

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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	:
<i>In re</i>	: Chapter 11
	:
Overseas Shipholding Group, Inc., <i>et al.</i> , ¹	: Case No. 12- 20000 (PJW)
	:
Debtors.	: Jointly Administered
	:
-----	X

**FIRST AMENDED JOINT PLAN OF REORGANIZATION
OF OVERSEAS SHIPHOLDING GROUP, INC., ET AL.,
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: ~~June 4~~ July 16, 2014



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PLAN EXHIBITS

- Exhibit A Amended and Restated Certificate of Incorporation and By-Laws of Reorganized OSG
- Exhibit B List of Officers and Directors of Reorganized Debtors
- Exhibit C Executory Contracts and Unexpired Leases Rejected by the Debtors
- Exhibit D Form of Release and Cooperation Agreement
- Exhibit E Personal Injury Claims
- Exhibit F Rights Offering Procedures
- Exhibit G Executory Contracts and Unexpired Leases Assumed and Assigned by the Debtors
- Exhibit H Liquidating Debtors
- Exhibit I Disputed Claims and Amounts Reserved for Disputed Claims
- Exhibit J Preserved Causes of Action
- Exhibit K Registration Rights Agreement
- Exhibit L Allowed and Reinstated amounts of SERP Claims
- Exhibit M Class B New Warrants Term Sheet

INTRODUCTION

Overseas Shipholding Group, Inc. (“OSG”) and certain of its affiliates, as debtors and debtors in possession in the above-captioned cases (the “Debtors”) propose this first

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Alcesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); Luxmar Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702); Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG 243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG 400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608); OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498); OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar

amended joint plan of reorganization for the resolution of the outstanding Claims against and Equity Interests in the Debtors. Reference is made to the Disclosure Statement for a discussion of the Debtors' history, business, properties and operations, projections for those operations, risk factors, a summary and analysis of this Plan and certain related matters including, without limitation, certain tax matters related to this Plan. Subject to certain restrictions and requirements set forth in 11 U.S.C. § 1127, Bankruptcy Rule 3019, and the Equity Commitment Agreement, the Debtors reserve the right to alter, amend, modify, revoke or withdraw this Plan prior to its substantial consummation.

ARTICLE I DEFINED TERMS AND RULES OF INTERPRETATION

1.1 Defined Terms. Capitalized terms used and not otherwise defined in this Plan shall have the meanings set forth below. Any term that is used and not otherwise defined herein, but that is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to it in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

7.500% Notes means those 7.5% unsecured notes due 2024 issued by OSG pursuant to the 7.500% Notes Indenture.

7.500% Notes Alternative Distribution has the meaning set forth in [Section 3.2\(h\)\(ii\)](#) of this Plan.

7.500% Notes Claims means Claims arising under the 7.500% Notes Indenture, which, subject in all respects to [Sections 3.2\(h\)](#) and [Section 7.2](#) hereof, will be Allowed at an outstanding balance as of the Petition Date of \$146,000,000.00 in principal and \$2,707,083.34 in accrued, but unpaid pre-petition interest, plus ~~any applicable overdue~~ [accrued postpetition](#) interest at the applicable contractual rates ~~accrued postpetition~~ [\(including interest on overdue interest to the extent agreed by the Debtors or Reorganized Debtors or ordered by Final Order of the Bankruptcy Court\)](#), and the reasonable fees, expenses, disbursements, and advances of the 7.500% Notes Trustee, its agents and counsel, [\(to the extent permitted under the 7.500% Notes Indenture\)](#), including with respect to post-Effective Date distributions.

7.500% Notes Indenture means that certain indenture, dated as of March 7, 2003 between OSG and the 7.500% Notes Trustee, as amended and supplemented by that certain First Supplemental Indenture dated as of February 19, 2004, between OSG and the 7.500% Notes Trustee.

Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 1301 Avenue of the Americas, 42nd Floor, New York, NY 10019.

7.500% Notes Trustee means Wilmington Trust Company, and its successors and assigns, as indenture trustee for the 7.500% Notes.

8.125% Notes means those 8.125% unsecured notes due 2018 issued by OSG pursuant to the 8.125% Notes Indenture,

8.125% Notes Claims means Claims arising under the 8.125% Notes Indenture, which, subject in all respects to Section 3.2(h) and Section 7.2 hereof, will be Allowed at an outstanding balance as of the Petition Date of \$300,000,000.00 in principal and \$2,979,166.67 in accrued, but unpaid pre-petition interest, plus ~~any applicable overdue~~ accrued postpetition interest at the applicable contractual and default rates ~~accrued postpetition~~ (including interest on overdue interest calculated at the default rate), and the reasonable fees ~~and~~ expenses, disbursements and advances of the 8.125% Notes Trustee, its agents and counsel (in each case, to the extent permitted under the 8.125% Notes Indenture), including with respect to post-Effective Date distributions.

8.125% Notes Indenture means that certain indenture, dated as of March 29, 2010, between OSG and the 8.125% Notes Trustee.

8.125% Notes Trustee means The Bank of New York Mellon Trust Company, N.A., as indenture trustee for the 8.125% Notes, or any duly appointed successor thereto.

8.75% Debentures means those 8.75% unsecured debentures due 2013 issued by OSG pursuant to that certain indenture, dated as of December 1, 1993, between OSG and the 8.75% Debentures Trustee.

~~8.75~~ 8.750% *Debentures Claims* means Claims arising under the 8.75% Debentures, which, subject in all respects to Section 3.2(g) and Section 7.2 hereof, will be Allowed at an outstanding balance as of the Petition Date of \$63,603,000.00 in principal and \$2,519,827.19 in accrued, but unpaid pre-petition interest, plus ~~any applicable overdue~~ accrued postpetition interest at the applicable contractual rates ~~accrued postpetition~~ (including interest on overdue interest to the extent agreed by the Debtors or Reorganized Debtors or ordered by Final Order of the Bankruptcy Court), and the reasonable fees, expenses, disbursement and advances of the 8.750% Debentures Trustee, and its agents and counsel (in each case, to the extent permitted under the 8.750% Debentures Indenture), including with respect to post-Effective Date distributions.

8.75% Debentures Trustee means The Bank of New York Mellon, as successor indenture trustee to The Chase Manhattan Bank (National Association) for the 8.75% Debentures, or any duly appointed successor thereto.

Accept means, with respect to the acceptance of the Plan by a Class of Claims or Equity Interests, votes cast (or deemed cast pursuant to an order of the Bankruptcy Court or the applicable provisions of the Bankruptcy Code) in favor of the Plan by the requisite number and principal amount of Allowed Claims or Equity Interests in such Class as set forth in section 1126 of the Bankruptcy Code.

Accredited Investor has the meaning given in Rule 501 of Regulation D under the Securities Act.

Adjustment Distribution has the meaning set forth in Section 9.5 of this Plan.

Administrative and Disputed Claims Agent means Greylock Partners LLC.

Administrative Claims Reserve means an escrow account held by the Administrative and Disputed Claims Agent for purposes of satisfying Allowed Administrative Expense Claims pursuant to Section 13.6 of this Plan.

Administrative Expense Claim means any Claim for costs and expenses of administration of the Chapter 11 Case that is assertable under section 503(b), 507(b), or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) any actual and necessary costs and expenses incurred on or after the Petition Date of preserving the Debtors' Estates and operating the businesses of the Debtors prior to the Effective Date; (b) compensation for legal, financial, advisory, accounting, and other services and reimbursement of expenses Allowed by the Bankruptcy Court under section 327, 330, 331, 363, or 503(b) of the Bankruptcy Code to the extent incurred prior to the Effective Date; and (c) the ECA Professional Expenses incurred through and including the Effective Date not previously paid by the Debtors.

Administrative Expense Claims Bar Date means the Business Day that is thirty (30) days after the Effective Date or such other date as approved by order of the Bankruptcy Court.

Admiralty Lien Claims means Claims arising out of (1) maritime tort (including those Personal Injury Claims listed on Exhibit E attached hereto and other personal injury claims), (2) crew wage claims, (3) the supply of necessaries, (4) general average, (5) salvage, including contract salvage, (6) stevedore wage claims when employed directly by an authorized person; and (7) maritime contracts which create maritime liens, (a) as to which a proof of claim has been timely Filed before (i) the Bar Date, for those Claims arising prior to the Petition Date, or (ii) the Administrative Expense Claims Bar Date, for those Claims arising on or after the Petition Date and prior to the Effective Date, and (b) which relate to Claims that are not paid in full or otherwise satisfied pursuant to the terms of this Plan.

Affidavit of Citizenship has the meaning set forth in the Rights Offering Procedures.

Affiliate means, unless otherwise indicated, (A) an entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the primary entity, other than an entity that holds such securities (i) in a fiduciary or agency capacity without sole discretionary power to vote such securities; or (ii) solely to secure a debt, if such entity has not in fact exercised such power to vote; (B) a corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the primary entity, or by an entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of the primary entity, other than an entity that holds such securities (i) in a fiduciary or agency

capacity without sole discretionary power to vote such securities; or (ii) solely to secure a debt, if such entity has not in fact exercised such power to vote.

Allowed means, with reference to any Claim, or any portion thereof, that is not a Disputed Claim and (a) that has been listed by the Debtors in the Schedules as liquidated in amount and not disputed, contingent or undetermined, and with respect to which no contrary proof of claim has been Filed, (b) has been specifically allowed under this Plan, (c) the amount or existence of which has been determined or allowed by a Final Order or (d) as to which a proof of claim has been timely Filed before the Bar Date in a liquidated, non-contingent amount that is not disputed or as to which no objection has been timely interposed in accordance with Section 9.1 of this Plan or any other period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court; provided, further that any such Claims Allowed solely for the purpose of voting to Accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed Claims” for the purpose of distributions hereunder.

Assigned Contract means any executory contract or unexpired lease assumed and assigned by any of the Debtors under this Plan.

Avoidance and Other Actions means any and all avoidance, recovery, subordination or other actions or remedies that may be brought by and on behalf of the Debtors or their Estates under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, actions or remedies arising under sections 510 and 542-553 of the Bankruptcy Code.

Backstop Commitment has the meaning set forth in the Equity Commitment Agreement.

Backstop Securities has the meaning set forth in the Equity Commitment Agreement.

Ballot means each of the ballot forms distributed to each Holder of an Impaired Claim or Old OSG Equity Interest that is entitled to vote to Accept or reject this Plan and on which the Holder is to indicate, among other things, acceptance or rejection of this Plan.

Bankruptcy Code means title 11 of the United States Code, as now in effect or hereafter amended so as to be applicable in these Chapter 11 Cases.

Bankruptcy Court means the United States Bankruptcy Court for the District of Delaware, or any such other court having original and exclusive subject matter jurisdiction over these Chapter 11 Cases pursuant to 11 U.S.C. § 1334(a).

Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended, so as to be applicable in these Chapter 11 Cases.

Bar Date means any deadline established by the Bankruptcy Court or the Bankruptcy Code for Filing proofs of Claim in these Chapter 11 Cases.

Bar Date Order means the Order (I) Establishing Bar Dates for Filing Proofs of Claim, (II) Approving Proof of Claim Form, Bar Date Notices, and Mailing and Publication Procedures, (III) Implementing Uniform Procedures Regarding 503(b)(9) Claims, and (IV) Providing Certain Supplemental Relief (D.I. 1146).

Business Day means any day, other than a Saturday, a Sunday, or a “legal holiday” (as defined in Bankruptcy Rule 9006(a)) or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

Cash means lawful currency of the United States of America, including, without limitation, bank deposits, checks and other similar items, including any U.S. Dollar Equivalent.

Cash Collateral Agreement has the meaning set forth in Section 5.9 of this Plan.

Cash Management Order means the Final Order Pursuant to 11 U.S.C. §§ 105(a), 345, 363(c)(1), 364(a), 364(c) and 503(b)(1), and Fed. R. Bankr. P. 6003: (A) Approving the Continued Use of the Cash Management System, Bank Accounts and Business Forms; (B) Permitting Continued Intercompany Transactions and Transfers and Granting Liens, Claims, and Other Relief in Connection Therewith; (C) Authorizing Banks to Honor Certain Transfers and Charge Certain Fees and Other Amounts; and (D) Approving Limited Waiver of Section 345 (D.I. 396).

