board. The options granted to the Executive shall be incentive stock options ("ISO's"), within the meaning of Section 422(b) of the Internal Revenue Code of 1986 as amended (the "Code"), to the extent that such options do not exceed the limitations imposed by Section 422(d) of the Code, and the balance of the options granted to the Executive shall be non-qualified stock options ("NSO's").

(b) The Initial Options, and all other options granted to Executive by the Company (collectively, the "Options") shall become fully vested immediately in the event that: (i) a Change of Control of the Company as defined in Section 3.1 hereof occurs, or (ii) the Executive terminates his employment with the Company for Good Reason, as defined in Section

3.4 hereof, or (iii) the Company terminates the Executive's employment with the Company, other than for Cause, as defined in Section 3.2 hereof.

(c) In the event the Executive's employment terminates for any of the reasons set forth in subsections (ii) or (iii) of Section 2.3(b), the Executive may exercise all vested rights under the Options at any time after termination and until the earlier of: (1) the date that is two (2) years after the date on which the Executive's employment terminates for the reasons provided above (except that for ISOs such period shall be three (3) months after termination, not two years); and (2) the Expiration Date for the options as defined in the applicable option agreement.

2.4 Restricted Stock. Effective August 27, 2002, the Company shall grant to Executive 25,000 shares of restricted Common Stock (the "Restricted Stock"), which shall vest in three equal installments on the third, fourth and fifth anniversaries of the Effective Date, subject to the terms of a restricted stock agreement to be entered into between Executive and the Company. The Executive's rights with respect to the Restricted Stock shall become fully vested immediately in the event that (i) a Change of Control of the Company as defined in Section 3.1 hereof occurs, or (ii) the Executive terminates his employment with the Company for Good Reason, as defined in Section 3.4 hereof, or (iii) the Company terminates the Executive's employment with the Company, other than for Cause, as defined in Section 3.2 hereof.

2.5 Other Benefits. Executive: (i) shall be entitled to receive all medical, health, disability, life and dental insurance, and other similar employee benefit programs, which may be provided by the Company to its executive employees from time-to-time; (ii) shall be entitled to reimbursement for reasonable and necessary out-of-pocket expenses incurred in the performance of his duties hereunder, including but not limited to travel and entertainment expenses (such expenses shall be reimbursed by the Company, from time to time, upon presentation of appropriate receipts therefor); (iii) shall be paid an auto allowance of $1,000.00 per month; (iv) shall be entitled to six (6) weeks paid vacation each calendar year, and any vacation time not taken during any calendar year shall be carried over into subsequent calendar years if and to the extent such carried over vacation time does not exceed six (6) weeks; and (v) shall be entitled to reimbursement from the Company for all of his legal fees and expenses incurred in connection with the preparation of this Employment Agreement.

3. Certain Definitions.

3.1 Change of Control. For purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if:

(a) any person or "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan or plans of the Company and its subsidiaries, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the Company's outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; or

(b) any merger, consolidation, reorganization or similar event of the Company or any of its subsidiaries, as a result of which the holders of the voting stock of the Company immediately prior to such merger, consolidation, reorganization or similar event do not directly or indirectly hold at least fifty-one percent (51%) of the aggregate voting power of the capital stock of the surviving entity; or

(c) the individuals who, as of March 1, 2003 (the "Effective Date"), constitute the Board of Directors of the Company (the "Board" generally and as of the date hereof the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of the Company, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly by another corporation or entity, do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) of the voting seats on any body comparable to a board of directors of such controlling entity, or if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity); provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to the Effective Date hereof whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest), shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(d) there is a liquidation or dissolution of the Company or all or substantially all of the assets of the Company have been sold; or

(e) if the Company enters into an agreement or series of agreements or the Board passes a resolution which will result in the occurrence of any of the matters described in Subsections (a) through (d), and the Executive's employ is terminated subsequent to the date of execution of such agreement or series of agreements or the passage of such resolution, but prior to the occurrence of any of the matters described in Subsections (a) through (d), then, upon the occurrence of any of the matters described in Subsections (a) through (d), a Change of Control shall be deemed to have retroactively occurred on the date of the execution of the earliest of such agreement(s) or the passage of such resolution.

3.2 Cause. For purposes of this Agreement, "Cause" means (i) an act or acts of fraud, misappropriation, or embezzlement on the Executive's part which result in or are intended to result in his personal enrichment at the expense of the Company or its subsidiaries or affiliates, (ii) conviction of a felony, or (iii) willful failure to report to work for more than thirty (30) continuous days not attributable to eligible vacation or supported by a licensed physician's statement.

3.3 Disability. For purposes of this Agreement, "Disability" means disability which after the expiration of more than twelve (12) months after its commencement is determined to be total and permanent by an independent physician mutually agreeable to the parties. Notwithstanding any disability of Executive, he shall continue to receive all compensation and benefits provided under Section 2 until his employment is actually terminated, by a Notice of Termination pursuant to Section 4.2.

3.4 Good Reason. For purposes of this Agreement, "Good Reason" means:

(a) any failure by the Company to comply with any of the provisions of Section 2 of this Agreement other than an insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company within five (5) business days after receipt of notice thereof given by the Executive;

(b) following a Change in Control, any failure by the Company and/or its subsidiaries or affiliates to furnish the Executive and/or where applicable, his family, with: (i) total annual cash compensation (including annual bonus), (ii) total aggregate value of perquisites, (iii) total aggregate value of benefits, or (iv) total aggregate value of long term compensation, including but not limited to stock options, in each case at least equal to or exceeding or otherwise comparable to in the aggregate, the highest level received by the Executive from the Company and/or its subsidiaries or affiliates during the six (6) month period (or the one (1) year period for compensation, perquisites and benefits which are paid less frequently than every six (6) months) immediately preceding the Change of Control, other than an insubstantial and inadvertent failure remedied by the Company within five (5) business days after receipt of notice thereof given by the Executive;

(c) the Company's and/or its subsidiaries' or affiliates' requiring the Executive to be based or to perform services at any site or location more than fifteen (15) miles from Miami, Florida, except for travel reasonably required in the performance of the Executive's responsibilities (which does not materially exceed the level of travel previously required of the Executive);

(d) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 9; or

(e) without the express prior written consent of the Executive (which consent the Executive has the absolute right to withhold), (i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including titles and reporting relationships), authority, responsibilities or status, or (ii) any other material adverse change in such position, authority, responsibility or status.

For the purposes of this Section 3.4, any good faith interpretation by the Executive of the foregoing definitions of "Good Reason" shall be conclusive on the Company. No termination by Executive for Good Reason shall be deemed a voluntary termination by Executive for purposes of any stock option, employee benefit or similar plan of the Company.

3.5 Notice of Termination. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than fifteen (15) days after the giving of such notice).

3.6 Date of Termination. Date of Termination means the date of receipt of the Notice of Termination or any later date specified therein, as the case may be.

4. Termination.

4.1 Events of Termination. The Executive may terminate his employment with the Company, for Good Reason, at any time, and may terminate his employment with the Company without Good Reason upon thirty (30) days written notice to the Company. The Company may terminate Executive's employment with the Company at any time upon the occurrence of one or more of the events set forth in subsections (a) through (c) below. The death or Disability of Executive shall in no event be deemed a termination of employment by Executive.

(a) The death of Executive.

(b) The Disability of Executive.

(c) The discharge of Executive by the Company for Cause.

4.2 Notice of Termination. Any termination of the Executive's employment by the Executive for Good Reason or otherwise, or by the Company for Cause or otherwise, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 10(h).

5. Obligations Upon Termination.

5.1 Voluntary Termination by Executive and Termination For Cause. If the Executive's employment with the Company is terminated (i) voluntarily by the Executive, for any reason other than Good Reason, or (ii) by the Company for Cause, the Company shall pay Executive, within five (5) business days after his Date of Termination, his Base Salary, unused vacation entitlement and car allowance through the Date of Termination (if not already paid), and the Company shall have no further obligation to provide compensation or benefits to Executive under this Agreement; except that, to the extent that the Company's insurance, stock option and other benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans.

5.2 Termination for Death or Disability. If Executive's employment is terminated by the Company due to the Executive's death or Disability, the Company shall pay Executive (or his heirs and/or personal representatives): (i) Executive's Base Salary, unused vacation entitlement and car allowance through the Date of Termination (if not already paid); and (ii) the Bonus payable under Section 2.2, if any, for the fiscal year in which Executive's termination occurred, as if Executive had been employed by the Company for the full fiscal year; and the Company shall have no further obligation to provide compensation or benefits to Executive under this Agreement; except that, to the extent that the Company's insurance, stock option and other benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans. Amounts payable under subsection (i) of this Section 5.2 shall be paid within five (5) business days after the Date of Termination, and the Bonus payable under subsection (ii) shall be paid on or before May 15 of the fiscal year following the fiscal year in which the termination occurred.

5.3 Termination by the Company in Default of Agreement; Termination of Employment by the Executive for Good Reason. If (i) the Executive's employment with the Company is terminated by the Company prior to, or more than three (3) years after, a Change of Control for any reason other than the Executive's death or Disability, and other than for Cause, or (ii) the Executive terminates employment with the Company for Good Reason prior to, or more than three (3) years after, a Change of Control, then the Company shall pay and provide Executive:

(a) an amount equal to the cash payment described in Section I of Exhibit A attached hereto and made a part hereof; plus

(b) the benefits described in Sections II through IV of Exhibit A.

The amounts payable under subsection (a) of this Section 5.3 shall be paid to Executive by cashier's check within five (5) business days after his Date of Termination. The payments and benefits paid and provided pursuant to this Section 5.3 (the "Default Payments") shall be in lieu of all other compensation and benefits payable to Executive under this Agreement, and as liquidated damages and in full settlement of any and all claims by Executive against the Company as a result of the Company's breach of this Agreement; except that, to the extent that the Company's insurance, stock option and other benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans. Such Default Payments: (i) are not contingent on the occurrence of any change in the ownership or effective control of the Company; (ii) are not intended as a penalty; and (iii) are intended to compensate Executive for his damages incurred by reason of the Company's breach of this Agreement, which damages are difficult to ascertain.

5.4 Termination Following a Change in Control. In the event that (i) a Change in Control in the Company shall occur during the Employment Term, and (ii) on or before the third anniversary of the Change of Control, either (x) the Term of Employment is terminated by the Company without Cause (or the Term of Employment expires because the Company has refused to extend the Term without Cause), or (y) the Executive terminates the Term of Employment (or refuses to extend the Term) for Good Reason, the Company shall pay and provide Executive, within five (5) business days after the Date of Termination, as severance compensation, the cash amounts and benefits (collectively, "Severance Benefits") payable to the Executive under Section 5.3 hereof. For this purpose, termination of employment by the Executive for any reason during the 30 day period that begins 6-months after the Change in

Control occurs shall be deemed to be a termination by the Executive for Good Reason. The Severance Benefits so paid and provided shall be in lieu of all other compensation and benefits payable to Executive under this Agreement, and in full settlement of any and all claims by Executive for such compensation or benefits; except that, to the extent that the Company's insurance, stock option and other employee benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans. The Company agrees that following a Change of Control, the Company shall not, without the Executive's consent, amend any employee insurance or benefit plan or program of the Company or its subsidiaries or affiliates in any manner that would adversely affect the Executive's rights under such plan or program.

5.5 Termination Prior to a Change of Control as a Result of Company's Non-Extension of Employment Term Without Cause. If the Company elects not to extend the Employment Term pursuant to Section 1 hereof other than for Cause, and the Employment Term expires prior to, or more than three (3) years after, the date on which a Change of Control has occurred, then the Company shall pay and provide to the Executive (a) Executive's Base Salary, unused vacation entitlement and car allowance through the Date of Termination (if not already paid), by cashier's check within five (5) business days after his Date of Termination; (b) continue to pay for a period of one year after the Date of Termination (the "Continuation Period"), an amount equal to the sum of (i) the Executive's Base Salary as of the Date of Termination and (ii) the average of the Executive's bonuses for each of the three (3) fiscal years of the Company ending on or immediately before the Date of Termination, such sum to be payable in twenty-six (26) consecutive bi-weekly installments commencing two weeks from the Date of Termination; and (c) continue to provide the benefits described in Sections (II) and (IV) of Exhibit A hereto through the end of the Continuation Period. In addition, the Executive shall be entitled to exercise his Stock Options during the period specified in Section 2.3(c) hereof. The Company may discontinue the payment of any amounts and provision of any benefits required under this Section 5.5 in the event that, during the Continuation Period, either (i) the Executive fails to comply in any material respect with any provision of Section 6 of this Agreement other than an insubstantial and an inadvertent failure not occurring in bad faith and which is remedied by the Executive within five (5) business days after receipt of notice thereof given by the Company, or (ii) if requested by the Company to do so, the Executive fails to provide up to ten hours per calendar month of consulting services (including any travel time) to the Company as reasonably requested by the Company, at such times and places as shall be mutually agreeable to the Company and the Executive so as not to materially interfere with any other obligations or commitments of the Executive and subject to the Company's reimbursement to the Executive of his reasonable expenses incurred in providing such consulting services.

5.6 Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that a Change of Control occurs prior to January 1, 2003, and it shall be determined that, as a result of such Change of Control, any payment, distribution or other action by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, including any additional payments required under this Section 5.6) (a "Payment") would be subject to an excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), or any interest or penalties are incurred by the Executive with respect to any such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the “Excise Tax”), the Company shall make a payment to the Executive (a “Gross-Up Payment”) in an amount such that after payment by the Executive of all taxes (including any Excise Tax) imposed upon the Gross-Up Payment, the Executive retains (or has had paid to the Internal Revenue Service on his behalf) an amount of the Gross-Up Payment equal to the sum of (x) the Excise Tax imposed upon the Payments and (y) the product of any deductions disallowed because of the inclusion of the Gross-Up Payment in the Executive’s adjusted gross income and the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is to be made. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to (i) pay federal income taxes at the highest marginal rates of federal income taxation for the calendar year in which the Gross-Up Payment is to be made, and (ii) pay applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(b) Subject to the provisions of paragraph (c) of this Section 5.6, all determinations required to be made under this Section 5.6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PriceWaterhouseCoopers (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 5.6, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm’s determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive’s applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 5.6 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5.6(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company’s control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5.6(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 5.6(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5.6(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Covenant Against Unfair Competition.

(a) Executive agrees that while he is employed by the Company, and for a period of three (3) years following any termination of his employment, for any reason, he will not, for his own account or jointly with another, directly or indirectly, for or on behalf of any individual, partnership, corporation or other legal entity, as principal, agent or otherwise:

(i) own, control, manage, be employed by, consult with, or otherwise participate in, a business (other than that of the Company) involved within the Trade Area (as hereinafter defined) with any of the following businesses (the "Businesses"): (1) the storage, handling, delivery, marketing, sale, distribution or brokerage of aviation fuel, marine fuel or lubricants, aviation flight services, or marine fuel services, or (2) any other service or activity which is competitive with the services or activities which are or have been performed by the Company or its subsidiaries or affiliates since January 1, 1998;

(ii) solicit, call upon, or attempt to solicit, the patronage of any individual, partnership, corporation or other legal entity to whom the Company or its subsidiaries or affiliates sold products or provided services, or from whom the Company or its subsidiaries or affiliates purchased products or services, at any time since January 1, 1998, for the purpose of obtaining the patronage in any of the Businesses of any such individual, partnership, corporation or other legal entity;

(iii) solicit or induce, or in any manner attempt to solicit or induce, any person employed by the Company or its subsidiaries or affiliates to leave such employment, whether or not such employment is pursuant to a written contract and whether or not such employment is at will; or

(iv) use, directly or indirectly, on behalf of himself or any other person or business entity, any trade secrets or confidential information concerning the business activities of the Company or any of the Company's subsidiaries or affiliates. Trade secrets and confidential information shall include, but not be limited to, lists of names and addresses of customers and suppliers, sources of leads and methods of obtaining new business, methods of marketing and selling products and performing services, and methods of pricing.

(b) As used herein, the term "Trade Area" shall mean: (i) the States of Florida, Louisiana, Delaware, Pennsylvania, New York, California, Virginia, New Jersey, and Maryland, (ii) Singapore, Greece, South Korea, England and Costa Rica, and (iii) any airports or seaports throughout the world which are or were serviced by the Company or its subsidiaries or affiliates at any time since January 1, 1998.

(c) Executive recognizes the importance of the covenant contained in this Section 6 and acknowledges that, based on his past experience and training as an executive of the Company, the projected expansion of the Company's business, and the nature of his services to be provided under this Agreement, the restrictions imposed herein are: (i) reasonable as to scope, time and area; (ii) necessary for the protection of the Company's legitimate business interests, including without limitation, the Company's trade secrets, goodwill, and its relationship with customers and suppliers; and (iii) not unduly restrictive of Executive's rights as an individual. Executive acknowledges and agrees that the covenants contained in this Section 6 are essential elements of this Agreement and that but for these covenants, the Company would not have agreed to enter into this Agreement.

(d) If Executive commits a breach or threatens to commit a breach of any of the provisions of this Section 6, the Company shall have the right and remedy, in addition to any others that may be available, at law or in equity, to have the provisions of this Section 6 specifically enforced by any court having equity jurisdiction, through injunctive or other relief, it being acknowledged that any such breach or threatened breach will cause irreparable injury to the Company, the amount of which will be difficult to determine, and that money damages will not provide an adequate remedy to the Company.

(e) If any covenant contained in this Section 6, or any part thereof, is hereafter construed to be invalid or unenforceable, the same shall not affect the remainder of the covenants, which shall be given full effect, without regard to the invalid portions, and any court having jurisdiction shall have the power to reduce the duration, scope and/or area of such covenant and, in its reduced form, said covenant shall then be enforceable.

(f) The provisions of this Section 6 shall survive the expiration and termination of this Agreement, and the termination of Executive's employment hereunder, for any reason.

7. <u>Non-Exclusivity of Rights</u>. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiaries or affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any employment, stock option or other agreements with the Company or any of its subsidiaries or affiliates. In the event there are any amounts which represent vested benefits or which the Executive is otherwise entitled to receive under any other plan or program of the Company or any of its subsidiaries or affiliates at or subsequent to the Date of Termination, the Company shall pay or cause the relevant plan or program to pay such amounts, to the extent not already paid, in accordance with the provisions of such plan or program.

8. Full Settlement. Except as specifically provided otherwise in this Agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others. The Executive shall not be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. Except as expressly provided in Section II of Exhibit A, the Severance Benefits shall not be reduced by any compensation or benefits earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise. The Company agrees to pay all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or others of the validity or enforceability of, or liability under any provision of this Agreement or any guarantee of performance thereof, in each case plus interest, compounded daily, on the total unpaid amount determined to be payable under this Agreement, such interest to be calculated on the basis of two percent (2%) over the Prime Rate in effect from time to time during the period of such nonpayment, but in no event greater than the highest interest rate permitted by law for such payments.

9. Successors. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives, executors, heirs and legatees. This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company shall require any successor to all or substantially all of the business and/or assets of the Company, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform if no such succession had taken place, by a written agreement in form and substance reasonably satisfactory to the Executive, delivered to the Executive within five (5) business days after such succession.

10. Miscellaneous.

(a) Modification and Waiver. Any term or condition of this Agreement may be waived at any time by the party hereto that is entitled to the benefit thereof; provided, however, that any such waiver shall be in writing and signed by the waiving party, and no such waiver of any breach or default hereunder is to be implied from the omission of the other party to take any action on account thereof. A waiver on one occasion shall not be deemed to be a waiver of the same or of any other breach on a future occasion. This Agreement may be modified or amended only by a writing signed by all of the parties hereto.

(b) Governing Law. The validity and effect of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida. In any action or proceeding arising out of or relating to this Agreement (an "Action"), each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of any federal or state court sitting in Miami, Florida, and further agrees that any Action may be heard and determined in such federal court or in such state court. Each party hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any action in Miami, Florida.

(c) Tax Withholding. The payments and benefits under this Agreement may be compensation and as such may be included in either the Executive's W-2 earnings statements or 1099 statements. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation, as well as any other deductions consented to in writing by the Executive.

(d) Section Captions. Section and other captions contained in this Agreement are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

(e) Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

(f) Integrated Agreement. This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and supersedes any other employment agreements executed before the date hereof. There are no agreements, understandings, restrictions, representations or warranties among the parties other than those set forth herein or herein provided for.

(g) Interpretation. No provision of this Agreement is to be interpreted for or against any party because that party or that party's legal representative drafted such provision. For purposes of this Agreement: "herein", "hereby", "hereunder", "herewith", "hereafter" and "hereinafter" refer to this Agreement in its entirety, and not to any particular subsection or paragraph. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(h) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's last address appearing in the payroll/personnel records of the Company.