Causes of Action means, without limitation, any and all Claims, causes of action, demands, rights, actions, suits, damages, injuries, remedies, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, known, unknown, accrued or to accrue, contingent or non-contingent, matured or unmatured, suspected or unsuspected, foreseen or unforeseen, whether arising before, on or after the Petition Date, in contract or in tort, in law or in equity, or under any other theory of law, whether asserted or assertable directly or derivatively in law or equity or otherwise by way of claim, counterclaim, cross-claim, third party action, action for indemnity or contribution or otherwise, including, without limitation, the Professional Liability Action and the Avoidance and Other Actions.

CEXIM means the Export-Import Bank of China, original Secured Lender and Agent under the CEXIM Loan Agreement.

CEXIM Cash Collateral Order means the Final Order (I) Authorizing Debtors to Use Cash Collateral, and (II) Granting Adequate Protection, entered by the Bankruptcy Court on February 5, 2013 (D.I. 459).

CEXIM Claims means Claims arising under the CEXIM Loan Agreement, to the extent unpaid.

CEXIM DIP Loan Agreement means that Debtor in Possession Loan Agreement dated February 6, 2013, as approved by the Bankruptcy Court pursuant to the CEXIM DIP Order.

CEXIM DIP Order means the Order (1) Approving Post-Petition Financing, (2) Granting Liens And Providing Superpriority Administrative Expense Claim Status Pursuant To

11 U.S.C. §§ 363 And 364, And (3) Modifying Automatic Stay Pursuant To 11 U.S.C. § 362, entered by the Bankruptcy Court on February 5, 2013 (D.I. 461).

CEXIM Loan Agreement means that certain loan agreement dated August 10, 2009 with CEXIM, as original lender and security agent, and OSG as guarantor (as amended, restated, supplemented or otherwise modified from time to time).

Chapter 11 Cases means the cases commenced under chapter 11 of the Bankruptcy Code by the Debtors in the Bankruptcy Court, styled *In re Overseas Shipholding Group, Inc., et al.*, Chapter 11 Case No. 12-20000 (PJW) (jointly administered), currently pending before the Bankruptcy Court.

Charter Rejection Claim means a Claim arising in connection with the Debtors' rejection of vessel charter contracts pursuant to section 365 of the Bankruptcy Code, including any Claim based on any Debtor's guarantee of a vessel charter contract.

Chief Restructuring Officer means John J. Ray, III, or any duly appointed successor thereto.

Claim has the meaning set forth in section 101(5) of the Bankruptcy Code.

Claims Agent means KCC.

Claims Objection Deadline has the meaning set forth in Section 9.1 of this Plan.

Claims Register means the official register of Claims against, and Equity Interests in, the Debtors, maintained by the Claims Agent.

Class means a category of Claims against or Equity Interests in the Debtors, as described in Article II hereof.

Class A New Shares has the meaning set forth in the Equity Commitment Agreement.

Class A New Warrants has the meaning set forth in the Equity Commitment Agreement.

Class A New Securities means the Class A New Shares and/or the Class A New Warrants, as applicable.

Class B New Shares has the meaning set forth in the Equity Commitment Agreement.

Class B New Warrants has the meaning set forth in the Equity Commitment Agreement.

Class B New Securities means the Class B New Shares and/or the Class B New Warrants, as applicable.

Class Stipulation means that certain Stipulation Resolving Anticipated Objections to the Debtors' Proposed Plan of Reorganization between counsel to the Debtors and counsel to the Lead Plaintiffs, as approved by the Bankruptcy Court on May 23, 2014 and relating to the Allowance and payment of the Subordinated Class Plaintiff Claims.

Commencement Date has the meaning set forth in Section 6.4 of this Plan.

Commitment Party has the meaning set forth in the Equity Commitment Agreement.

Commitment Percentage means the Commitment Percentage as such term is defined in the Equity Commitment Agreement.

Commitment Premium has the meaning set forth in Section 6.9 of this Plan.

Confirmation Date means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

Confirmation Hearing means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

Confirmation Objection Deadline has the meaning set forth in Section 8.3 of this Plan.

Confirmation Order means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

Consenting Lenders means those Credit Agreement Lenders that are party to the Plan Support Agreement.

Control Agreement has the meaning set forth in Section 5.9 of this Plan.

Credit Agreement means that certain unsecured credit agreement dated as of February 9, 2006 among OSG, OBS and OIN, as joint and several borrowers, the Credit Agreement Agent, and the Credit Agreement Lenders.

Credit Agreement Agent means U.S. Bank National Association, as administrative agent under the Credit Agreement, or any predecessor or successor thereto, as applicable.

Credit Agreement Claims means, subject to Article III and Section 7.2 hereof, Claims arising under the Credit Agreement, which shall be Allowed in the aggregate amount of \$1,490,261,803, plus (i) interest at the contractual default rate through the Effective Date, (ii) the LOC Fee, and (iii) the reasonable fees and expenses of the Credit Agreement Agent and the Credit Agreement Lenders (in each case, to the extent reimbursable under the Credit Agreement or a Final Order of the Bankruptcy Court), in each case, incurred and outstanding through the Effective Date and not previously paid by the Debtors pursuant to the Plan Support Agreement

Approval Order, or as Allowed Administrative Expense Claims, including with respect to post-Effective Date distributions, if any.

Credit Agreement Lenders means lenders under the Credit Agreement from time to time.

Creditor has the meaning set forth in section 101(10) of the Bankruptcy Code.

Cure Amount has the meaning set forth in Section 8.2 of this Plan.

Cure Notice has the meaning set forth in Section 8.2 of this Plan.

Debtors has the meaning set forth in the preamble of this Plan.

Disbursing Agent means the Reorganized Debtors or any authorized agent appointed by the Reorganized Debtors to make distributions under the Plan.

Disclosure Statement means the written disclosure statement that relates to this Plan and is approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code as such disclosure statement may be amended, modified or supplemented (and all exhibits and schedules annexed thereto or referred to therein) and that is prepared and distributed in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3018, and which shall be in form and substance reasonably acceptable to each of the Commitment Parties and for which the Debtors shall consult with the Unsecured Creditors' Committee and the Equity Committee.

Disputed Claim means a Claim, or any portion thereof, that (i) has not been Scheduled by the Debtors or has been Scheduled at zero, or has been Scheduled as contingent, unliquidated, disputed or undetermined and for which, in each case, no proof of claim has been timely Filed, (ii) has been asserted in excess of the amount Scheduled or at a different priority than Scheduled, (iii) is the subject of a Filed objection or request for estimation and which objection or request for estimation has not been withdrawn or overruled by a Final Order, (iv) is a Subordinated Claim other than Claim 1547, (v) is a SERP Claim, (vi) is any counterclaim or indemnification arising in connection with the Professional Liability Action, and/or (vii) is otherwise disputed by the Debtors, including, without limitation, those Claims listed on Exhibit I, which dispute has not been withdrawn, resolved or overruled by a Final Order.

Disputed Claims Reserve means one or more escrow account(s) held by the Administrative and Disputed Claims Agent for purposes of satisfying Disputed Claims pursuant to Section 9.5 of this Plan.

Distribution Record Date means the date for determining which Holders of Allowed Claims are eligible to receive distributions hereunder, which shall be (i) the Effective Date, or (ii) such other date as designated in a Bankruptcy Court order.

District Court means the district court presiding over the OSG Securities Class Action.

Domestic Holder means a Holder of a Claim or Old OSG Equity Interest who is a U.S. Citizen for Jones Act purposes, as demonstrated by evidence reasonably acceptable to the Debtors, including, without limitation, the provision of an affidavit in accordance with the provisions of 46 C.F.R. part 355 from time to time upon request of the Debtors.

DSF means Danish Ship Finance A/S, agent under the DSF Loan Agreement.

DSF Borrowers means each of 1372 Tanker Corporation, Alcesmar Limited, Alcmar Limited, Andromar Limited, Antigmar Limited, Ariadmar Limited, Shirley Tanker SRL, Samar Product Tanker Corporation, Leyte Product Tanker Corporation, and Rosalyn Tanker Corporation.

DSF Cash Collateral Order means the Order Pursuant to Debtors' Motion for an Order under 11 U.S.C. §§ 105, 361, 363 and Fed. R. Bankr. P. 4001 (I) Authorizing Debtors to Use Prepetition Collateral, and (II) Granting Adequate Protection, entered by the Bankruptcy Court on February 5, 2013 (D.I. 460).

DSF Claims means Claims arising under the DSF Loan Agreement, to the extent unpaid.

DSF DIP Loan Agreement means that Senior Secured Superpriority Loan Agreement dated as of February 6, 2013, approved by the Bankruptcy Court pursuant to the DSF DIP Order.

DSF DIP Order means the Order (1) Approving Post-Petition Financing, (2) Granting Liens And Providing Superpriority Administrative Expense Claim Status Pursuant To 11 U.S.C. §§ 363 And 364, And (3) Modifying Automatic Stay Pursuant To 11 U.S.C. § 362, entered by the Bankruptcy Court on February 5, 2013 (D.I. 462).

DSF Loan Agreement means that certain loan agreement dated August 28, 2008 with certain banks and financial institutions, as lenders, DSF, as agent, and OSG, OBS, and OIN, as guarantors (as amended, restated, supplemented or otherwise modified from time to time).

DTC means The Depository Trust Company.

ECA Professional Expenses means the professional advisors' fees and expenses incurred by each of the Commitment Parties payable pursuant to the Equity Commitment Agreement.

Effective Date means the date of substantial consummation of the Plan, which shall be the first Business Day upon which all conditions precedent to the effectiveness of the Plan, specified in Section 10.1 hereof, are satisfied or waived in accordance with the Plan.

Election means the valid completion of an Election Form by a Holder of a 7.500% Note.

Election Form means the form that a Holder of a 7.500% Note may complete in order to receive the 7.5% Notes Alternative Distribution, which form will provide the process for submission, including the deadline by which it must be duly submitted.

Election 1 Note means a note issued by Reorganized OSG to any Holder of a 7.500% Note who validly completes and delivers an Election Form on or before July 7, 2014 but fails to reaffirm its Election by July 22, 2014 at 5:00 p.m. (Prevailing Eastern Time) in order to receive the Election 2 Note, in exchange for such 7.500% Note, which Election 1 Note shall be on the same terms as the existing 7.500% Note and otherwise with an indenture and other documentation reasonably satisfactory to such Holder; provided, however, that the Election 1 Note shall mature on February 15, 2021, and shall provide for an interest rate of 7.500% per annum commencing on (but excluding) the Effective Date.

Election 2 Note means a note issued by Reorganized OSG to any Holder of a 7.500% Note who validly completes and delivers an Election Form (or reaffirms its prior Election made on or before July 7, 2014 in order to receive such Election 2 Notes) between July 11, 2014 and July 22, 2014 at 5:00 p.m. (Prevailing Eastern Time), in exchange for such 7.500% Note, on such terms and conditions as may be consistent with the Order Approving Stipulation Resolving Anticipated Objections to the Debtors' Proposed Plan of Reorganization (and any exhibit thereto) (D.I. 3633) but otherwise on the same terms as the Election 1 Notes and as otherwise may be reasonably satisfactory to such Holder.

Election Notes means the Election 1 Notes and Election 2 Notes.

Electing Noteholder means any Holder of 7.500% Notes that validly completes and timely submits an Election Form.

Eligible OSG Equity Interestholder has the meaning set forth in Section 6.1 of this Plan.

Eligible Participant has the meaning set forth in the Rights Offering Procedures.

Entity has the meaning set forth in section 101(15) of the Bankruptcy Code.