If to the Company:

World Fuel Services Corporation
9800 N.W. 41st Street
Suite 400
Miami, FL 33178

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by addressee.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals the day and year first above written.

WITNESSES:	WORLD FUEL SERVICES CORPORATION
/s/ Edith F. Novoa	By: /s/ Michael Kasbar
Edith F. Novoa	Title: **President/COO**

/s/ Marta Solodko	/s/ PAUL H. STEBBINS
Marta Solodko	**Paul H. Stebbins** **Executive**

EXHIBIT A

SEVERANCE BENEFITS

(I) Cash Payment. The Company shall pay to the Executive the aggregate of the amounts determined pursuant to clauses (A) through (C) below:

(A) if not already paid, the Executive's Base Salary, unused vacation entitlement and car allowance through the Date of Termination; and

(B) an amount equal to the annual Base Salary (the "Base Amount") payable to the Executive immediately prior to the Date of Termination, multiplied by three (3) if the termination is pursuant to Section 5.4 hereof on or before the third anniversary following a Change of Control, or otherwise multiplied by two (2);

(C) an amount equal to the product of (x) the average annual bonus payable to the Executive for the three (3) fiscal years beginning on or after April 1, 2001 (or such lesser number of full fiscal years as shall have been completed after April 1, 2001) immediately preceding the fiscal year of termination, multiplied by (y) three (3) if the termination is pursuant to Section 5.4 hereof on or before the third anniversary following a Change of Control, or otherwise multiplied by two (2).

The Company shall pay to the Executive the aggregate of the amounts determined pursuant to clauses (A) through (C) above in a lump sum by cashier's check within five (5) business days after the Executive's Date of Termination.

(II) Medical, Dental, Disability, Life Insurance and Other Similar Plans and Programs. Until the earlier to occur of (i) the last day of the Severance Period, (ii) the date on which the Executive becomes eligible for the designated or comparable coverage as an employee of another employer which provides or offers such coverage to its employees, or (iii) in the case of benefits requiring employee contributions, the date the Executive fails to make such contributions pursuant to the Company's or the plan's instructions (which instructions shall be reasonable and given to the Executive by the Company within five (5) business days following the Executive's Date of Termination) or otherwise cancels his coverage in accordance with plan provisions, the Company shall continue to provide all benefits which the Executive and/or his family is or would have been entitled to receive under all medical, dental, disability, supplemental life, group life, accidental death and executive accident insurance, and other similar plans and programs of the Company and/or its subsidiaries or affiliates not otherwise provided for in this Agreement, in each case on a basis providing the Executive and/or his family with the opportunity to receive benefits at least equal to the greatest level of benefits provided by the Company and/or its subsidiaries or affiliates for the Executive under such plans and programs as in effect at any time during the six (6) month period immediately preceding the Notice of Termination. The benefits will be paid for by the Company and, to the extent applicable, will be provided in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). If the Executive's participation in any such plan or program is barred by COBRA or for any other reason, the Company shall pay or provide for payment of such benefits or substantially similar benefits to the Executive and/or his family.

(III) Stock Options and Rights. If the Executive is a participant in any stock option or stock purchase plan of the Company, or if the Executive is the holder of any options, warrants or rights to acquire capital stock of the Company (collectively "Stock Rights"), the Executive shall have all of the rights with respect thereto as are set forth herein and in the relevant plans and Stock Rights.

(IV) Deferred Compensation. The Company shall pay to the Executive the Executive's salary or incentive compensation awards that have been previously deferred, if any, in accordance with the terms of the Executive's individual deferred compensation agreement(s) or the applicable plan(s), as appropriate.

(V) Definition of Severance Period. For purposes of this Exhibit A, the term "Severance Period" shall mean the three (3) year period immediately following the Date of Termination, if the termination is pursuant to Section 5.4 of the Agreement following a Change of Control, or the two (2) year period immediately following the Date of Termination in the case of any other termination.

(VI) Taxes. Notwithstanding anything in the foregoing to the contrary, if (x) a Change of Control occurs on or after January 1, 2003, and (y) the Executive's employment with the Company terminates on or before the third anniversary of such Change of Control, then the Company shall not be obligated to pay any portion of the amounts otherwise payable to the Executive pursuant to Section 5.4 of this Agreement (the "Section 5.4 Severance Benefits"), on account of such termination, if and only to the extent that the Company could not reasonably deduct such portion solely by operation of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of this limitation: (i) no portion of the Section 5.4 Severance Benefits, the receipt or enjoyment of which the Executive shall have effectively waived in writing prior to the date of payment, shall be taken into account; (ii) no portion of any Section 5.4 Severance Benefits shall be taken into account which, in the opinion of tax counsel selected by the Company's independent auditors and acceptable to the Executive, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code; (iii) the Section 5.4 Severance Benefits to the Executive shall be reduced only to the extent necessary so that the total Section 5.4 Severance Benefits (other than those referred to in clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b) (4) of the Code, in the opinion of the tax counsel referred to in clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Section 5.4 Severance Benefits shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

Dated as of the 26th day of July, 2002.

/s/ PAUL H. STEBBINS

Paul H. Stebbins

WORLD FUEL SERVICES CORPORATION

By: /s/ Michael Kasbar

Title: President / COO

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into effective as of the 26th day of July, 2002, by and between World Fuel Services Corporation, a Florida corporation (the "Company"), and Michael J. Kasbar (the "Executive").

RECITALS. Executive currently is employed by the Company pursuant to an employment agreement dated October 11, 2001, that expires March 31, 2005 (the "2001 Employment Agreement") as the Chairman and Chief Executive Officer of the subsidiaries and affiliates of the Company engaged in the marine and related businesses, excluding aviation (the "Trans-Tec Group"). The Executive has been promoted to serve as President and Chief Operating Officer of the Company, effective July 26, 2002 (the "Effective Date"). The Company and the Executive now wish to amend and restate the 2001 Employment Agreement in its entirety, to reflect the increased duties and responsibilities of Executive as a result of his promotion.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree that the 2001 Employment Agreement is hereby amended and restated in its entirety to read as follows:

1. Employment. The Company hereby employs Executive pursuant to the terms and conditions of this Agreement for a term (the initial "Employment Term"), commencing on the Effective Date and ending on the fifth (5th) anniversary of the Effective Date. At least one (1) year prior to each date on which the Employment Term otherwise would terminate, the Company and the Executive shall notify each other in writing whether they elect to extend the Employment Term for an additional year, and the Employment Term shall not be so extended unless both parties so elect to extend the Employment Term. If the Company is electing not to extend the Employment Term for Cause, or the Executive is electing not to extend the Employment Term for Good Reason, it or he shall so state in the notice. During the Employment Term, the Executive shall serve as President and Chief Operating Officer of the Company. The Executive shall faithfully and diligently perform all services as may be assigned to him by the Chairman of the Board ("Chairman") of the Company consistent with his position, shall report solely to the Chairman, and shall exercise such power and authority as may from time to time be delegated to him by the Chairman. The Executive shall devote his full business time and attention to the business and affairs of the Company, render such services to the best of his ability, and use his reasonable best efforts to promote the interests of the Company. Notwithstanding the foregoing or any other provision of this Agreement, it shall not be a breach or violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, or (iii) manage personal investments, so long as such activities do not significantly interfere with or significantly detract from the performance of the Executive's responsibilities to the Company in accordance with this Agreement.

2. Compensation and Benefits. During the Employment Term, the Company shall pay Executive the compensation and other amounts set forth below.

2.1 Base Salary. The Company shall pay Executive an annual salary (“Base Salary”) of Five Hundred Twenty-Five Thousand Dollars ($525,000), payable in equal installments according to the Company’s regular payroll practices and subject to such deductions as may be required by law. The Base Salary shall be reviewed, at least annually, for merit increases and may, by action and in the discretion of the Board of Directors of the Company (the “Board”) or the Compensation Committee of the Board (the “Compensation Committee”), be increased at any time or from time to time. Base Salary shall not be decreased and, if increased, shall not thereafter be decreased for any reason.

2.2 Bonus.

(a) Subject to the terms of the Company’s Annual Incentive Plan (the “AIP”), adopted by the Board of Directors on July 26, 2002, the Executive will be eligible to receive an annual bonus (the “Bonus”) for the period beginning April 1, 2002 and ending December 31, 2002, and for each 12 month period beginning each January 1 thereafter (each a “Bonus Period”). Executive has received and reviewed a copy of the AIP. Capitalized terms used in this Section 2.2 and not otherwise defined shall have the meanings assigned to them in the AIP. Executive understands that the AIP imposes various conditions and limitations on Performance Awards payable to Participants, and that, unless otherwise provided herein, such conditions and limitations apply to Executive’s Bonuses hereunder. The Bonus shall be equal to a percentage of the Executive’s Base Salary as of the last day of the Bonus Period for which the Bonus is being calculated, and will be conditioned on achievement of the Performance Goals shown below for the Bonus Period. The Bonus for the period from April 1, 2002 to December 31, 2002 has been determined by the Compensation Committee and accepted by the Executive. The Compensation Committee and the Executive have agreed that the principal Performance Goal for the remainder of the Employment Term will be Growth in EPS (as defined below) and that the Bonus for each Bonus Period commencing January 1, 2003 shall be determined pursuant to the formula set forth in the following table:

Growth in EPS Achieved	Amount of Bonus determined as a % of Base Salary
Less than 5%	No Bonus
5%	15%
6%	23%
7%	33%
8%	45%
9%	59%
10%	75%
11%	93%
12%	113%
13%	138%
14%	168%
15% or higher	200%

The Executive and the Compensation Committee have agreed that the target Performance Goal for each Bonus Period is Growth in EPS of 11.5%. If the Performance Goal achieved is between one of the thresholds set forth in the foregoing table, Executive shall be eligible to receive a pro-rated portion of the Bonus. For example, if 7.5% EPS growth is achieved, Executive would be eligible for a Bonus equal to 39% of Base Salary. The Bonus payable pursuant to this subsection (a) is referred to as the “Earnings Bonus,” and the Bonus payable pursuant to subsection (b)(ii) below is referred to as the “MBO Bonus.” Both such bonuses are hereinafter collectively referred to as the “Bonus.”

(b) Notwithstanding the foregoing:

(i) If in any Bonus Period the Company achieves or exceeds the target Performance Goal of 11.5% Growth in EPS, the aggregate of bonuses paid to the Company’s executive officers as a group in such year shall not exceed an amount equal to 50% of any increment in net earnings (after taxes and payment of bonuses) earned by the Company in excess of the net earnings required to achieve or exceed the target Performance Goal of 11.5% Growth in EPS. Executive’s Bonus shall be subject to the limitation set forth in the preceding sentence, and shall be reduced, but not below 100% of Base Salary, as necessary to comply with such limitation. In the event such a reduction is required, it shall be made pro-rata to all executive officers. For purposes of this provision, “executive officers” means the Company’s senior executive officers who are designated by the Compensation Committee (after consultation with the Chairman and President) as eligible to participate in the AIP for the Bonus Period in question.

(ii) If in any Bonus Period (1) the Company achieves the Growth in EPS necessary for Executive to receive an Earnings Bonus pursuant to subsection (a), and (2) the Executive also satisfies certain objectives (the “MBO’s”) for such Bonus Period (which MBO’s shall be agreed to by the Executive and the Compensation Committee within the first 90 days of each Bonus Period), then the Executive shall be eligible to receive an additional Bonus (the “MBO Bonus”) over and above the Earnings Bonus paid pursuant to subsection (a) above, which MBO Bonus shall be in an amount to be determined by the Compensation Committee in its discretion; provided, however, that (A) the MBO Bonus shall not exceed twenty percent (20%) of the Earnings Bonus, and (B) the MBO Bonus shall be reduced as required (x) to comply with the limitations set forth in subsection (b)(i) above, and (y) so that in no event shall the aggregate of the Earnings Bonus and the MBO Bonus in any Bonus Period exceed 200% of the Executive’s Base Salary.

(iii) Furthermore, in no event shall the aggregate of the Earnings Bonus and the MBO Bonus in any Bonus Period exceed the maximum Performance Award per year set forth in Section 4.2 of the AIP (currently $1,500,000), or such higher maximum as may be adopted by amendment to the AIP.

(c) For purposes of the foregoing formula, “Growth in EPS” for a Bonus Period shall mean the quotient obtained by dividing (x) the amount, if any, by which (i) the EPS for the 12 month period that ends on the last day of the Bonus Period exceeds (ii) the EPS for the 12 month period ending immediately prior to the Bonus Period (the “Prior Year’s EPS”), by (y) the Prior Year’s EPS. For purposes of the foregoing formula, EPS shall mean the Company’s earnings per share, on a fully diluted basis, computed in accordance with FASB Statement 128. However, the Compensation Committee has the right to adjust financial results to eliminate the effect of certain accounting adjustments and other one-time events, so that the bonus payouts reflect ongoing operating results and are not artificially inflated, or deflated, due to unusual, one-time events. Notwithstanding the terms of the AIP, the parties expressly agree that acquisitions of companies or assets by the Company will not be considered extraordinary or one-time events that would require an adjustment pursuant to the preceding sentence or the AIP.

(d) The requirements that the Company achieve the Performance Goals and the Executive achieve the MBO's under this Section 2.2 are intended as "performance goals" for Executive, as that term is used in Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations promulgated thereunder. The Company hereby represents and warrants to Executive that such Performance Goals have been determined and approved by the Compensation Committee, consisting solely of at least two (2) outside directors, as required by Code § 162(m)(4)(C)(i) and Treasury Regulations promulgated thereunder.

(e) Notwithstanding anything to the contrary contained herein, in no event shall Executive receive any portion of his Bonus if and to the extent that the Company could not reasonably deduct such portion solely by operation of Code § 162(m). For purposes of this limitation: (i) no portion of the Executive's compensation or benefits, the receipt or enjoyment of which Executive shall have effectively waived in writing prior to the date of payment, shall be taken into account; (ii) no portion of any compensation or benefits shall be taken into account which, in the opinion of tax counsel selected by the Company's independent auditors and acceptable to Executive, does not constitute "applicable employee remuneration" within the meaning of Code §162(m) and Treasury Regulations promulgated thereunder; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Executive's remuneration shall be determined by the Company's independent auditors in accordance with the Code. This subsection (e) shall not prohibit the payment of any Bonus (or portion thereof) which is deferred in accordance with subsection (h) below.

(f) At any time during the Employment Term, upon written request of Executive, the Company shall submit the Performance Goal and other material compensation terms provided herein for approval by the Company's shareholders so as to comply with Code § 162(m)(4)(C)(ii) and Regulations promulgated thereunder, and the Company shall use reasonable efforts to secure such shareholder approval; provided, (i) the Company shall not be required to call a special shareholders meeting for the sole purpose of complying with this section; and (ii) in order to have such approval sought at the Company's annual shareholders meeting, Executive shall provide written notice thereof to the Company no less than ninety (90) days prior to the scheduled date of the annual meeting. If any executive officer of the Company requests that his Performance Goals and compensation terms be submitted for shareholder approval pursuant to this Agreement, the Company shall have the right to submit the Performance Goals and compensation arrangements of all executive officers for shareholder approval at the same meeting.

(g) If required to comply with Code §162(m)(4)(C)(iii), the Company's Compensation Committee shall, before the payment of any Bonus, certify in writing, if applicable, that the Performance Goal and any other material terms hereof were satisfied, as necessary to comply with Code § 162(m)(4)(C)(iii).

(h) Unless the Company's shareholders have approved the Performance Goal and other material compensation terms provided herein, the payment of any portion of the Bonus causing Executive's compensation to exceed the limitation under Section 162(m)(i) of the Code during any fiscal year of the Company (the "Excess Amount") will be deferred until a fiscal year during the Employment Term in which Executive earns less than the limitation under Section 162(m)(i) of the Code; provided, however, that in the event of Executive's death, the termination of Executive for any reason, or the expiration of this Agreement, any Excess Amount, including any interest earned thereon, shall be paid to Executive within ten (10) days of such death, termination, or expiration. Any Excess Amount shall earn interest at the prime rate as published in the Wall Street Journal (the "Prime Rate") until such amount is paid to the Executive. The Company shall hold any Excess Amount, including any interest earned thereon, in trust for Executive until such amount is paid to Executive in accordance with the terms hereof; provided, that all amounts held in trust for Executive shall be subject to the claims of the creditors of the Company.

(i) The provisions of this Section 2.2 are intended, and shall be interpreted, to comply with the requirements of Code § 162(m) so as to permit the Company to deduct all payments of applicable employee remuneration made to Executive pursuant to this Agreement.

2.3 Stock Options.

(a) Pursuant to the 2001 Employment Agreement, the Company granted to the Executive options (the "Initial Options") to purchase up to 55,000 shares of common stock (the "Common Stock") of the Company under (and therefore subject to all terms and conditions of) the World Fuel Services Corporation 1996 Employee Stock Option Plan and the 2001 Omnibus Plan, and any successor plan thereto, and all rules of the Securities and Exchange Commission applicable to stock option plans then in effect. In addition to the Initial Options, the Executive shall be eligible to receive additional option grants under the 2001 Omnibus Plan in such number and on such terms and conditions as shall be determined by the Board or the Compensation Committee of the Board. The options granted to the Executive shall be incentive stock options ("ISO's"), within the meaning of Section 422(b) of the Internal Revenue Code of 1986 as amended (the "Code"), to the extent that such options do not exceed the limitations imposed by Section 422(d) of the Code, and the balance of the options granted to the Executive shall be non-qualified stock options ("NSO's").

(b) The Initial Options, and all other options granted to Executive by the Company (collectively, the "Options") shall become fully vested immediately in the event that: (i) a Change of Control of the Company as defined in Section 3.1 hereof occurs, or (ii) the Executive terminates his employment with the Company for Good Reason, as defined in Section 3.4 hereof, or (iii) the Company terminates the Executive's employment with the Company, other than for Cause, as defined in Section 3.2 hereof.

(c) In the event the Executive's employment terminates for any of the reasons set forth in subsections (ii) or (iii) of Section 2.3(b), the Executive may exercise all vested rights under the Options at any time after termination and until the earlier of: (1) the date that is two (2) years after the date on which the Executive's employment terminates for the reasons provided above (except that for ISOs such period shall be three (3) months after termination, not two years); and (2) the Expiration Date for the options as defined in the applicable option agreement.

2.4 Restricted Stock.

(a) Pursuant to the 2001 Employment Agreement, the Company granted to the Executive 25,000 shares of restricted Common Stock of the Company (the “Initial Restricted Stock”).

(b) Effective August 27, 2002, the Company shall grant to Executive 25,000 shares of restricted Common Stock (the “New Shares”). The New Shares shall vest in three equal installments on the third, fourth and fifth anniversaries of the Effective Date, and shall be subject to the terms of a restricted stock agreement to be entered into between Executive and the Company. The New Shares and the Initial Restricted Stock are collectively referred to herein as the “Restricted Stock.” The Executive’s rights with respect to the Restricted Stock shall become fully vested immediately in the event that (i) a Change of Control of the Company as defined in Section 3.1 hereof occurs, or (ii) the Executive terminates his employment with the Company for Good Reason, as defined in Section 3.4 hereof, or (iii) the Company terminates the Executive’s employment with the Company, other than for Cause, as defined in Section 3.2 hereof.

2.5 Other Benefits. Executive: (i) shall be entitled to receive all medical, health, disability, life and dental insurance, and other similar employee benefit programs, which may be provided by the Company to its executive employees from time-to-time; (ii) shall be entitled to reimbursement for reasonable and necessary out-of-pocket expenses incurred in the performance of his duties hereunder, including but not limited to travel and entertainment expenses (such expenses shall be reimbursed by the Company, from time to time, upon presentation of appropriate receipts therefor); (iii) shall be paid an auto allowance of $1,000.00 per month; (iv) shall be entitled to six (6) weeks paid vacation each calendar year, and any vacation time not taken during any calendar year shall be carried over into subsequent calendar years if and to the extent such carried over vacation time does not exceed six (6) weeks; and (v) shall be entitled to reimbursement from the Company for all of his legal fees and expenses incurred in connection with the preparation of this Employment Agreement.