Equity Commitment Agreement means that certain equity commitment agreement, dated as of May 2, 2014, by and among OSG (on behalf of itself and the other Debtors), on one hand, and each of the Commitment Parties, on the other, filed as an exhibit to the Debtors' Motion For An Order (I) Authorizing The Debtors To (A) Enter Into And Perform Under An Equity Commitment Agreement Pursuant To A Proposed Plan Of Reorganization, (B) Commence A Rights Offering, And (C) Pay Certain Related Fees And Expenses; And (II) Approving The Rights Offering Procedures (D.I. 3105), as amended from time to time in accordance with the terms thereof.

Equity Commitment Agreement Approval Order means the Order Granting Debtors' Motion For An Order (I) Authorizing The Debtors To (A) Enter Into And Perform Under The Equity Commitment Agreement Pursuant To A Proposed Plan Of Reorganization,

(B) Commence A Rights Offering, And (C) Pay Certain Related Fees And Expenses; And (II) Approving The Rights Offering Procedures (D.I. 3281).

Equity Committee means the statutory committee appointed by the United States Trustee to represent Old OSG Equity Interests in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

Equity Interest means any equity interest or related proxy, in any of the Debtors represented by duly authorized, validly issued and outstanding shares of preferred stock or common stock, stock appreciation rights, membership interests, partnership interests, or any other instrument evidencing a present ownership interest, inchoate or otherwise, in any of the Debtors, or right to convert into such an equity interest or acquire any equity interest of the Debtors, whether or not transferable, or an option, restricted stock unit, warrant or other right, contractual or otherwise, to acquire any such interest, including any such equity or equity-based interests issued pursuant to the Overseas Shipholding Group, Inc. 2004 Stock Incentive Plan, as amended, the Overseas Shipholding Group, Inc. 1999 Non-Employee Director Stock Option Plan and any other equity incentive plan maintained by the Debtors, which was in existence prior to or on the Petition Date, provided that, for the avoidance of doubt, Old OSG Equity Interests shall not include unvested Equity Interests issued pursuant to either the Overseas Shipholding Group, Inc. 2004 Stock Incentive Plan or any other agreement, policy, program or plan cancelled pursuant to Section 8.5(e) hereof.

Escrow Funding Notice has the meaning set forth in the Equity Commitment Agreement.

Estate means the estate of each of the Debtors created under section 541 of the Bankruptcy Code.

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulation of the SEC thereunder.

Exculpated Parties means (i) each of the Debtors, their respective non-Debtor Affiliates, Reorganized Debtors, and all of their respective Affiliates, (ii) the Unsecured Creditors' Committee (in its capacity as such), (iii) members of the Unsecured Creditors' Committee (in their capacity as such), (iv) the Equity Committee (in its capacity as such), (v) members of the Equity Committee (in their capacity as such), (vi) each Commitment Party (in its capacity as such and in its capacity as a Credit Agreement Lender, and/or as a Holder of Old OSG Equity Interests, as applicable), (vii) the Exit Lenders (in their capacity as such); (viii) the Lead Plaintiffs; (ix) each Electing Noteholder (in its capacity as such) and (x) with respect to the foregoing, each of their respective officers, directors, employees, representatives, advisors, attorneys, notaries (pursuant to the laws of the United States and any other jurisdiction), auditors, agents and professionals, in each case acting in such capacity on or any time after the Petition Date, and any person claiming by or through any of them but excluding defendants in the Professional Liability Action and any other Causes of Action preserved by the Debtors.

Exhibit means an exhibit annexed to this Plan.

Exit Financing means the New OBS Exit Facility, the New OIN Exit Facility, the New OBS Exit Revolver, and the New OIN Exit Revolver.

Exit Lenders means the lenders, agents, and arrangers providing the Exit Financing, including Jefferies Finance LLC, Barclays Bank PLC, and UBS Securities LLC, in their capacity as such.

Facing Fee means any fee payable in connection with the LOC due and owing to the Issuing Bank pursuant to section 3.01(c) of the Credit Agreement.

Federal Judgment Rate means the U.S. federal judgment rate in effect as of the Petition Date.

File, Filed or Filing means file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

Final Order means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for re-argument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for re-argument or rehearing are then pending; or as to which any right to appeal, petition for certiorari, reargue, or rehear has been waived in writing in form and substance satisfactory to the Debtors or the Reorganized Debtors; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be Filed with respect to such order shall not preclude such order from being a Final Order.

Foreign Holders means those Holders of Claims or Old OSG Equity Interests who are not Domestic Holders.

Foreign Participant has the meaning set forth in Section 6.4 of this Plan.

FSO Joint Venture means two joint ventures between OSG and Euronav NV relating to the operation of two floating storage and offloading service vessels.

Holdback Commitment has the meaning set forth in the Equity Commitment Agreement.

Holdback Securities has the meaning set forth in the Equity Commitment Agreement.

Holder means a Person or an Entity who is the holder of a Claim or Equity Interest as of the applicable date of determination or an authorized agent of such Person or Entity.

Impaired means, when used in reference to a Claim or an Equity Interest, a Claim or an Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

Initial Distribution Date means the date as determined by Reorganized OSG upon which the initial distributions of property under this Plan will be made to Holders of Allowed Claims and Allowed Equity Interests, which date shall be as soon as practicable, but in no event more than ten (10) Business Days, after the Effective Date unless otherwise extended by order of the Bankruptcy Court.

Intercompany Claim means any Claim against any Debtor by any other Debtor or non-Debtor Affiliate whether arising prior to, on or after the Petition Date.

Intercompany Equity Interest means any Equity Interest in any Debtor other than OSG.

Intercompany Facility means, as applicable (i) that certain Secured Loan Agreement, dated November 8, 2012, between OSG Ship Management (UK) Ltd. and OIN; (ii) that certain Secured Loan Agreement, dated November 8, 2012, between OSG and OIN, or (iii) that certain Secured Loan Agreement, dated November 8, 2012, between OBS and OSG.

Intercompany Facility Claim means any Claim against OBS or OIN arising under an Intercompany Facility.

[Interest on Interest Dispute has the meaning set forth in Section 13.19.](#)

Investor Certification has the meaning set forth in Section 6.3 of this Plan.

IRS Claims means all of the Claims of the Internal Revenue Service for tax years 2012 and earlier against OSG and its Affiliates not otherwise expunged by order of the Bankruptcy Court as of the Effective Date.

Issuing Bank has the meaning set forth in Section 5.9 of this Plan.

Jones Act means 46 U.S.C. § 12103, 46 U.S.C. § 50501, and related statutes and regulations respecting the United States coastwise trade, as the same may be amended from time to time.

KCC means Kurtzman Carson Consultants LLC.

Lead Plaintiffs means the named lead plaintiffs in the OSG Securities Class Action.

Lien has the meaning set forth in 11 U.S.C. § 101(37).

LNG Joint Venture means that certain joint venture between OIN and Qatar Gas Transport Company Limited (Nakilat) relating to the operation of four liquefied natural gas carriers.

LOC has the meaning set forth in Section 5.9 of this Plan.

LOC Collateral has the meaning set forth in Section 5.9 of this Plan.

LOC Fee means any fee payable in connection with the LOC to the extent due and owing to the Administrative Agent pursuant to section 3.01(b) of the Credit Agreement.

MARAD means the United States Maritime Administration.

Management and Director Incentive Program means the management and director incentive program to be determined by the Reorganized OSG Board, pursuant to which the Reorganized OSG Board may distribute to certain members of Reorganized OSG's directors and senior management up to 10% of the New Shares on a fully diluted basis.

Net Litigation Recovery has the meaning set forth in the Equity Commitment Agreement, including the exhibits thereto.

New OBS Exit Facility means the secured term loan facility to be entered into by OBS and certain of its subsidiaries as of and subject to the occurrence of the Effective Date in form and substance consistent with the Equity Commitment Agreement.

New OBS Exit Revolver means a secured revolving credit facility to be entered into by OBS and certain of its subsidiaries as of and subject to the occurrence of the Effective Date in form and substance consistent with the Equity Commitment Agreement.

New OIN Exit Facility means a secured term loan facility to be entered into by OIN and certain of its subsidiaries as of and subject to the occurrence of the Effective Date in form and substance consistent with the Equity Commitment Agreement.

New OIN Exit Revolver means a secured revolving credit facility to be entered into by OIN and certain of its subsidiaries as of and subject to the occurrence of the Effective Date in form and substance consistent with the Equity Commitment Agreement.

New Securities and Documents has the meaning set forth in Section 5.4 of this Plan.

New Securities means Class A New Securities and/or Class B New Securities, as applicable.

New Shares means the Class A New Shares and/or the Class B New Shares, as applicable.

New Warrants means the Class A New Warrants and/or the Class B New Warrants, as applicable.

Non-Participating OSG Equity Interestholder has the meaning set forth in Section 6.1 of this Plan.

Notes Claims means, collectively, the 7.500% Notes Claims, the 8.125% Notes Claims and/or the 8.75% Debentures Claims.

Notes Trustees means, collectively, the 7.500% Notes Trustee, 8.125% Notes Trustee, and/or 8.75% Debentures Trustee.

Noteholders means the Holders of the 7.500% Notes, 8.125% Notes, and/or the 8.75% Debentures from time to time.

OBS means OSG Bulk Ships, Inc.

OIN means OSG International, Inc

Old OSG Equity Interests means any shares of OSG's common stock, par value \$1.00 per share, that are issued and outstanding as of the date of the Equity Commitment Agreement, provided, however, that Old OSG Equity Interests shall not include unvested Equity Interests issued pursuant to either the Overseas Shipholding Group, Inc. 2004 Stock Incentive Plan or any other agreement, policy, program or plan cancelled pursuant to Section 8.5(e) hereof.

OSG means Overseas Shipholding Group, Inc., as in existence prior to the Effective Date.

OSG Equity Interestholder means a Holder of an Old OSG Equity Interest on the Record Date.

OSG Securities Class Action means the consolidated securities case, number 12-07948 pending in the United States District Court for the Southern District of New York.

Other Priority Claim means any Claim against any Debtor, other than an Administrative Expense Claim or Priority Tax Claim, that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code.

Other Secured Claim means any Secured Claim against any Debtor, including an Intercompany Facility Claim, other than an Admiralty Lien Claim, a Secured Vessel DIP Claim or a Secured Vessel Claim.

Other Unsecured Claim means any Claim against any Debtor that is not an Administrative Expense Claim, Priority Tax Claim, Priority Claim, Personal Injury Claim, Admiralty Lien Claim, Secured Vessel DIP Claim, Secured Vessel Claim, Other Secured Claim, Satisfied Noteholder Claim, Reinstated Noteholder Claim, Charter Rejection Claim, Credit Agreement Claim, or Subordinated Claim.

Participating Eligible OSG Equity Interestholder has the meaning set forth in Section 6.1 of this Plan.

Pension Plan means the Retirement Plan of Maritrans Inc., the American Maritime Officers Pension Plan, the Marine Engineers' Beneficial Association Defined Benefit Pension Plan, the Seafarers International Union Pension Plan, the Merchant Navy Officers Pension Fund, the Merchant Navy Ratings Pension Fund, and the OSG Ship Management (UK) Ltd. Retirement Benefits Plan.

Person means any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other Entity, whether acting in an individual, fiduciary or other capacity.

Personal Injury Claim means Claims against certain of the Debtors, whether or not the subject of an existing lawsuit, arising from a personal injury or wrongful death allegation, listed in Exhibit E to this Plan.

Petition Date means November 14, 2012, the date on which the Debtors Filed their petitions for relief commencing the Chapter 11 Cases.

Plan means this First Amended Joint Plan of Reorganization of Overseas Shipholding Group, Inc., *et al.* Under Chapter 11 of the Bankruptcy Code, including, without limitation, all exhibits, supplements, appendices and schedules hereto or contained in the Plan Supplement, as the same may be amended or modified from time to time with the reasonable consent of each Commitment Party.

Plan Securities means New Securities that are issued pursuant to this Plan.

Plan Supplement means the compilation of documents and forms of documents as amended from time to time that constitute Exhibits to the Plan filed with the Bankruptcy Court no later than five (5) Business Days before the Voting Deadline, each of which shall be in form and substance reasonably acceptable to each Commitment Party, after consultation with the Unsecured Creditors' Committee and the Equity Committee.