3. Certain Definitions.

3.1 Change of Control. For purposes of this Agreement, a “Change of Control” shall be deemed to have occurred if:

(a) any person or “group” as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), but excluding any employee benefit plan or plans of the Company and its subsidiaries, becomes the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the Company’s outstanding voting securities ordinarily having the right to vote for the election of directors of the Company; or

(b) any merger, consolidation, reorganization or similar event of the Company or any of its subsidiaries, as a result of which the holders of the voting stock of the Company immediately prior to such merger, consolidation, reorganization or similar event do not directly or indirectly hold at least fifty-one percent (51%) of the aggregate voting power of the capital stock of the surviving entity; or

(c) the individuals who, as of March 1, 2003 (the "Effective Date"), constitute the Board of Directors of the Company (the "Board" generally and as of the date hereof the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board, or in the case of a merger or consolidation of the Company, do not constitute or cease to constitute at least two-thirds (2/3) of the board of directors of the surviving company (or in a case where the surviving corporation is controlled, directly or indirectly by another corporation or entity, do not constitute or cease to constitute at least two-thirds (2/3) of the board of such controlling corporation or do not have or cease to have at least two-thirds (2/3) of the voting seats on any body comparable to a board of directors of such controlling entity, or if there is no body comparable to a board of directors, at least two-thirds (2/3) voting control of such controlling entity); provided that any person becoming a director (or, in the case of a controlling non-corporate entity, obtaining a position comparable to a director or obtaining a voting interest in such entity) subsequent to the Effective Date hereof whose election, or nomination for election, was approved by a vote of the persons comprising at least two-thirds (2/3) of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest), shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(d) there is a liquidation or dissolution of the Company or all or substantially all of the assets of the Company have been sold; or

(e) if the Company enters into an agreement or series of agreements or the Board passes a resolution which will result in the occurrence of any of the matters described in Subsections (a) through (d), and the Executive's employ is terminated subsequent to the date of execution of such agreement or series of agreements or the passage of such resolution, but prior to the occurrence of any of the matters described in Subsections (a) through (d), then, upon the occurrence of any of the matters described in Subsections (a) through (d), a Change of Control shall be deemed to have retroactively occurred on the date of the execution of the earliest of such agreement(s) or the passage of such resolution.

3.2 Cause. For purposes of this Agreement, "Cause" means (i) an act or acts of fraud, misappropriation, or embezzlement on the Executive's part which result in or are intended to result in his personal enrichment at the expense of the Company or its subsidiaries or affiliates, (ii) conviction of a felony, or (iii) willful failure to report to work for more than thirty (30) continuous days not attributable to eligible vacation or supported by a licensed physician's statement.

3.3 Disability. For purposes of this Agreement, "Disability" means disability which after the expiration of more than twelve (12) months after its commencement is determined to be total and permanent by an independent physician mutually agreeable to the parties. Notwithstanding any disability of Executive, he shall continue to receive all compensation and benefits provided under Section 2 until his employment is actually terminated, by a Notice of Termination pursuant to Section 4.2.

3.4 Good Reason. For purposes of this Agreement, "Good Reason" means:

(a) any failure by the Company to comply with any of the provisions of Section 2 of this Agreement other than an insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company within five (5) business days after receipt of notice thereof given by the Executive;

(b) following a Change in Control, any failure by the Company and/or its subsidiaries or affiliates to furnish the Executive and/or where applicable, his family, with: (i) total annual cash compensation (including annual bonus), (ii) total aggregate value of perquisites, (iii) total aggregate value of benefits, or (iv) total aggregate value of long term compensation, including but not limited to stock options, in each case at least equal to or exceeding or otherwise comparable to in the aggregate, the highest level received by the Executive from the Company and/or its subsidiaries or affiliates during the six (6) month period (or the one (1) year period for compensation, perquisites and benefits which are paid less frequently than every six (6) months) immediately preceding the Change of Control, other than an insubstantial and inadvertent failure remedied by the Company within five (5) business days after receipt of notice thereof given by the Executive;

(c) the Company's and/or its subsidiaries' or affiliates' requiring the Executive to be based or to perform services at any site or location more than fifteen (15) miles from Miami, Florida, except for travel reasonably required in the performance of the Executive's responsibilities (which does not materially exceed the level of travel previously required of the Executive);

(d) any failure by the Company to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 9; or

(e) without the express prior written consent of the Executive (which consent the Executive has the absolute right to withhold), (i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including titles and reporting relationships), authority, responsibilities or status, or (ii) any other material adverse change in such position, authority, responsibility or status.

For the purposes of this Section 3.4, any good faith interpretation by the Executive of the foregoing definitions of "Good Reason" shall be conclusive on the Company. No termination by Executive for Good Reason shall be deemed a voluntary termination by Executive for purposes of any stock option, employee benefit or similar plan of the Company.

3.5 Notice of Termination. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the

Date of Termination (which date shall be not more than fifteen (15) days after the giving of such notice).

3.6 Date of Termination. Date of Termination means the date of receipt of the Notice of Termination or any later date specified therein, as the case may be.

4. Termination.

4.1 Events of Termination. The Executive may terminate his employment with the Company, for Good Reason, at any time, and may terminate his employment with the Company without Good Reason upon thirty (30) days written notice to the Company. The Company may terminate Executive's employment with the Company at any time upon the occurrence of one or more of the events set forth in subsections (a) through (c) below. The death or Disability of Executive shall in no event be deemed a termination of employment by Executive.

(a) The death of Executive.

(b) The Disability of Executive.

(c) The discharge of Executive by the Company for Cause.

4.2 Notice of Termination. Any termination of the Executive's employment by the Executive for Good Reason or otherwise, or by the Company for Cause or otherwise, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 10(h).

5. Obligations Upon Termination.

5.1 Voluntary Termination by Executive and Termination For Cause. If the Executive's employment with the Company is terminated (i) voluntarily by the Executive, for any reason other than Good Reason, or (ii) by the Company for Cause, the Company shall pay Executive, within five (5) business days after his Date of Termination, his Base Salary, unused vacation entitlement and car allowance through the Date of Termination (if not already paid), and the Company shall have no further obligation to provide compensation or benefits to Executive under this Agreement; except that, to the extent that the Company's insurance, stock option and other benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans.

5.2 Termination for Death or Disability. If Executive's employment is terminated by the Company due to the Executive's death or Disability, the Company shall pay Executive (or his heirs and/or personal representatives): (i) Executive's Base Salary, unused vacation entitlement and car allowance through the Date of Termination (if not already paid); and (ii) the Bonus payable under Section 2.2, if any, for the fiscal year in which Executive's termination occurred, as if Executive had been employed by the Company for the full fiscal year; and the Company shall have no further obligation to provide compensation or benefits to Executive under this Agreement; except that, to the extent that the Company's insurance, stock option and other benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans. Amounts payable under subsection (i) of this Section 5.2 shall be paid within five (5) business days after the Date of Termination, and the Bonus payable under subsection (ii) shall be paid on or before May 15 of the fiscal year following the fiscal year in which the termination occurred.

5.3 Termination by the Company in Default of Agreement; Termination of Employment by the Executive for Good Reason. If (i) the Executive's employment with the Company is terminated by the Company prior to, or more than three (3) years after, a Change of Control for any reason other than the Executive's death or Disability, and other than for Cause, or (ii) the Executive terminates employment with the Company for Good Reason prior to, or more than three (3) years after, a Change of Control, then the Company shall pay and provide Executive:

(a) an amount equal to the cash payment described in Section I of Exhibit A attached hereto and made a part hereof; plus

(b) the benefits described in Sections II through IV of Exhibit A.

The amounts payable under subsection (a) of this Section 5.3 shall be paid to Executive by cashier's check within five (5) business days after his Date of Termination. The payments and benefits paid and provided pursuant to this Section 5.3 (the "Default Payments") shall be in lieu of all other compensation and benefits payable to Executive under this Agreement, and as liquidated damages and in full settlement of any and all claims by Executive against the Company as a result of the Company's breach of this Agreement; except that, to the extent that the Company's insurance, stock option and other benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans. Such Default Payments: (i) are not contingent on the occurrence of any change in the ownership or effective control of the Company; (ii) are not intended as a penalty; and (iii) are intended to compensate Executive for his damages incurred by reason of the Company's breach of this Agreement, which damages are difficult to ascertain.

5.4 Termination Following a Change in Control. In the event that (i) a Change in Control in the Company shall occur during the Employment Term, and (ii) on or before the third anniversary of the Change of Control, either (x) the Term of Employment is terminated by the Company without Cause (or the Term of Employment expires because the Company has refused to extend the Term without Cause), or (y) the Executive terminates the Term of Employment (or refuses to extend the Term) for Good Reason, the Company shall pay and provide Executive, within five (5) business days after the Date of Termination, as severance compensation, the cash amounts and benefits (collectively, "Severance Benefits") payable to the Executive under Section 5.3 hereof. For this purpose, termination of employment by the Executive for any reason during the 30 day period that begins 6-months after the Change in Control occurs shall be deemed to be a termination by the Executive for Good Reason. The Severance Benefits so paid and provided shall be in lieu of all other compensation and benefits payable to Executive under this Agreement, and in full settlement of any and all claims by Executive for such compensation or benefits; except that, to the extent that the Company's insurance, stock option and other employee benefit plans provide certain rights and benefits after an employee's termination, Executive shall continue to receive such rights and benefits in accordance with the terms of such plans. The Company agrees that following a Change of Control, the Company shall not, without the Executive's consent, amend any employee insurance or benefit plan or program of the Company or its subsidiaries or affiliates in any manner that would adversely affect the Executive's rights under such plan or program.

5.5 Termination Prior to a Change of Control as a Result of Company's Non-Extension of Employment Term Without Cause. If the Company elects not to extend the Employment Term pursuant to Section 1 hereof other than for Cause, and the Employment Term expires prior to, or more than three (3) years after, the date on which a Change of Control has occurred, then the Company shall pay and provide to the Executive (a) Executive's Base Salary, unused vacation entitlement and car allowance through the Date of Termination (if not already paid), by cashier's check within five (5) business days after his Date of Termination; (b) continue to pay for a period of one year after the Date of Termination (the "Continuation Period"), an amount equal to the sum of (i) the Executive's Base Salary as of the Date of Termination and (ii) the average of the Executive's bonuses for each of the three (3) fiscal years of the Company ending on or immediately before the Date of Termination, such sum to be payable in twenty-six (26) consecutive bi-weekly installments commencing two weeks from the Date of Termination; and (c) continue to provide the benefits described in Sections (II) and (IV) of Exhibit A hereto through the end of the Continuation Period. In addition, the Executive shall be entitled to exercise his Stock Options during the period specified in Section 2.3(c) hereof. The Company may discontinue the payment of any amounts and provision of any benefits required under this Section 5.5 in the event that, during the Continuation Period, either (i) the Executive fails to comply in any material respect with any provision of Section 6 of this Agreement other than an insubstantial and an inadvertent failure not occurring in bad faith and which is remedied by the Executive within five (5) business days after receipt of notice thereof given by the Company, or (ii) if requested by the Company to do so, the Executive fails to provide up to ten hours per calendar month of consulting services (including any travel time) to the Company as reasonably requested by the Company, at such times and places as shall be mutually agreeable to the Company and the Executive so as not to materially interfere with any other obligations or commitments of the Executive and subject to the Company's reimbursement to the Executive of his reasonable expenses incurred in providing such consulting services.

5.6 Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that a Change of Control occurs prior to January 1, 2003, and it shall be determined that, as a result of such Change of Control, any payment, distribution or other action by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, including any additional payments required under this Section 5.6) (a "Payment") would be subject to an excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any interest or penalties are incurred by the Executive with respect to any such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), the Company shall make a payment to the Executive (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any Excise Tax) imposed upon the Gross-

Up Payment, the Executive retains (or has had paid to the Internal Revenue Service on his behalf) an amount of the Gross-Up Payment equal to the sum of (x) the Excise Tax imposed upon the Payments and (y) the product of any deductions disallowed because of the inclusion of the Gross-Up Payment in the Executive's adjusted gross income and the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payment is to be made. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to (i) pay federal income taxes at the highest marginal rates of federal income taxation for the calendar year in which the Gross-Up Payment is to be made, and (ii) pay applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Gross-Up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(b) Subject to the provisions of paragraph (c) of this Section 5.6, all determinations required to be made under this Section 5.6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by PriceWaterhouseCoopers (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 5.6, shall be paid by the Company to the Executive within five days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 5.6 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given no later than fifteen (15) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 5.6(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5.6(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 5.6(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5.6(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Covenant Against Unfair Competition.

(a) Executive agrees that while he is employed by the Company, and for a period of three (3) years following any termination of his employment, for any reason, he will not, for his own account or jointly with another, directly or indirectly, for or on behalf of any individual, partnership, corporation or other legal entity, as principal, agent or otherwise:

(i) own, control, manage, be employed by, consult with, or otherwise participate in, a business (other than that of the Company) involved within the Trade Area (as hereinafter defined) with any of the following businesses (the "Businesses"): (1) the storage, handling, delivery, marketing, sale, distribution or brokerage of aviation fuel, marine fuel or lubricants, aviation flight services, or marine fuel services, or (2) any other service or activity which is competitive with the services or activities which are or have been performed by the Company or its subsidiaries or affiliates since January 1, 1998;

(ii) solicit, call upon, or attempt to solicit, the patronage of any individual, partnership, corporation or other legal entity to whom the Company or its subsidiaries or affiliates sold products or provided services, or from whom the Company or its subsidiaries or affiliates purchased products or services, at any time since January 1, 1998, for the purpose of obtaining the patronage in any of the Businesses of any such individual, partnership, corporation or other legal entity;

(iii) solicit or induce, or in any manner attempt to solicit or induce, any person employed by the Company or its subsidiaries or affiliates to leave such employment, whether or not such employment is pursuant to a written contract and whether or not such employment is at will; or

(iv) use, directly or indirectly, on behalf of himself or any other person or business entity, any trade secrets or confidential information concerning the business activities of the Company or any of the Company's subsidiaries or affiliates. Trade secrets and confidential information shall include, but not be limited to, lists of names and addresses of customers and suppliers, sources of leads and methods of obtaining new business, methods of marketing and selling products and performing services, and methods of pricing.

(b) As used herein, the term "Trade Area" shall mean: (i) the States of Florida, Louisiana, Delaware, Pennsylvania, New York, California, Virginia, New Jersey, and Maryland, (ii) Singapore, Greece, South Korea, England and Costa Rica, and (iii) any airports or seaports throughout the world which are or were serviced by the Company or its subsidiaries or affiliates at any time since January 1, 1998.

(c) Executive recognizes the importance of the covenant contained in this Section 6 and acknowledges that, based on his past experience and training as an executive of the Company, the projected expansion of the Company's business, and the nature of his services to be provided under this Agreement, the restrictions imposed herein are: (i) reasonable as to scope, time and area; (ii) necessary for the protection of the Company's legitimate business interests, including without limitation, the Company's trade secrets, goodwill, and its relationship with customers and suppliers; and (iii) not unduly restrictive of Executive's rights as an individual. Executive acknowledges and agrees that the covenants contained in this Section 6 are essential elements of this Agreement and that but for these covenants, the Company would not have agreed to enter into this Agreement.

(d) If Executive commits a breach or threatens to commit a breach of any of the provisions of this Section 6, the Company shall have the right and remedy, in addition to any others that may be available, at law or in equity, to have the provisions of this Section 6 specifically enforced by any court having equity jurisdiction, through injunctive or other relief, it being acknowledged that any such breach or threatened breach will cause irreparable injury to the Company, the amount of which will be difficult to determine, and that money damages will not provide an adequate remedy to the Company.

(e) If any covenant contained in this Section 6, or any part thereof, is hereafter construed to be invalid or unenforceable, the same shall not affect the remainder of the covenants, which shall be given full effect, without regard to the invalid portions, and any court having jurisdiction shall have the power to reduce the duration, scope and/or area of such covenant and, in its reduced form, said covenant shall then be enforceable.

(f) The provisions of this Section 6 shall survive the expiration and termination of this Agreement, and the termination of Executive's employment hereunder, for any reason.

7. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiaries or affiliates and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any employment, stock option or other agreements with the Company or any of its subsidiaries or affiliates. In the event there are any amounts which represent vested benefits or which the Executive is otherwise entitled to receive under any other plan or program of the Company or any of its subsidiaries or affiliates at or subsequent to the Date of Termination, the Company shall pay or cause the relevant plan or program to pay such amounts, to the extent not already paid, in accordance with the provisions of such plan or program.

8. Full Settlement. Except as specifically provided otherwise in this Agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others. The Executive shall not be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. Except as expressly provided in Section II of Exhibit A, the Severance Benefits shall not be reduced by any compensation or benefits earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise. The Company agrees to pay all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or others of the validity or enforceability of, or liability under any provision of this Agreement or

any guarantee of performance thereof, in each case plus interest, compounded daily, on the total unpaid amount determined to be payable under this Agreement, such interest to be calculated on the basis of two percent (2%) over the Prime Rate in effect from time to time during the period of such nonpayment, but in no event greater than the highest interest rate permitted by law for such payments.

9. Successors. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives, executors, heirs and legatees. This Agreement shall inure to the benefit of and be binding upon the Company and its successors. The Company shall require any successor to all or substantially all of the business and/or assets of the Company, whether directly or indirectly, by purchase, merger, consolidation, acquisition of stock, or otherwise, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform if no such succession had taken place, by a written agreement in form and substance reasonably satisfactory to the Executive, delivered to the Executive within five (5) business days after such succession.

10. Miscellaneous.

(a) Modification and Waiver. Any term or condition of this Agreement may be waived at any time by the party hereto that is entitled to the benefit thereof; provided, however, that any such waiver shall be in writing and signed by the waiving party, and no such waiver of any breach or default hereunder is to be implied from the omission of the other party to take any action on account thereof. A waiver on one occasion shall not be deemed to be a waiver of the same or of any other breach on a future occasion. This Agreement may be modified or amended only by a writing signed by all of the parties hereto.

(b) Governing Law. The validity and effect of this Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Florida. In any action or proceeding arising out of or relating to this Agreement (an "Action"), each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of any federal or state court sitting in Miami, Florida, and further agrees that any Action may be heard and determined in such federal court or in such state court. Each party hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any action in Miami, Florida.

(c) Tax Withholding. The payments and benefits under this Agreement may be compensation and as such may be included in either the Executive's W-2 earnings statements or 1099 statements. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation, as well as any other deductions consented to in writing by the Executive.

(d) Section Captions. Section and other captions contained in this Agreement are for reference purposes only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

(e) Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement.

(f) Integrated Agreement. This Agreement constitutes the entire understanding and agreement among the parties hereto with respect to the subject matter hereof, and supersedes any other employment agreements executed before the date hereof. There are no agreements, understandings, restrictions, representations or warranties among the parties other than those set forth herein or herein provided for.

(g) Interpretation. No provision of this Agreement is to be interpreted for or against any party because that party or that party's legal representative drafted such provision. For purposes of this Agreement: "herein", "hereby", "hereunder", "herewith", "hereafter" and "hereinafter" refer to this Agreement in its entirety, and not to any particular subsection or paragraph. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(h) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's last address appearing in the payroll/personnel records of the Company.

If to the Company:

World Fuel Services Corporation
9800 N.W. 41st Street
Suite 400
Miami, FL 33178

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by addressee.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals the day and year first above written.

WITNESSES:	WORLD FUEL SERVICES CORPORATION
/s/ EDITH F. NOVOA	By: /s/ PAUL H. STEBBINS
Edith F. Novoa	Title: **Chairman/CEO**

/s/ MARTA SOLODKO	/s/ MICHAEL J. KASBAR
Marta Solodko	**Michael J. Kasbar** **Executive**

EXHIBIT A

<u>SEVERANCE BENEFITS</u>

(I) <u>Cash Payment</u>. The Company shall pay to the Executive the aggregate of the amounts determined pursuant to clauses (A) through (C) below:

(A) if not already paid, the Executive's Base Salary, unused vacation entitlement and car allowance through the Date of Termination; and

(B) an amount equal to the annual Base Salary (the "Base Amount") payable to the Executive immediately prior to the Date of Termination, multiplied by three (3) if the termination is pursuant to Section 5.4 hereof on or before the third anniversary following a Change of Control, or otherwise multiplied by two (2);

(C) an amount equal to the product of (x) the average annual bonus payable to the Executive for the three (3) fiscal years beginning on or after April 1, 2001 (or such lesser number of full fiscal years as shall have been completed after April 1, 2001) immediately preceding the fiscal year of termination, multiplied by (y) three (3) if the termination is pursuant to Section 5.4 hereof on or before the third anniversary following a Change of Control, or otherwise multiplied by two (2); provided, however, that for these purposes, the bonus payable by the Company to the Executive for the fiscal year ending March 31, 2002 shall be equal to the sum of (i) 75% of the bonus payable to the Executive pursuant to Section 2.2(a) of the 2001 Employment Agreement for the calendar year 2001 plus (ii) the bonus payable by the Company to the Executive under Section 2.2(b) of the 2001 Employment Agreement for the period from January 1, 2002 through March 31, 2002.