Plan Support Agreement means that certain Plan Support Agreement, dated as of February 11, 2014, by and among the Debtors and the Consenting Lenders, filed as an exhibit to the Debtors' Motion for an Order Authorizing the Debtors' Entry Into and Performance Under a Plan Support Agreement (D.I. 2458), as amended from time to time in accordance with the terms thereof, and validly terminated on May 2, 2014.

Plan Support Agreement Approval Order means the Order Authorizing the Debtors' Entry Into and Performance Under a Plan Support Agreement (D.I. 2878).

Postpetition Interest Rate Objection has the meaning set forth in Section 7.2 of this Plan.

Presumed Postpetition Interest Rate means 2.98% per annum or such other rate as may be determined by the Bankruptcy Court.

Priority Tax Claim means any Claim of a governmental unit of a kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code, including a Secured Tax Claim.

Pro Rata means, with respect to any Allowed Claim, the proportion that such Allowed Claim (in U.S. dollars or U.S. Dollar Equivalent) bears to the aggregate (in U.S. dollars or U.S. Dollar Equivalent) of all Allowed Claims in the applicable Class, provided, for the avoidance of doubt, that each Creditor that holds an Allowed Claim against multiple Debtors

arising out of the same liability shall be entitled to a single recovery under the Plan on account of such collective Allowed Claims.

Professional means (a) any professional employed in the Chapter 11 Cases pursuant to section 327 or 1103 of the Bankruptcy Code or otherwise and (b) any professional or other Entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

Professional Fees Bar Date means the Business Day which is forty-five (45) days after the Effective Date or such other date as approved by order of the Bankruptcy Court.

Professional Fees Claim means an Administrative Expense Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses or other charges incurred after the Petition Date and prior to and including the Effective Date.

Professional Liability Action means any claims asserted against Proskauer Rose LLP and certain individual defendants in connection with certain credit agreements and the tax consequences of those agreements under Section 956 of the Internal Revenue Code that are the subject of adversary proceeding 13-52492 (Bankr. D. Del.) and the action captioned Overseas Shipholding Group, Inc. v. Proskauer Rose, LLP, et al., Index No. 650765/2014 (N.Y. Sup. Ct.) and any such claim which may be asserted in any other proceeding against Proskauer Rose LLP or its current or former partners or members by the Debtors.

Purchase Commitment has the meaning set forth in the Equity Commitment Agreement.

Putative Class means the class of plaintiffs proposed in the OSG Securities Class Action and on whose behalf the Subordinated Class Plaintiff Claims have been asserted.

QIB means “qualified institutional buyer” as defined in Rule 144A under the Securities Act.

Record Date means June 6, 2014, which date will be used to determine the Persons who will (1) receive Subscription Rights pursuant to the Rights Offering and (2) be eligible to vote to approve the Plan.

Registration Rights Agreement has the meaning set forth in the Equity Commitment Agreement.

Reinstated means (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Equity Interest entitles the Holder of such Claim or Equity Interest so as to leave such Claim or Equity Interest not Impaired or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim or Equity Interest to demand or receive accelerated payment of such Claim or Equity Interest after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim or Equity Interest as such

maturity existed before such default; (iii) compensating the Holder of such Claim or Equity Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim or Equity Interest arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim or Equity Interest (other than the Debtor or an insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim or Equity Interest entitles the Holder.

Reinstated Noteholder Claims means, collectively, the 7.500% Note Claims and the 8.125% Note Claims.

Rejected Contracts means each of the executory contracts and unexpired leases listed on Exhibit C on the Effective Date.

Related Person means, with respect to any Person, such Person's predecessors, successors, assigns and present and former Affiliates (whether by operation of law or otherwise) and for each of the foregoing: (a) each of their present or former directors and officers, and any Person claiming by or through them (provided that a present or former officer or director of the Debtors is only a Related Person if such person executes and delivers to the Debtors prior to the Effective Date the Release and Cooperation Agreement substantially in the form attached to the Plan as Exhibit D, releasing prepetition indemnification Claims against the Debtors and Reorganized Debtors, and agreeing to cooperate with the Debtors in present and future litigation); and (b) each of their respective members, partners, equity-holders, officers, directors, employees, representatives, advisors, attorneys, notaries (pursuant to the laws of the United States and any other jurisdiction), auditors, agents and professionals, in each case acting in such capacity, and any Person claiming by or through any of them.

Released Parties means (i) each of the Debtors, (ii) the Unsecured Creditors' Committee (solely for post-petition events or occurrences and in its capacity as such), (iii) the Unsecured Creditors' Committee members (solely for post-petition events or occurrences and in their capacity as such), (iv) the Equity Committee (solely for post-petition events or occurrences and in its capacity as such), (v) the Equity Committee members (solely for post-petition events or occurrences and in their capacity as such), (vi) each Commitment Party (in its capacity as such and in its capacity as a Credit Agreement Lender, and/or as a Holder of Old OSG Equity Interests, as applicable), (vii) the Notes Trustees (in their capacity as such), (viii) the Exit Lenders (in their capacity as such); (ix) each Electing Noteholder (in its capacity as such) and (x) each of the respective Related Persons of each of the foregoing; provided that, the Released Parties shall expressly not include any defendant to the Professional Liability Action or any Cause of Action preserved hereunder.

Reorganized Debtors means the Debtors, in each case, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

Reorganized OSG means Overseas Shipholding Group, Inc., or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

Reorganized OSG Board means the board of directors of Reorganized OSG.

Reorganized OSG Equity means the Reorganized OSG Stock and the Reorganized OSG Jones Act Warrants.

Reorganized OSG Jones Act Warrants means the New Warrants.

Reorganized OSG Stock means the New Shares.

Residual Director And Officer Insurance means any proceeds remaining from any coverage available to the Debtors under director and officer insurance policies after giving effect to the priority of payment provisions therein and subject to and in accordance with the provisions of those policies.

Restructuring Documents means, collectively, this Plan, the Disclosure Statement, the Confirmation Order, the New OBS Exit Facility, the New OBS Exit Revolver, the New OIN Exit Facility, the New OIN Exit Revolver, and all other documents, agreements, and instruments, necessary or desirable to implement or consummate this Plan.

Restructuring Transaction has the meaning set forth in Section 5.12 of this Plan.

Rights Exercise Form has the meaning set forth in the Equity Commitment Agreement.

Rights Offering has the meaning set forth in the Equity Commitment Agreement.

Rights Offering Agent has the meaning set forth in the Equity Commitment Agreement.

Rights Offering Expiration Time has the meaning set forth in the Equity Commitment Agreement.

Rights Offering Procedures means the procedures required to be followed by the OSG Equity Interests holders to validly exercise their Rights, attached as Exhibit D to the Equity Commitment Agreement, and approved by the Bankruptcy Court, which are subject to amendment in accordance with Section 6.6 hereof, and concerning which the Debtors shall consult with the Equity Committee.

Rights Offering Securities means the Rights Offering Shares and Rights Offering Warrants.

Rights Offering Shares means the New Shares that are to be issued in connection with the Rights Offering.

Rights Offering Warrants means the New Warrants that are to be issued in connection with the Rights Offering.

Satisfied Noteholder Claims means the 8.75% Debentures Claims.

Scheduled means with respect to any Claim, the status and amount, if any, of such Claim as set forth in the Schedules.

Schedules means the schedules of assets and liabilities and the statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and the Bankruptcy Rules, as such schedules have been or may be further modified, amended or supplemented in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

Secured Claim means any Claim against any Debtor that is secured by a Lien on property in which such Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

Secured Tax Claim means any Secured Claim which, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code.

Secured Vessel Claims means the Secured Claims arising out of the CEXIM Loan Agreement and the DSF Loan Agreement.

Secured Vessel DIP Claims means Claims arising out of the CEXIM DIP Loan Agreement and the DSF DIP Loan Agreement.

Securities Act means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the Securities and Exchange Commission thereunder.

SERP Claim means any claim arising under the OSG Ship Management, Inc. Supplemental Executive Savings Plan, as amended.

Subordinated Claims means the Subordinated Class Plaintiff Claims, Subordinated Debt Claims, and Subordinated Equity Claims.

Subordinated Class Plaintiff Claims means subordinated Claims asserted by Lead Plaintiffs for and on behalf of a Putative Class.

Subordinated Debt Claim means any Claim against any Debtor to the extent it is based on the purchase, sale or exchange of debt securities and is subordinated pursuant to section 510(b) or (c) of the Bankruptcy Code other than by a Lead Plaintiff or member of the Putative Class.

Subordinated Equity Claim means any Claim against any Debtor to the extent it is based on the purchase, sale or exchange of equity securities and is subordinated pursuant to section 510(b) or (c) of the Bankruptcy Code other than by a Lead Plaintiff or member of the Putative Class.

Subscription Commitment means the Purchase Commitment as such term is defined in the Equity Commitment Agreement.

Subscription Right means the right, distributed to each OSG Equity Interestholder of record on the Record Date pursuant to and in accordance with the Equity Commitment Agreement and the Rights Offering Procedures, each entitling an Eligible OSG Equity Interestholder to purchase twelve (12) Class A New Securities at the purchase price of \$3.00 per Class A New Security.

Substantial Contribution Claim means a Claim by any Professional or Creditor for reasonable compensation for services or reasonable expenses incurred in connection with the Chapter 11 Cases pursuant to sections 503(b)(3)(D) or (b)(4) of the Bankruptcy Code.

Transfer means, with respect to any security or the right to receive a security or to participate in any offering of any security, the sale, transfer, pledge, hypothecation, encumbrance, assignment, constructive sale, participation in or other disposition of such security or right or the beneficial ownership thereof, the offer to make such a sale, transfer, constructive sale or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing and whether or not directly or indirectly, to effect any of the foregoing. The term “constructive sale” for purposes of this definition means (i) a short sale with respect to such security or right, (ii) entering into or acquiring an offsetting derivative contract with respect to such security or right, (iii) entering into or acquiring a futures or forward contract to deliver such security or right or (iv) entering into any transaction that has substantially the same effect as any of the foregoing. The term “beneficially owned” or “beneficial ownership” as used in this definition shall include, with respect to any security or right, the beneficial ownership of such security or right by a Person and by any direct or indirect subsidiary of such Person.

Treatment Objection has the meaning set forth in Section 8.3 of this Plan.

Unimpaired means, when used in reference to a Claim or Equity Interest, a Claim or Equity Interest that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

Unsecured Creditors’ Committee means the statutory committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

Unsubscribed Securities has the meaning set forth in the Rights Offering Procedures.

U.S. Citizen means, in accordance with the meaning used in the Jones Act, (i) an individual who is a citizen of the United States; (ii) an association, trust, joint venture, or other entity if (x) each of its trustees or its members is a citizen of the United States, (y) at least 75% of the interest is owned by citizens of the United States, and (z) it is capable of holding title to a vessel under the laws of the United States or a State; (iii) a partnership if (x) each general partner is a citizen of the United States; and (y) at least 75% of the interest in the partnership is owned by citizens of the United States; (iv) a corporation if (w) it is incorporated under the laws of the United States or a State, (x) its chief executive officer, by whatever title, and the chairman of its board of directors are citizens of the United States, (y) no more of its directors are noncitizens than a minority of the number necessary to constitute a quorum, and (z) at least 75% of the

interest in the corporation is owned by citizens of the United States determined as follows: (1) title to at least 75% of the stock of the corporation is vested in citizens of the United States free from any trust or fiduciary obligation in favor of a person not a citizen of the United States; (2) at least 75% of the voting power in the corporation is vested in citizens of the United States; (3) there is no contract or understanding by which more than 25% of the voting power in the corporation may be exercised, directly or indirectly on behalf of a person not a citizen of the United States; and (4) there is no other means by which control of more than 25% of any interest in the corporation is given to or permitted to be exercised by a person not a citizen of the United States.