The Company shall pay to the Executive the aggregate of the amounts determined pursuant to clauses (A) through (C) above in a lump sum by cashier's check within five (5) business days after the Executive's Date of Termination.

(II) <u>Medical, Dental, Disability, Life Insurance and Other Similar Plans and Programs</u>. Until the earlier to occur of (i) the last day of the Severance Period, (ii) the date on which the Executive becomes eligible for the designated or comparable coverage as an employee of another employer which provides or offers such coverage to its employees, or (iii) in the case of benefits requiring employee contributions, the date the Executive fails to make such contributions pursuant to the Company's or the plan's instructions (which instructions shall be reasonable and given to the Executive by the Company within five (5) business days following the Executive's Date of Termination) or otherwise cancels his coverage in accordance with plan provisions, the Company shall continue to provide all benefits which the Executive and/or his family is or would have been entitled to receive under all medical, dental, disability, supplemental life, group life, accidental death and executive accident insurance, and other similar plans and programs of the Company and/or its subsidiaries or affiliates not otherwise provided for in this Agreement, in each case on a basis providing the Executive and/or his family with the opportunity to receive benefits at least equal to the greatest level of benefits provided by the Company and/or its subsidiaries or affiliates for the Executive under such plans and programs as in effect at any time during the six (6) month period immediately preceding the Notice of Termination. The benefits will be paid for by the Company and, to the extent applicable, will be provided in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). If the Executive's participation in any such plan or program is barred by COBRA or for any other reason, the Company shall pay or provide for payment of such benefits or substantially similar benefits to the Executive and/or his family.

(III) Stock Options and Rights. If the Executive is a participant in any stock option or stock purchase plan of the Company, or if the Executive is the holder of any options, warrants or rights to acquire capital stock of the Company (collectively "Stock Rights"), the Executive shall have all of the rights with respect thereto as are set forth herein and in the relevant plans and Stock Rights.

(IV) Deferred Compensation. The Company shall pay to the Executive the Executive's salary or incentive compensation awards that have been previously deferred, if any, in accordance with the terms of the Executive's individual deferred compensation agreement(s) or the applicable plan(s), as appropriate.

(V) Definition of Severance Period. For purposes of this Exhibit A, the term "Severance Period" shall mean the three (3) year period immediately following the Date of Termination, if the termination is pursuant to Section 5.4 of the Agreement following a Change of Control, or the two (2) year period immediately following the Date of Termination in the case of any other termination.

(VI) Taxes. Notwithstanding anything in the foregoing to the contrary, if (x) a Change of Control occurs on or after January 1, 2003, and (y) the Executive's employment with the Company terminates on or before the third anniversary of such Change of Control, then the Company shall not be obligated to pay any portion of the amounts otherwise payable to the Executive pursuant to Section 5.4 of this Agreement (the "Section 5.4 Severance Benefits"), on account of such termination, if and only to the extent that the Company could not reasonably deduct such portion solely by operation of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of this limitation: (i) no portion of the Section 5.4 Severance Benefits, the receipt or enjoyment of which the Executive shall have effectively waived in writing prior to the date of payment, shall be taken into account; (ii) no portion of any Section 5.4 Severance Benefits shall be taken into account which, in the opinion of tax counsel selected by the Company's independent auditors and acceptable to the Executive, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code; (iii) the Section 5.4 Severance Benefits to the Executive shall be reduced only to the extent necessary so that the total Section 5.4 Severance Benefits (other than those referred to in clause (i) or (ii)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of Section 280G(b) (4) of the Code, in the opinion of the tax counsel referred to in clause (ii); and (iv) the value of any non-cash benefit or any deferred payment or benefit included in the Section 5.4 Severance Benefits shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

Dated as of the 26th day of July, 2002.

/s/ MICHAEL J. KASBAR

Michael J. Kasbar

WORLD FUEL SERVICES CORPORATION

By: /s/ PAUL H. STEBBINS

Title: **Chairman/CEO**

SECOND AMENDMENT TO CREDIT AGREEMENT

This Second Amendment to Credit Agreement (this "Amendment"), dated as of December 11, 2002, is entered into between **WORLD FUEL SERVICES CORPORATION**, a Florida corporation ("Borrower"), and **LASALLE BANK NATIONAL ASSOCIATION**, a national banking association ("Bank"), and amends the Credit Agreement, dated as of December 7, 2001, between Borrower and Bank, as amended by First Amendment to Credit Agreement, dated as of May 15, 2002 (as heretofore or hereinafter modified, supplemented, restated or otherwise amended, hereinafter referred to as the "Agreement").

WITNESSETH:

WHEREAS, Borrower has requested that Bank amend the Agreement to, among other things, increase the Revolving Commitment Amount and extend the Termination Date; and

WHEREAS, Bank is willing to so amend the Agreement, upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Defined Terms. Each capitalized term used in this Amendment but not otherwise defined herein shall have the meaning ascribed thereto in the Agreement.

2. Amendment. The following definitions shall be deleted in their entirety and replaced with the following:

   Revolving Commitment Amount means $40,000,000.

   Termination Date means the earlier to occur of (a) December 7, 2005, or (b) such other date on which the Commitment terminates pursuant to this Agreement; provided, that, upon written request delivered to the Bank no later than sixty (60) days after delivery by the Company to the Bank of the Company's 10-K for any fiscal year, and provided, further that no Event of Default or Unmatured Event of Default then exists, the Bank, in its sole discretion, may extend the Termination Date for one (1) additional year. The Bank shall provide written notice of its decision to the Company within thirty (30) days of receipt of the Company's request therefor.

3. Modifications. The reference in Section 11.7(f) of the Agreement to "$10,000,000" shall be amended to read "$5,000,000". All references in the Agreement and the other Loan Documents to the term "Note" shall be deemed to refer to the First Amended and Restated Revolving Note, dated as of December 11, 2002, executed by Borrower in favor of Bank in the

principal amount of $40,000,000. All references in the Agreement and the other Loan Documents to the term "Loan Documents" shall be deemed to include this Amendment and the First Amended and Restated Revolving Note, dated as of even date herewith, executed by Borrower in favor of Bank in the original principal amount of $40,000,000. The "Pricing Schedule" as attached to the Agreement shall be deleted and replaced in its entirety with the "Pricing Schedule" attached to this Amendment.

4. Ratification. Except as modified hereby, the terms and conditions of the Agreement and the other Loan Documents including, without limitation, each Pledge Agreement to which Borrower is a party, shall remain in full force and effect and are hereby ratified and confirmed in all respects.

5. Representations and Warranties. Borrower represents and warrants to, and agrees with, Bank that (i) it has no defenses, set-offs or counterclaims of any kind or nature whatsoever against Bank with respect to any Indebtedness created under the Agreement and the other Loan Documents, any of the agreements among the parties hereto, including, without limitation, the obligations of Borrower under the Agreement or any other Loan Document, or any action previously taken or not taken by Bank with respect thereto or with respect to any Lien or Collateral in connection therewith to secure such indebtedness, and (ii) this Amendment has been duly authorized by all necessary action on the part of Borrower, has been duly executed by Borrower, and constitutes the valid and binding obligation of Borrower, enforceable against Borrower in accordance with the terms hereof.

6. Agreement Representations and Warranties. Borrower hereby certifies that the representations and warranties contained in the Agreement continue to be true and correct and that no Unmatured Event of Default or Event of Default has occurred that has not been cured or waived.

7. Conditions to Effectiveness of Amendment. This Amendment shall become effective when the Bank shall have received (i) counterparts of this Amendment duly executed by the Borrower; (ii) a fully executed First Amended and Restated Revolving Note; (iii) counterparts of the Reaffirmation and Consents attached hereto executed by Pledgor and Guarantor, as applicable; (iv) payment by Borrower of the fees and costs, including attorneys' fees, incurred in connection with this Amendment; (v) opinions of counsel to Borrower, Guarantor and Pledgor, each in form and substance acceptable to Bank; and (vi) payment by Borrower of the Bank's modification/extension fee in the amount of $62,500.

8. Counterparts. This Amendment may be executed in any number of counterparts which, when taken together, shall constitute one original. Any telecopied signature hereto shall be deemed a manually executed and delivered original.

9. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida.

10. <u>Titles</u>. The section titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are used for convenience of reference only.

11. **<u>WAIVER OF TRIAL BY JURY</u>. EACH OF THE BORROWER AND THE BANK HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AMENDMENT, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

WORLD FUEL SERVICES CORPORATION, a Florida corporation

/s/ FRANK SHEA

Frank Shea, Chief Financial Officer

LASALLE BANK NATIONAL ASSOCIATION

/s/ BRUCE HAGUE

Bruce Hague, Group Senior Vice President

REAFFIRMATION OF GUARANTY

The terms and conditions of the Continuing Unconditional Guaranty, dated as of December 7, 2001, executed by the undersigned in favor of Bank (the "Guaranty"), are hereby ratified, reaffirmed and confirmed in all respects. The undersigned Guarantor consents to the Amendment to which this Reaffirmation of Guaranty is attached and acknowledges and agrees that the undersigned is and shall remain liable for the payment of all of the Borrower Liabilities (as defined in the Guaranty) to the full extent provided in the Guaranty, irrespective of the execution and delivery of this Amendment.

TRANS-TEC SERVICES, INC., a Delaware corporation

/s/ MICHAEL KASBAR

Michael Kasbar, Director

REAFFIRMATION OF PLEDGE AGREEMENT

The terms and conditions of the Securities Pledge Agreement, dated as of December 7, 2001, between the Pledgor and Bank (the "Pledge Agreement") are hereby ratified, reaffirmed and confirmed in all respects. The undersigned Pledgor hereby consents to the Amendment to which this Reaffirmation of Pledge Agreement is attached and acknowledges and agrees that the undersigned's pledged Collateral is and shall remain as security for the full and prompt performance of the Liabilities (as defined in the Pledge Agreement) to the full extent provided in the Pledge Agreement, irrespective of the execution and delivery of this Amendment.

TRANS-TEC SERVICES (UK) Ltd., a United Kingdom corporation

/s/ MICHAEL KASBAR

Michael Kasbar, Director

THIRD AMENDMENT TO CREDIT AGREEMENT

This Third Amendment to Credit Agreement (this "Amendment"), dated as of February 24, 2003, is entered into between **WORLD FUEL SERVICES CORPORATION,** a Florida corporation ("Borrower"), and **LASALLE BANK NATIONAL ASSOCIATION,** a national banking association ("Bank"), and amends the Credit Agreement, dated as of December 7, 2001, between Borrower and Bank, as amended by First Amendment to Credit Agreement, dated as of May 15, 2002, and as further amended by Second Amendment to credit agreement, dated as of December 15, 2002 (as heretofore or hereinafter modified, supplemented, restated or otherwise amended, hereinafter referred to as the "Agreement").

WITNESSETH:

WHEREAS, Borrower has requested that Bank amend the Agreement to, among other things, (i) increase the Letter of Credit Commitment under the Agreement and (ii) consent to a change in Borrower's fiscal year; and

WHEREAS, Bank is willing to so amend the Agreement upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Defined Terms. Each capitalized term used in this Amendment but not otherwise defined herein shall have the meaning ascribed thereto in the Agreement.

2. Amendment. The reference to "$25,000,000" in Section 2.1.2 of the Agreement is amended to read "$30,000,000."

3. Amendment. The following definition shall be deleted in its entirety and replaced with the following:

Fiscal Year means the fiscal year of the Company and its Subsidiaries, which period shall be, beginning with Fiscal Year 2002 (i) the 9-month period ending on December 31, 2002, and (ii) the 12-moth period ending on December 31 of each year thereafter. References to a Fiscal Year with a number corresponding to any calendar year (e.g. "Fiscal Year 2002") refer to the Fiscal Year ending on December 31 of such year; provided, however, that for each Fiscal Year ending prior to December 31, 2002, such references refer to the fiscal year ending on March 31 of such year.

4. Modifications. Consent. All references in the Agreement and the other Loan Documents to the term "Loan Documents" shall be deemed to include this Amendment. Notwithstanding anything to the contrary in the Loan Documents, Lender hereby consents to

Borrower's change to a Fiscal Year ending on December 31 of each year, commencing with the fiscal year ended December 31, 2002.

5. Ratification. Except as modified hereby, the terms and conditions of the Agreement and the other Loan Documents to which Borrower is a party, shall remain in full force and effect and are hereby ratified and confirmed in all respects.

6. Representations and Warranties. Borrower represents and warrants to, and agrees with, Bank that (i) it has no defenses, set-offs or counterclaims of any kind or nature whatsoever against Bank with respect to any Indebtedness created under the Agreement and the other Loan Documents, any of the agreements among the parties hereto, including, without limitation, the obligations of Borrower under the Agreement or any other Loan Document, or any action previously taken or not taken by Bank with respect thereto or with respect to any Lien or Collateral in connection therewith to secure such indebtedness, and (ii) this Amendment has been duly authorized by all necessary action on the part of Borrower, has been duly executed by Borrower, and constitutes the valid and binding obligation of Borrower, enforceable against Borrower in accordance with the terms hereof.

7. Agreement Representations and Warranties. Borrower hereby certifies that the representations and warranties contained in the Agreement and the other Loan Documents continue to be true and correct and that no Unmatured Event of Default or Event of Default has occurred that has not been cured or waived.

8. Conditions to Effectiveness of Amendment. This Amendment shall become effective when the Bank shall have received (i) counterparts of this Amendment duly executed by the Borrower; (ii) counterparts of the Reaffirmation and Consents attached hereto executed by Pledgor and Guarantor; (iii) payment by Borrower of the fees and costs, including attorneys' fees, incurred in connection with this Amendment; and (iv) certificates of an authorized officer of each of, Borrower, Guarantor and Pledgor, certifying resolutions of the governing body of each authorizing this Amendment and the transaction contemplated thereby, in form and substance acceptable to Bank.

9. Counterparts. This Amendment may be executed in any number of counterparts which, when taken together, shall constitute one original. Any telecopied signature hereto shall be deemed a manually executed and delivered original.

10. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida.

11. Titles. The section titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are used for convenience of reference only.

12. **<u>WAIVER OF TRIAL BY JURY</u>. EACH OF THE BORROWER AND THE BANK HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AMENDMENT, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

WORLD FUEL SERVICES CORPORATION, a Florida corporation

/s/ FRANK SHEA

Frank Shea, Chief Financial Officer

LASALLE BANK NATIONAL ASSOCIATION

/s/ ROBERT LOZANO

Robert Lozano, First Vice President

REAFFIRMATION OF GUARANTY

The terms and conditions of the Continuing Unconditional Guaranty, dated as of December 7, 2001, executed by the undersigned in favor of Bank (the "Guaranty"), are hereby ratified, reaffirmed and confirmed in all respects. The undersigned Guarantor consents to the Amendment to which this Reaffirmation of Guaranty is attached and acknowledges and agrees that the undersigned is and shall remain liable for the payment of all of the Borrower Liabilities (as defined in the Guaranty) to the full extent provided in the Guaranty, irrespective of the execution and delivery of this Amendment.

TRANS-TEC SERVICES, INC., a Delaware corporation

/s/ MICHAEL KASBAR

Michael Kasbar, Director

REAFFIRMATION OF PLEDGE AGREEMENT

The terms and conditions of the Securities Pledge Agreement, dated as of December 7, 2001, between the Pledgor and Bank (the "Pledge Agreement") are hereby ratified, reaffirmed and confirmed in all respects. The undersigned Pledgor hereby consents to the Amendment to which this Reaffirmation of Pledge Agreement is attached and acknowledges and agrees that the undersigned's pledged Collateral is and shall remain as security for the full and prompt performance of the Liabilities (as defined in the Pledge Agreement) to the full extent provided in the Pledge Agreement, irrespective of the execution and delivery of this Amendment.

TRANS-TEC SERVICES (UK) Ltd., a United Kingdom corporation

/s/ MICHAEL KASBAR

Michael Kasbar, Director

Subsidiaries of the Registrant

World Fuel Services Corporation, a Florida corporation

- Advance Petroleum, Inc., a Florida corporation, operates under the name “World Fuel Services of FL.”
  - PetroServicios de Mexico S.A. de C.V., a Mexico corporation (1)
  - Servicios Auxiliares de Mexico S.A. de C.V., a Mexico corporation (1)
  - Baseops Mexico S.A. de C.V. (1) (3)
- Atlantic Fuel Services, S.A., a Costa Rica corporation (3)
- Baseops International, Inc., a Texas corporation
- Bunkerfuels Corporation, a Delaware corporation
- Casa Petro S.A., a Costa Rica corporation
  - PetroServicios de Costa Rica S.A., a Costa Rica corporation (2)
- Pacific Horizon Petroleum Services, Inc., a Delaware corporation
- Resource Recovery of America, Inc., a Florida corporation (3)
- Trans-Tec Services, Inc., a Delaware corporation
- World Fuel Cayman Holding Company I, a Cayman Islands corporation
  - Marine Energy Arabia Establishment Ltd., a British Virgin Islands corporation
    - Marine Energy Arabia Co. LLC, a United Arab Emirate corporation, a majority controlled subsidiary
  - Norse Bunkers AS, a Norway corporation
  - Trans-Tec International S.R.L., a Costa Rica corporation
  - World Fuel ApS, a Denmark corporation (3)
  - World Fuel International S.R.L., a Costa Rica corporation
  - World Fuel Singapore Holding Company I Pte. Ltd., a Singapore corporation
    - Baseops Europe Ltd., a United Kingdom corporation
      - AirData Limited, a United Kingdom corporation
    - Trans-Tec Services (UK) Ltd., a United Kingdom corporation
      - Trans-Tec Services (Singapore) PTE. Ltd., a Singapore corporation
    - Oil Shipping B.V., a Netherlands corporation
      - Oil Shipping (Bunkering) B.V., a Netherlands corporation
      - Oil Shipping (Hong Kong) Ltd., a Hong Kong corporation
      - Oil Shipping (Singapore) Pte. Ltd., a Singapore corporation (3)
      - Oil Shipping (Rotterdam) B.V., a Netherlands corporation (3)
    - World Fuel Services Limited, a United Kingdom corporation
      - Bunkerfuels UK Limited, a United Kingdom corporation
    - World Fuel Services (Singapore) PTE. Ltd., a Singapore corporation
      - Trans-Tec Services (Japan) Co., K.K., a Japan corporation
    - World Fuel Singapore Holding Company II Pte. Ltd., a Singapore corporation (3)
- World Fuel Cayman Holding Company II, a Cayman Islands corporation (3)
- World Fuel Services, Inc., a Texas corporation
  - PAFCO LLC, a Delaware limited liability company (4)
- World Fuel Services Company, Inc.

(1) These corporations are owned 50% by Advance Petroleum, Inc. and 50% by World Fuel Services Corporation.

(2) This corporation is owned 55% by Casa Petro S.A. and 45% by World Fuel Services Corporation.

(3) These corporations are inactive.

(4) This unconsolidated limited liability company is a joint venture company which is equally owned by World Fuel Services, Inc. and Signature Flight Support Corporation, a Delaware corporation unrelated to the Registrant.

Exhibit 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-68276) of World Fuel Services Corporation of our report dated February 21, 2003 relating to the consolidated financial statements, which appear in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

Miami, Florida
March 20, 2003

Exhibit 99.1

Certification of the Chief Executive Officer
pursuant to
18 U.S.C. § 1350, as adopted
pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the World Fuel Services Corporation (the “Company”) Transition Report on Form 10-K for the transition period from April 1, 2002 to December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul H. Stebbins, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 20, 2003

/s/ PAUL H. STEBBINS

Paul H. Stebbins
Chairman of the Board and Chief Executive Officer

Certification of the Chief Executive Officer
pursuant to
18 U.S.C. § 1350, as adopted
pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the World Fuel Services Corporation (the “Company”) Transition Report on Form 10-K for the transition period from April 1, 2002 to December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael J. Kasbar, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 20, 2003

/s/ MICHAEL J. KASBAR

Michael J. Kasbar
President and Chief Operating Officer

Exhibit 99.3

Certification of the Chief Financial Officer
pursuant to
18 U.S.C. § 1350, as adopted
pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

In connection with the World Fuel Services Corporation (the "Company") Transition Report on Form 10-K for the transition period from April 1, 2002 to December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Francis X. Shea, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 20, 2003

/s/ FRANCIS X. SHEA

Francis X. Shea
Executive Vice President and Chief Financial Officer