U.S. Dollar Equivalent means the amount of U.S. dollars obtained by converting any Claim not in U.S. dollars into U.S. dollars at the spot rate for the purchase of U.S. dollars as published in the *Financial Times* in the “Currency Rates” section (or, if the *Financial Times* is no longer published, or if such information is no longer available in the *Financial Times*, such sources as may be selected in good faith by the Debtors) on one of the following dates, as applicable: (i) with respect to an Allowed amount of a Claim or a Pro Rata share of Allowed Claims, the Petition Date; or (ii) with respect to a distribution on or after the Effective Date, one day before the date of such distribution.

U.S. Trustee means the United States Trustee appointed under section 581 of title 28 of the United States Code to serve in the District of Delaware.

Voting Deadline means 5:00 p.m. (Prevailing Eastern Time) on July 7, 2014.

Voting Record Date means June 6, 2014.

1.2 Exhibits to this Plan. All Exhibits, including those in the Plan Supplement, are incorporated into and are a part of this Plan as if set forth in full herein. Holders of Claims and Equity Interests may obtain a copy of the Exhibits, including those in the Plan Supplement, upon written request to the Debtors. The Exhibits, including those in the Plan Supplement, may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours, obtained by written request to counsel to the Debtors or obtained on the website of the Debtors’ claims and noticing agent at <http://www.kccllc.net/osg>.

1.3 Rules of Interpretation and Computation of Time. For purposes of this Plan, unless otherwise provided herein:

(a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural;

(b) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

(c) any reference in this Plan to an existing document or schedule Filed or to be Filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to this Plan;

(d) any reference to an Entity as a Holder of a Claim or Equity Interest includes that Entity's successors and assigns;

(e) all references in this Plan to Sections and Articles are references to Sections and Articles of or to this Plan;

(f) the words "herein," "hereunder," "hereof" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan;

(g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan;

(h) subject to the provisions of any contract, certificates of incorporation, by-laws, instrument, release or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules;

(i) the rules of construction set forth in section 102 of the Bankruptcy Code will apply to this Plan; and

(j) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II CLASSIFICATION OF CLAIMS AND OLD OSG EQUITY INTERESTS

All Claims, except Administrative Expense Claims, Priority Tax Claims, and Other Priority Claims, and all Old OSG Equity Interests are placed in the Classes set forth below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified as described below.

A Claim or an Old OSG Equity Interest is placed in a particular Class only to the extent that the Claim or Old OSG Equity Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Old OSG Equity Interest falls within the description of such other Classes. A Claim or Old OSG Equity Interest is also placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim or Old OSG Equity Interest is an Allowed Claim or Old OSG Equity Interest in that Class and such Claim or Old OSG Equity Interest has not been paid, released or otherwise settled prior to the Effective Date.

2.1 Unclassified Claims Against All Debtors

The following constitute unclassified Claims that are Unimpaired and, therefore, not entitled to vote on the Plan:

- (i) Administrative Expense Claims against all Debtors.
- (ii) Priority Tax Claims against all Debtors.
- (iii) Priority Claims against all Debtors.

2.2 Classification of Claims Against All Debtors and Old OSG Equity Interests

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for the purposes of confirmation by acceptance of the Plan by an Impaired Class of Claims; provided, however, that in the event no holder of a Claim with respect to a specific Class for a particular Debtor timely submits a Ballot that complies with the order approving the Disclosure Statement indicating acceptance or rejection of this Plan, such Class will be deemed to have Accepted this Plan. The Debtors may seek confirmation of this Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Equity Interests.

The following chart assigns a letter and number to each Class of Claims and Old Equity Interests for purposes of identifying such Class. The classification and treatment of Classes of Claims and Old OSG Equity Interests is consistent for each Debtor, but for certain of the Debtors, there are no Claims or Equity Interests, as applicable, in one or more Classes of Claims or Old OSG Equity Interests.

<u>Summary of Classification of Claims and Old OSG Equity Interests</u>			
<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
A1	Personal Injury Claims	Unimpaired	Deemed to Accept
A2	Admiralty Lien Claims	Unimpaired	Deemed to Accept
B1	Secured Vessel DIP Claims	Unimpaired	Deemed to Accept
B2	Secured Vessel Claims	Unimpaired	Deemed to Accept
C1	Other Secured Claims	Unimpaired	Deemed to Accept
D1	Credit Agreement Claims	Unimpaired	Deemed to Accept
D2	Satisfied Noteholder Claims	Unimpaired	Deemed to Accept
D3	Reinstated Noteholder Claims	Unimpaired	Deemed to Accept
D4	Charter Rejection Claims	Unimpaired	Deemed to Accept
D5	Other Unsecured Claims	Unimpaired	Deemed to Accept
E1	Subordinated Claims	Impaired	Entitled to Vote

E2	Old OSG Equity Interests	Impaired	Entitled to Vote
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(a) **Unimpaired Classes of Claims** (deemed to have Accepted this Plan and, therefore, not entitled to vote on this Plan under section 1126(f) of the Bankruptcy Code).

- (i) Class A1: Class A1 consists of Personal Injury Claims.
- (ii) Class A2: Class A2 consists of Admiralty Lien Claims.
- (iii) Class B1: Class B1 consists of Secured Vessel DIP Claims.
- (iv) Class B2: Class B2 consists of Secured Vessel Claims.
- (v) Class C1: Class C1 consists of Other Secured Claims.
- (vi) Class D1: Class D1 consists of Credit Agreement Claims.
- (vii) Class D2: Class D2 consists of all Satisfied Noteholder Claims.
- (viii) Class D3: Class D3 consists of all Reinstated Noteholder Claims.
- (ix) Class D4: Class D4 consists of all Charter Rejection Claims.
- (x) Class D5: Class D5 consists of all Other Unsecured Claims.

(b) **Impaired Classes of Claims and Interests** (entitled to vote on this Plan).

- (i) Class E1: Class E1 consists of all Subordinated Claims.
- (ii) Class E2: Class E2 consists of Old OSG Equity Interests.

ARTICLE III TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.1 Unclassified Claims

(a) *Administrative Expense Claims Generally.* Subject to the provisions of sections 330(a), 331 and 503(b) of the Bankruptcy Code, each Allowed Administrative Expense Claim shall be paid in full by the Disbursing Agent, at the election of the Administrative and Disputed Claims Agent (i) in Cash, in such amount as is incurred in the ordinary course of business by the Debtors, or in such amount as such Administrative Expense Claim is Allowed by the Bankruptcy Court upon the later of the Initial Distribution Date or the date upon which there is a Final Order allowing such Administrative Expense Claim, (ii) upon such other terms as may exist in the ordinary course of the Debtors' business, or (iii) upon such other terms as may be agreed upon in writing between the Holder of such Allowed Administrative Expense Claim and the Administrative and Disputed Claims Agent, in each case in full satisfaction, settlement, discharge and release of, such Allowed Administrative Expense Claim; provided, however, that the ECA Professional Expenses shall be paid in full in Cash strictly in accordance with Section 5.7 of this Plan.

(i) *Professional Fees.* All final fee applications for Professional Fee Claims for services rendered during or in connection with the Chapter 11 Cases shall be Filed with the Bankruptcy Court and served on the Administrative and Disputed Claims Agent and its counsel, and the U.S. Trustee (844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Mark Kenney, Esq.) no later than the Professional Fees Bar Date. If the Administrative and Disputed Claims Agent and any Professional cannot agree on the amount of fees and

expenses to be paid to such Professional, the reasonableness of any such fees and expenses shall be determined by the Bankruptcy Court. Holders of Professional Fees Claims that are required to File and serve applications for final allowance of their Professional Fees Claims and that do not File and serve such applications by the applicable deadline shall be forever barred from asserting such Professional Fees Claims against the Debtors, Reorganized Debtors or their respective properties, and such Professional Fees Claims shall be deemed discharged as of the Effective Date. Objections to any Professional Fees Claims must be Filed and served on Reorganized OSG and its counsel, the United States Trustee and the requesting party no later than fifteen (15) days (or such longer period as may be allowed by the Administrative and Disputed Claims Agent or by order of the Bankruptcy Court) after the date on which an application for final allowance of such Professional Fees Claims was Filed and served.

(ii) *Substantial Contribution Claims.* All requests for compensation or reimbursement of Substantial Contribution Claims shall be Filed with the Bankruptcy Court and served on Reorganized OSG and its counsel, the U.S. Trustee (844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Mark Kenney, Esq.), counsel to the Administrative and Disputed Claims Agent, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order or any other order(s) of the Bankruptcy Court, no later than forty-five (45) days after the Effective Date. Unless such deadline is extended by agreement of the Administrative and Disputed Claims Agent, Holders of Substantial Contribution Claims that are required to File and serve applications for final allowance of their Substantial Contribution Claims and that do not File and serve such applications by the applicable deadline shall be forever barred from asserting such Substantial Contribution Claims against the Reorganized Debtors or their respective properties, and such Substantial Contribution Claims shall be deemed discharged as of the Effective Date. Objections to any Substantial Contribution Claims must be Filed and served on Reorganized OSG and its counsel, the U.S. Trustee and the requesting party no later than fifteen (15) days (or such longer period as may be allowed by the Administrative and Disputed Claims Agent or by order of the Bankruptcy Court) after the date on which an application for final allowance of such Substantial Contribution Claims was Filed and served.

(b) *Priority Tax Claims.* The legal, equitable and contractual rights of the Holders of Allowed Priority Tax Claims are unaltered by this Plan. On, or as soon as reasonably practicable after, the later of (i) the Initial Distribution Date if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, in full satisfaction, settlement, discharge and release of, such Allowed Priority Tax Claim, at the election of the Administrative and Disputed Claims Agent with the consent of each of the Commitment Parties, each Holder of such Allowed Priority Tax Claim shall receive: (a) Cash equal to the amount of such Allowed Priority Tax Claim; (b) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Priority Tax Claim shall have agreed upon in writing; or (c) for every Priority Tax Claim except for the IRS Claims, such other treatment such that it will not be Impaired pursuant to section 1124 of the Bankruptcy Code. On the Effective Date, the Liens (if any) securing any Priority Tax Claims shall be deemed released, terminated and extinguished, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

(c) *Other Priority Claims.* The legal, equitable and contractual rights of the Holders of Allowed Other Priority Claims are unaltered by this Plan. On, or as soon as reasonably practicable after, the later of (i) the Initial Distribution Date if such Other Priority Claim is an Allowed Other Priority Claim as of the Effective Date or (ii) the date on which such Other Priority Claim becomes an Allowed Claim, in full satisfaction, settlement, discharge and release of, such Allowed Other Priority Claim, at the election of the Administrative and Disputed Claims Agent with the consent of each of the Commitment Parties, each Holder of such Allowed Other Priority Claim shall receive: (x) Cash equal to the amount of such Allowed Other Priority Claim; or (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Other Priority Claim shall have agreed upon in writing.

3.2 Treatment of Claims

(a) *Class A1: Personal Injury Claims.*

(i) *Classification.* Class A1 consists of all Personal Injury Claims.

(ii) *Treatment.* Effective as of the Effective Date, on, or as soon as reasonably practicable after, the Initial Distribution Date if such Class A1 Claim is Allowed on the Effective Date or otherwise the date on which such Class A1 Claim becomes Allowed, each Allowed Class A1 Claim shall be Reinstated.

(iii) *Voting.* Class A1 Claims are Unimpaired and the Holders of Allowed Class A1 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(b) *Class A2: Admiralty Lien Claims.*

(i) *Classification.* Class A2 consists of all Admiralty Lien Claims.

(ii) *Treatment.* Effective as of the Effective Date, on, or as soon as reasonably practicable after, the Initial Distribution Date if such Class A2 Claim is Allowed on the Effective Date or otherwise the date on which such Class A2 Claim becomes Allowed, each Allowed Class A2 Claim shall be Reinstated.

(iii) *Voting.* Class A2 Claims are Unimpaired and the Holders of Allowed Class A2 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(c) *Class B1: Secured Vessel DIP Claims.*

(i) *Classification.* Class B1 consists of all Secured Vessel DIP Claims.

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class B1 Claim is Allowed on the Effective Date or otherwise the date on which such Class B1 Claim becomes Allowed, each Holder shall receive, in full

satisfaction, settlement, discharge and release of its Allowed Class B1 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of each of the Commitment Parties: (x) Cash equal to the amount of such Allowed Class B1 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class B1 Claim shall have agreed upon in writing; or (z) such other treatment such that the applicable Allowed Class B1 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(iii) *Voting.* Class B1 Claims are Unimpaired and the Holders of Allowed Class B1 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(d) *Class B2: Secured Vessel Claims.*

(i) *Classification.* Class B2 consists of all Secured Vessel Claims.

(ii) *Treatment.* The CEXIM Claims shall be Allowed as Allowed Class B2 Claims in aggregate amount of \$311,751,114.08 in principal, plus through and including the date on which the CEXIM Claims have been paid in full in cash (x) to the extent not previously paid, interest on the principal amount at the applicable non-default rate under the CEXIM Loan Documents, plus (y) default interest on the principal amount at 1% per annum from the Petition Date, plus (z) to the extent not previously paid, the reasonable fees and expenses of CEXIM and its attorneys, under the protocol set forth and pursuant to the limitations provided in the CEXIM Adequate Protection Order. The DSF Claims shall be Allowed as Allowed Class B2 Claims in aggregate amount of \$266,935,724.55 in principal, plus (b) through and including the date on which the DSF Claims have been paid in full in cash (x) to the extent not previously paid, interest on the principal amount at the applicable non-default rate under the DSF Loan Documents, plus (y) default interest on the principal amount at 1% per annum from the Petition Date, plus (z) to the extent not previously paid, the reasonable fees and expenses of DSF and its attorneys, under the protocol set forth and pursuant to the limitations provided in the DSF Adequate Protection Order. On, or as soon as reasonably practicable after, the Initial Distribution Date, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class B2 Claim, Cash equal to the amount of such Allowed Class B2 Claim.

(iii) *Voting.* Class B2 Claims are Unimpaired and the Holders of Allowed Class B2 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(e) *Class C1: Other Secured Claims.*

(i) *Classification.* Class C1 consists of all Other Secured Claims.

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class C1 Claim is Allowed on the Effective Date or otherwise the date on which such Class C1 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class C1 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of each of the Commitment Parties: (x) Cash equal to the amount of such Allowed Class C1 Claim; (y) such other less

favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class C1 Claim shall have agreed upon in writing; or (z) such other treatment such that it will not be Impaired pursuant to section 1124 of the Bankruptcy Code.

(iii) *Voting.* Class C1 Claims are Unimpaired and the Holders of Allowed Class C1 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(f) *Class D1: Credit Agreement Claims.*

(i) *Classification.* Class D1 consists of all Claims pursuant to the Credit Agreement.

(ii) *Treatment.* Class D1 Claims shall be Allowed in the aggregate amount of \$ 1,490,261,803, plus applicable contractual and default interest through the Effective Date, and fees and expenses of the Credit Agreement Agent and Credit Agreement Lenders (in each case, to the extent reimbursable under the Credit Agreement), including with respect to post-Effective Date distributions. On, or as soon as reasonably practicable after the Initial Distribution Date if such Class D1 Claim is Allowed on the Effective Date or otherwise on the date on which such Class D1 Claim becomes Allowed, each Holder of an Allowed Class D1 Claim shall receive, in full satisfaction, settlement, discharge and release of, its Allowed Class D1 Claim, Cash equal to the amount of such Allowed Class D1 Claim. To the extent that any of the fees and expenses of the Credit Agreement Agent and Credit Agreement Lenders, in either case, reimbursable under the Credit Agreement and incurred through the Effective Date are not otherwise paid by the Debtors, such fees and expenses shall be paid in full in Cash on the later of (i) the Initial Distribution Date or (ii) ten (10) days after receipt by the Debtors or the Reorganized Debtors, as applicable, of invoices for such amounts.

(iii) *Voting.* Class D1 Claims are Unimpaired and the Holders of Allowed Class D1 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(g) *Class D2: Satisfied Noteholder Claims.*

(i) *Classification.* Class D2 consists of all Satisfied Noteholder Claims.

(ii) *Treatment.* Class D2 Claims shall be Allowed in the aggregate amount of \$~~66,122,827.00~~63,603,000.00, plus (I) any applicable ~~overdue~~ interest on the principal at the applicable contractual rate calculated pursuant to the 8.750% Debentures up to and including the date on which the Debtors or Reorganized Debtors make the distribution to the 8.75% Debentures Trustee and (II) interest on overdue interest, in accordance with the terms of the 8.750% Debentures Indenture and/or New York law, up to and including the date on which the Debtors or the Reorganized Debtors make the distribution to the 8.75% Debentures Trustee to the extent the payment of such interest on overdue interest is (x) agreed by the Debtors or the Reorganized Debtors or (y) determined by Final Order of the Bankruptcy Court in an order to be entered on or prior to August 15, 2014 or such other date as may be set by the Bankruptcy Court or mutually agreed by the Debtors or the Reorganized Debtors and the 8.75% Debentures

Trustee, and the reasonable fees, expenses, disbursements, and advances of the 8.750% Debentures Trustee, and its agents and counsel, including with respect to post-Effective Date distributions: and the Interest on Interest Dispute.

On, or as soon as reasonably practicable after, the ~~Initial~~date on which ~~D~~distribution Date, is made to the 8.750% Debentures Trustee, the Debtors will pay the reasonable documented fees and expenses of the 8.750% Debentures Trustee (to the extent permitted under the 8.750% Debentures Indenture), and each Holder of an Allowed Class D2 Claim shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class D2 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of each Commitment Party: (x) Cash equal to the amount of such Allowed Class D2 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class D2 Claim shall have agreed upon in writing; or (z) such other treatment such that the applicable Allowed Class D2 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code. The Allowed Class D2 Claims shall not be subject to any legal or equitable defenses, setoff or recoupment.

(iii) *Voting.* Class D2 Claims are Unimpaired and the Holders of Allowed Class D2 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(h) *Class D3: Reinstated Noteholder Claims.*

(i) *Classification.* Class D3 consists of all Reinstated Noteholder Claims.

(ii) ~~*Treatment.*~~

~~(iii)~~*Treatment.* Class D3 Claims shall be allowed in the aggregate amount of \$451,686,250.01, consisting of the ~~Allowed~~principal and accrued but unpaid prepetition interest owed on the 7.500% Notes Claims and the Allowed 8.125% Notes Claims, plus all applicable ~~overdue~~ interest; ~~(together with any including (i) interest that would have accrued through the Effective Date but is not yet which, absent a default, would not yet be due for payment) on a regular interest payment date, and (ii) interest on overdue interest, other than as may be attributable to 7.500% Notes being exchanged for Election 2 Notes, in accordance with the terms of the applicable indenture and/or New York law, up to and including the Effective D~~date on which the Debtors or the Reorganized Debtors make the distribution to the applicable Notes Trustee to the extent the payment of such interest on overdue interest is (x) agreed to by the Debtors or the Reorganized Debtors or (y) determined by the Bankruptcy Court in a Final Order to be entered on or prior to August 15, 2014 or such other date as may be set by the Bankruptcy Court or mutually agreed by the Debtors or the Reorganized Debtors and the applicable Notes Trustee), at the applicable contractual and/or default rates calculated pursuant to the 7.500% Notes Indenture and the 8.125% Notes Indenture; (collectively, the “Accrued and Unpaid Interest”); the reasonable fees, expenses, disbursements, and advances of the 7.500% Notes Trustee, the 8.125% Notes Trustee, and their respective agents and counsel; (and in the case of the 7.500% Notes Trustee and the 8.125% Notes Trustee, to the extent reimbursable by the Debtors under the 7.500% Notes Indenture or 8.125% Notes Indenture, as applicable), including with respect to

post-Effective Date distributions; and the Interest on Interest Dispute; and any reasonable documented fees and expenses of the counsel to the Holders of the 7.500% Notes identified in its verified statement filed under Bankruptcy Rule 2019, Sullivan & Cromwell LLP and Womble Carlyle Sandridge & Rice, LLP (amounts due to the 7.500% Notes Trustee, the 8.125% Notes Trustee, their respective agents and counsel (“Trustee Fees and Expenses”), and to Sullivan & Cromwell LLP and Womble Carlyle Sandridge & Rice, LLP (the “Noteholder Counsel Fees”).

On, or as soon as reasonably practicable after, the ~~Initial~~date on which ~~D~~distribution ~~Date~~on account of Allowed Class D3 Claims is made to the 7.500% Notes Trustee and the 8.125% Notes Trustee, respectively, the Debtors will pay the Trustee Fees and Expenses to the 7.500% Notes Trustee and the 8.125% Notes Trustee, as applicable, and the Noteholder Counsel Fees to respective counsel, and the applicable Notes Trustee will distribute to each Holder of an Allowed Class D3 Claim ~~shall receive~~ Cash equal to the amount of unpaid and overdue interest through the last coupon payment date at the applicable contractual and/or default rates calculated pursuant to the 7.500% Notes Indenture and the 8.125% Notes Indenture, respectively, ~~and~~plus interest on overdue interest through the date on which distributions are made by the Debtors to the applicable Trustee but in the case of the 7.500% Notes, only to the extent the payment of such interest on overdue interest is (x) agreed to by the Debtors or the Reorganized Debtors or (y) determined by the Bankruptcy Court in a Final Order to be entered on or prior to August 15, 2014 or such other date as may be set by the Bankruptcy Court or mutually agreed by the Debtors or the Reorganized Debtors and the applicable Notes Trustee.

The 7.500% Notes Indenture, the 7.500% Notes, the 8.125% Notes Indenture, and the 8.125% Notes shall be deemed Reinstated ~~in full satisfaction, settlement, discharge and release of its Allowed~~such that the Class D3 Claims ~~, such that it~~ will be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code; provided, however, that the Debtors will cause to be delivered to the 7.500% Notes Trustee on behalf of each Electing Noteholder the following distribution pursuant to the Plan (the “7.500% Notes Alternative Distribution”) in exchange for, and in full satisfaction, settlement, discharge and release of the 7.500% Notes owned by such Holder:

(I) for any Holder of a 7.500% Note who validly completes and delivers an Election Form on or before July 7, 2014 but does not reaffirm its Election prior to 5:00 p.m. (Prevailing Eastern Time) on July 22, 2014 in order to receive Election 2 Notes (A) on the Effective Date, (1) an aggregate amount of Election 1 Notes, in such denominations as such Holder may reasonably request, subject to the existing minimum denomination in the 7.500% Notes Indenture, equal to the aggregate principal amount of 7.500% Notes held by such Holder, (2) Cash equal to 1.0% of the aggregate principal amount of the 7.500% Notes held by such Holder, and (3) Cash equal to ~~the such Holder’s~~ pro rata portion, based on its holdings of 7.500% Notes, of Accrued and Unpaid Interest and (B) to the extent any amount ~~of~~ is due and unpaid ~~and overdue interest at the contractual and/or default rate, as applicable, that would have been required to be paid to such~~ to the 7.500% Notes Trustee which amount (pursuant to the terms of the 7.500% Notes Indenture) is chargeable against or secured by the 7.500% Notes Alternative Distribution with respect to the Election 1 Notes or otherwise directly or indirectly reimbursable by Holders receiving the 7.500% Notes Alternative Distribution with

respect to the Election 1 Notes, Cash equal to such amount as and when due to the 7.500% Notes Trustee;

(II) for any Holder ~~had such Notes been Reinstated and Unimpaired~~ of a 7.500% Note who validly completes and delivers an Election Form or reaffirms its prior Election prior to 5:00 p.m. (Prevailing Eastern Time) on July 22, 2014, in either case to receive Election 2 Notes (A) on the Effective Date, ~~(together with any interest that has accrued but is not due for payment as of the Effective Date calculated at the applicable contract rate or default rate)~~ 1) an aggregate amount of Election 2 Notes, in such denominations as such Holder may reasonably request, subject to the existing minimum denomination in the 7.500% Notes Indenture, equal to the aggregate principal amount of 7.500% Notes held by such Holder, (2) Cash equal to 3.0% of the aggregate principal amount of the 7.500% Notes held by such Holder, and (3) Cash equal to such Holder's pro rata portion, based on its holdings of 7.500% Notes, of the Accrued and Unpaid Interest not including any portion of the Accrued and Unpaid Interest attributable to interest on overdue interest in respect of such Holder's 7.500% Notes, and (B) to the extent any amount is due and unpaid to the 7.500% Notes Trustee which amount (pursuant to the terms of the 7.500% Notes Indenture) is chargeable against or secured by the 7.500% Notes Alternative Distribution with respect to the Election 2 Notes or otherwise directly or indirectly reimbursable by Holders receiving the 7.500% Notes Alternative Distribution with respect to the Election 2 Notes, Cash equal to such amount as and when due to the 7.500% Notes Trustee.

A Holder of a 7.500% Note must elect to exchange all or none of the 7.500% Notes owned by such Holder. If a Holder of 7.500% Notes does not timely submit a duly completed Election Form, its 7.500% Notes shall be Reinstated. The Allowed Class D3 Claims shall not be subject to any legal or equitable defenses, setoff or recoupment. For the avoidance of doubt, the 7.500% Notes and the 8.125% Notes shall not be cancelled on the Effective Date, provided, that any 7.500% Notes exchanged for the 7.500% Notes Alternative Distribution and other consideration shall be cancelled and retired.

(iii) ~~(iv)~~-*Voting*. Class D3 Claims are Unimpaired and the Holders of Allowed Class D3 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(i) Class D4: Charter Rejection Claims.

(i) *Classification*. Class D4 consists of all Charter Rejection Claims.

(ii) *Treatment*. On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class D4 Claim is Allowed on the Effective Date or otherwise the date on which such Class D4 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class D4 Claim, at the election of the Administrative and Disputed Claims Agent: (x) Cash equal to the amount of such Allowed Class D4 Claim, plus postpetition interest as set forth in Section 7.2 of this Plan; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class D4 Claim shall have agreed upon in writing; or (z) such other

treatment such that the applicable Allowed Class D4 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(iii) *Voting.* Class D4 Claims are Unimpaired and the Holders of Allowed Class D4 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(j) *Class D5: Other Unsecured Claims.*

(i) *Classification.* Class D5 consists of all Other Unsecured Claims.

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class D5 Claim is Allowed on the Effective Date or otherwise the date on which such Class D5 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class D5 Claim, at the election of the Administrative and Disputed Claims Agent: (x) Cash equal to the amount of such Allowed Class D5 Claim, plus postpetition interest as set forth in Section 7.2 of this Plan; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class D5 Claim shall have agreed upon in writing; or (z) such other treatment such that the applicable Allowed Class D5 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(iii) *Voting.* Class D5 Claims are Unimpaired and the Holders of Allowed Class D5 Claims are deemed to have Accepted this Plan and are therefore not entitled to vote.

(k) *Class E1: Subordinated Claims*

(i) *Classification.* Class E1 consists of all Subordinated Claims.

(ii) *Treatment.* Effective as of the Effective Date, on, or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed Class E1 Claim (other than Claim 1547 or any other Subordinated Class Plaintiff Claim) that does not opt out of the releases described in Section 11.3(b) of this Plan shall receive, in full satisfaction, settlement, discharge and release of, its Allowed Class E1 Claim, Cash equal to the amount of its Allowed Class E1 Claim from and subject to the Disputed Claims Reserve for Class E1. Effective as of the Effective Date, and subject to Lead Plaintiffs' compliance with and satisfaction of the terms of the Class Stipulation, Claim 1547 shall be Allowed and Claim 1547 shall receive, in full, final and complete satisfaction, settlement, discharge and release of Claim 1547 and any other Claim the Lead Plaintiffs or any member of the Putative Class has or could assert against the Debtors: (a) \$7 million in Cash payable on the Initial Distribution Date; (b) subject to entry of a Final Order resolving the Professional Liability Action, by settlement or otherwise, Cash equal to fifteen (15%) of the Net Litigation Recovery; (c) \$5 million in Cash payable on the tenth business day after the earlier of (I) satisfaction (in whole or in part) of a judgment entered in respect of a Final Order resolving the Professional Liability Action, but in no event later than sixty (60) days after entry of such order, (II) payment of any settlement agreed in respect of the Professional Liability Action, or (III) entry of a Final Order otherwise resolving the Professional Liability Action; (d) \$3 million in Cash payable by Reorganized OSG

one year after the Effective Date; (e) proceeds of any Residual Director And Officer Insurance; and (f) any remaining Cash in the Disputed Claims Reserve for Class E1 following satisfaction or resolution of all Class E1 Claims other than Claim 1547. Distributions in respect of Claim 1547 shall be paid when due to an escrow account designated by counsel for the Lead Plaintiffs and held in said account pending an order or orders of the District Court providing for allocation and distribution of the Settlement Consideration (as defined in the Class Stipulation) to the members of the Putative Class. Allocations and distributions to members of the putative class shall be made pursuant to orders of the District Court. In the event the District Court determines that it will not or cannot provide for the distribution and allocation to the Putative Class, the Bankruptcy Court shall retain jurisdiction to provide for allocation and distribution of the Settlement Consideration (as defined in the Class Stipulation) to the members of the Putative Class and to provide for payment of legal fees and reimbursement of expenses to counsel for Lead Plaintiffs and the Putative Class from the Settlement Consideration (as defined in the Class Stipulation). For the avoidance of doubt, claimants holding Allowed Class E1 Claims shall have no right to seek payment under any Residual Director And Officer Insurance policies unless and until all claims of loss, as defined in such policies, made by the directors and officers who are insureds under such policies have been finally resolved and such insureds no longer have any claim under such policies.

(iii) *Voting.* Class E1 Claims are Impaired and the Holders of Allowed Class E1 Claims as of the Voting Record Date are entitled to vote to Accept or reject this Plan.

(1) *Class E2: Old OSG Equity Interests.*

(i) *Classification.* Class E2 consists of all Old OSG Equity Interests.

(ii) *Treatment.* OSG will distribute to each OSG Equity Interestholder one (1) Subscription Right in respect of each Old OSG Equity Interest held by such Holder on the Record Date. Each Participating Eligible OSG Equity Interestholder will be entitled, upon the exercise of each Subscription Right, to purchase twelve (12) Class A New Securities at the price of \$3.00 per security. Each Non-Participating OSG Equity Interestholder will receive, in exchange for the Old OSG Equity Interests held of record by such Non-Participating OSG Equity Interestholder on the Record Date, one (1) Class B New Security for each such Old OSG Equity Interest so held on the Record Date. Any OSG Equity Interestholder that opts out of the releases described in Section 11.3(b) of this Plan will not receive any distributions. Each Eligible OSG Equity Interestholder will be entitled to exercise all, or a portion of, the Subscription Rights distributed to such Eligible OSG Equity Interestholder; provided that, each Subscription Right must be exercised or not exercised in whole and not in part and in compliance with the Rights Offering Procedures. On the closing date of the transactions contemplated by the Equity Commitment Agreement, all then-outstanding Old OSG Equity Interests shall automatically be cancelled and retired, and shall cease to exist.

(iii) *Voting.* Class E2 Interests are Impaired and the Holders of Allowed Class E2 Interests as of the Voting Record Date are entitled to vote to Accept or reject this Plan.

3.3 Special Provision Regarding Unimpaired Claims

Except as otherwise provided in this Plan, nothing under this Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, without limitation, all rights with respect to legal and equitable defenses, including setoff or recoupment, against any such Unimpaired Claim.

ARTICLE IV ACCEPTANCE OR REJECTION OF THE PLAN

4.1 Impaired Classes of Claims and Interests Entitled to Vote

Holders of Claims and Interests in Class E1 and Class E2 are entitled to vote to Accept or reject this Plan as provided in such order as may be entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to Accept or reject the Plan, or any other order(s) of the Bankruptcy Court. The votes of Holders of Claims and Interests who are entitled to vote and yet abstain from voting, return a Ballot with no boxes checked, or return a Ballot voting both to Accept and reject the Plan, will not be counted for purposes of Accepting or rejecting the Plan. Holders of Old OSG Equity Interests who validly exercise their Subscription Rights and either abstain from voting, return a Ballot with no boxes checked, or return a Ballot voting both to Accept and reject the Plan will be deemed to have Accepted the Plan.

4.2 Acceptance by an Impaired Class

(a) In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have Accepted this Plan if this Plan is Accepted by the Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to Accept or reject this Plan.

(b) In accordance with section 1126(d) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Equity Interests shall have Accepted this Plan if this Plan is Accepted by the Holders of at least two-thirds (2/3) in amount of the Allowed Equity Interests of such Class that have timely and properly voted to Accept or reject this Plan.

4.3 Presumed Acceptances by Unimpaired Classes

Classes A1, A2, B1, B2, C1, D1, D2, D3, D4, and D5 are Unimpaired by this Plan. Accordingly, under section 1126(f) of the Bankruptcy Code, Holders of such Claims and Interests are conclusively presumed to Accept this Plan, and the votes of the Holders of such Claims and Interests will not be solicited.

4.4 Elimination of Vacant Classes; Deemed Acceptance by Non-Voting Classes

(a) Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy

Rule 3018 shall be deemed eliminated from this Plan for purposes of voting to Accept or reject this Plan and for purposes of determining acceptance or rejection of this Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(b) If no votes to Accept or reject this Plan are received with respect to a Class that is solicited in accordance with the Solicitation Procedures (other than a Class that is deemed eliminated pursuant to the foregoing Section 4.4(a)), such Class shall be deemed to have voted to Accept this Plan, unless the Court, for cause, orders otherwise.

4.5 Conversion or Dismissal of Certain of the Chapter 11 Cases

If the requisite Classes do not vote to Accept this Plan or the Bankruptcy Court does not confirm this Plan, the Debtors reserve the right to have each Debtor's Chapter 11 Case dismissed or converted, or to liquidate or dissolve such Debtor under applicable non-bankruptcy procedure or chapter 7 of the Bankruptcy Code, subject to the terms of the Equity Commitment Agreement.

4.6 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

In the event that any Impaired Class of Claims or Equity Interests rejects this Plan, the Debtors reserve the right, without any delay in the occurrence of the Confirmation Hearing or Effective Date, to (a) request that the Bankruptcy Court confirm this Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Class, in which case this Plan shall constitute a motion for such relief, and/or (b) amend this Plan in accordance with Section 13.8 of this Plan.

ARTICLE V MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under this Plan, on the Effective Date, the provisions of this Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to this Plan.

5.2 Corporate Existence

Except as otherwise provided in this Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate Entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended by this Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to this Plan and without any further notice to or action, order, or approval of the Bankruptcy Court or any other court of

competent jurisdiction (other than any requisite filings required under applicable state, provincial, or federal law).

5.3 Reconciliation of IRS Claims

Upon the entry of the Confirmation Order, all of the IRS Claims shall be Allowed in full, including postpetition interest due and owing pursuant to Section 7.2 of this Plan. This Plan shall constitute a good faith resolution between the Debtors and the Internal Revenue Service of the Debtors' federal tax liability for the tax years 2003 through 2012. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Allowance of the IRS Claims in full, and the Bankruptcy Court's findings shall constitute its determination that Allowing the IRS Claims in full is in the best interests of the Debtors, their Estates, Creditors, and other parties-in-interest, and that no other amounts are due and owing pursuant to the IRS Claims. On or about the Initial Distribution Date, the Debtors or Reorganized Debtors shall pay the amount of the IRS Claims in Cash, which payment shall be in full, final and complete satisfaction of the IRS Claims. No further distributions shall be made by the Debtors or Reorganized Debtors on account of federal tax liability for the tax years 2003 through 2012.

5.4 Issuance of the Plan Securities

On the Effective Date, Reorganized OSG is authorized to and shall issue and distribute, or cause to be distributed, the Plan Securities, including New Shares and New Warrants (including any New Shares issuable upon exercise of such New Warrants) and any and all other securities, notes (including the Election Notes), stock, instruments, certificates and other documents or agreements required to be issued, executed or delivered pursuant to this Plan (collectively, the "New Securities and Documents"). The issuance of the Plan Securities shall be authorized, as of the Effective Date, without further notice to or order of the Bankruptcy Court, any further corporate action, or any further act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person. In no event shall non-U.S. Citizens own more than 23% of the total number of New Shares outstanding on the Effective Date or following the consummation of the Rights Offering. Subject to Section 6.4(d) of this Plan and in accordance with the Rights Offering Procedures, the Debtors shall determine the pro rata allocation of New Shares and New Warrants between U.S. Citizens and non-U.S. Citizens. All the New Shares underlying the New Warrants (upon payment of the exercise price in accordance with the terms of such New Warrants) issued pursuant to this Plan shall be duly authorized, validly issued, fully paid, and non-assessable.

5.5 Transfer Restrictions and Tendering

(a) Subscription Rights will be distributed to the OSG Equity Interests holders of record on the Record Date and will not be detachable or separately tradable from the Old OSG Equity Interests held by OSG Equity Interests holders as of such Record Date. Holders of Old OSG Equity Interests may only transfer their right to receive the Subscription Rights attached thereto by transferring such Old OSG Equity Interests at any time prior to the Record Date. In addition, the last date to execute trades which allowed a purchaser to become a Holder of record on the Record Date was June 3, 2014. From and after the Record Date, interests in the Subscription Rights may not be transferred in any manner and, if not exercised, the Subscription

Rights will lapse. Such OSG Equity Interestholder that held Old OSG Equity Interests on the Record Date will be a Non-Participating OSG Equity Interestholder and will receive one (1) Class B New Security for each Old OSG Equity Interest held by such Holder as of the Record Date. From and after the Record Date, all trading of Old OSG Equity Interests (or beneficial interests therein) will be halted and any transfers of Old OSG Equity Interests (or beneficial interests therein on the Record Date) shall be disregarded for all purposes, including subsequent distributions by the Debtors. On the closing date of the transactions contemplated by the Equity Commitment Agreement, all then-outstanding Old OSG Equity Interests shall automatically be cancelled and retired, and shall cease to exist.

(b) Rights Offering Securities that are issued and sold upon exercise of any Subscription Rights have not been and will not be registered under the Securities Act and may only be offered or sold upon exercise of the Subscription Rights to holders who are Accredited Investors or QIBs in transactions not involving a public offering, or exempt from registration under the Securities Act, including pursuant to Section 4(a)(2) thereof or Regulation D thereunder. Such Rights Offering Securities issued upon exercise of the Subscription Rights (including any New Shares issued upon exercise of Rights Offering Warrants that are “restricted securities” at the time of exercise) will therefore be “restricted securities” within the meaning of Rule 144 under the Securities Act and such restricted securities may only be reoffered, sold or otherwise transferred (i) to a QIB pursuant to and in compliance with Rule 144A or in another transaction not involving a public offering exempt from registration under U.S. state and U.S. federal securities laws, (ii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, (iii) pursuant to any effective registration statement under the Securities Act or (iv) to OSG, in each of cases (i) through (iv) in accordance with any applicable securities laws in any state of the United States, and provided that, in the case of any transfer by an Accredited Investor (who acquired such New Securities in the Rights Offering) pursuant to (i) or (ii) above, OSG may require the delivery of a written opinion of counsel, certifications and/or any other information it reasonably requires to confirm the Securities Act exemption for such transaction.

(c) Class B New Securities distributed to any Non-Participating OSG Equity Interestholders will be offered, issued and sold in exchange for their Old OSG Equity Interests in reliance on the exemption from registration under the Securities Act provided by Section 1145 of the Bankruptcy Code (“Section 1145”). Any conversion of Class B New Securities to Class A New Securities and any exercise of Class B New Warrants for Class B New Shares shall be exempt from registration pursuant to Section 3(a)(9) of the Securities Act. As a result, such Class B New Securities distributed to each Non-Participating OSG Equity Interestholder (including any Class B New Shares issued upon exercise of any such Class B New Warrants, and any Class A New Securities upon conversion of any Class B New Securities) will not be subject to any Securities Act transfer restrictions, except for any such Class B New Securities issued to a Non-Participating OSG Equity Interestholder who is deemed to be an “underwriter” within the meaning of Section 1145 or is an affiliate (as such term is defined in Rule 405 of the Securities Act) of OSG at the time of transfer.

(d) All Plan Securities may only be sold subject to transfer restrictions contained in Reorganized OSG’s certificate of incorporation or bylaws, which transfer

restrictions shall be designed to ensure compliance with the Jones Act (in the case of New Shares) and applicable state laws.

(e) Old OSG Equity Interests held by Participating Old OSG Interestholders, non-Participating Old OSG Interestholders who are not U.S. Citizens, and Old OSG Equity Interestholders who opt out of the releases granted by the Plan, must be tendered into one or more accounts established at DTC for the purpose of effecting Plan distributions, and may not thereafter be withdrawn (subject to limited exceptions if the Plan is not confirmed within a specified period of time or at all).

(f) Election Notes distributed to any Holders of 7.500% Notes shall be offered, issued and sold in exchange for their 7.500% Notes in reliance on the exemption from registration under the Securities Act provided by Section 1145. As a result, such Election Notes distributed to each Holder of 7.500% Notes will not be subject to any Securities Act transfer restrictions, except for any such Election Notes issued to a Holder of 7.500% Notes who is deemed to be an “underwriter” within the meaning of Section 1145 or is an affiliate (as such term is defined in Rule 405 of the Securities Act) of OSG at the time of transfer.

5.6 Issuance of the New Warrants

(a) The issuance of the New Warrants is authorized without the need for any further corporate action.

(b) The Class A New Warrants shall have the following terms:

(1) the exercise price for the Class A New Warrants shall be \$0.01 per share of Class A New Shares and shall be paid pursuant to a cashless exercise procedure;

(2) the Class A New Warrants shall expire on the twenty-fifth anniversary of the date of the warrant agreement;

(3) the Class A New Warrants may only be exercised by (i) an Entity that is a U.S. Citizen or (ii) a non-U.S. Citizen in compliance with the certificate of incorporation and by-laws of Reorganized OSG and shall be exercised when held by a U.S. Citizen; and

(4) the Class A New Warrants shall include antidilution protection in the event of stock dividend, recapitalization, stock split or reclassification of Class A New Shares, and as otherwise set forth in the terms of such Class A New Warrants.

(c) The Class B New Warrants shall have the terms set forth on the Class B Securities Term Sheet attached hereto as Exhibit M.

5.7 Payment of Commitment Party Fees and Expenses

The Debtors or Reorganized Debtors, as applicable, shall pay the ECA Professional Expenses in accordance with the Equity Commitment Agreement.

5.8 Post-Confirmation Property Sales

To the extent the Debtors or Reorganized Debtors, as applicable, purchase or sell any property prior to or including the date that is one year after the Confirmation Date, the Debtors or Reorganized Debtors, as applicable, may elect to purchase or sell such property pursuant to sections 363, 1123(a)(5)(D), 1141(c), and 1146(a) of the Bankruptcy Code.

5.9 Letter of Credit

OSG and OBS are party to a cash collateral agreement (the “Cash Collateral Agreement”) related to an arbitration proceeding, pursuant to which the Debtors deposited \$9,146,100 as cash collateral (the “LOC Collateral”) in an account over which DNB Bank ASA (the “Issuing Bank”) has a control agreement (the “Control Agreement”) and the Issuing Bank issued a letter of credit (“LOC”) guarantee to the arbitration counterparty. On the Effective Date, OSG and OBS shall be deemed to have assumed the Cash Collateral Agreement and the Control Agreement, which shall remain in full force and effect in accordance with their respective terms, and the Issuing Bank shall retain (and if the LOC remains undrawn, following the termination of the LOC, return) the LOC Collateral in accordance with the terms of the Cash Collateral Agreement and the Control Agreement. In the event that the LOC is drawn before it is terminated, the Issuing Bank shall have recourse first to the LOC Collateral and second to Reorganized OSG, Reorganized OBS, and Reorganized Crown Tanker Corporation to satisfy any obligations owed pursuant to the Cash Collateral Agreement, the Control Agreement, or in respect of the LOC. Under no circumstances shall the Credit Agreement Lenders have any obligations pursuant to the Cash Collateral Agreement, the Control Agreement, or in respect of the LOC. On the Initial Distribution Date the Debtors shall pay in full in Cash to the Issuing Bank any amounts accrued and owed as a Facing Fee through the Effective Date and the Reorganized Debtors’ obligation to pay any Facing Fee pursuant to the Cash Collateral Agreement shall continue after the Effective Date until the termination of the LOC. Notwithstanding anything to the contrary in the Cash Collateral Agreement, the Reorganized Debtors shall have no further obligation to pay any LOC Fee that would otherwise have accrued following the Effective Date pursuant to the Cash Collateral Agreement.

5.10 Effectuating Documents; Further Transactions

(a) Each of the matters provided for by this Plan involving the corporate structure of the Debtors or corporate or related actions to be taken by or required of the Reorganized Debtors, whether taken prior to or as of the Effective Date, shall be authorized without the need for any further corporate action or without any further action by the Debtors or the Reorganized Debtors, as applicable. Such actions may include (i) the appointment of the Reorganized OSG Board, (ii) the authorization, issuance and distribution of New Securities and any other securities to be authorized, issued and distributed pursuant to this Plan, and (iii) the consummation and implementation of the Exit Financing.

(b) On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of this Plan and the securities issued pursuant to this Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorizations, or consents except for those expressly required pursuant to this Plan.

(c) The Professional Liability Action shall re-vest in Reorganized OSG subject to the rights of Non-Participating OSG Equity Interestholders in respect of Class B New Securities.

5.11 Liquidation of Certain Debtors

On or after the Effective Date, the Debtors listed on Exhibit H, if any, will be liquidated pursuant to this Plan. A certificate of cancellation or dissolution, as applicable for each Debtor, will be filed with Delaware's Secretary of State or the appropriate authority immediately after the Effective Date.

5.12 Restructuring Transactions

(a) On, prior to, or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may enter into the following transactions (each a "Restructuring Transaction") and take any actions as may be necessary or appropriate to effectuate a corporate restructuring of their respective businesses of the overall corporate structure of the Reorganized Debtors.

(b) Such restructuring may include one or more mergers, consolidations, restructures, creation of new entities, dispositions, liquidations or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate, provided such Restructuring Transactions comply with the terms of (including applicable lender or shareholder consent requirements), and are not prohibited by, this Plan or the Equity Commitment Agreement. In each case where the surviving, resulting or acquiring corporation in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting or acquiring corporation will perform the obligations of the Reorganized Debtor pursuant to this Plan to pay or otherwise satisfy the Allowed Claims to the extent not already paid or satisfied.

(c) The actions to effectuate the Restructuring Transactions may include (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of this Plan and that satisfy the applicable requirements of applicable law and such other terms to which the applicable entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of this Plan and having such other terms to which the applicable entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable law; (iv) pledging, granting of liens or security interests over, assuming or guarantying

obligations or taking such similar actions as may be necessary to preserve the rights and collateral interests of the secured creditors of the Debtors and their subsidiaries at all times prior to the effectiveness and consummation of this Plan; and (v) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with such transactions.

5.13 Exit Financing

On the Effective Date, the New OBS Exit Revolver, the New OIN Exit Revolver, the New OBS Exit Facility and the New OIN Exit Facility shall become effective. From and after the Effective Date, the Reorganized Debtors, subject to any applicable limitations set forth in any post-Effective Date financing, shall have the right and authority without further order of the Bankruptcy Court to raise additional capital and obtain additional financing as the boards of directors of the applicable Reorganized Debtors deem appropriate.

5.14 Secured Vessels

The vessels securing the CEXIM Loan Agreement and the DSF Loan Agreement shall be retained by the Debtors and Reorganized Debtors.

5.15 Revesting of Assets

Except as otherwise set forth herein, in the Plan Supplement or in the Confirmation Order, as of the Effective Date, and subject to Section 5.10(c) hereof, all property of each of the Estates, including all Causes of Action (unless released pursuant to Section 11.3(a)) shall vest and re-vest in each of the appropriate Reorganized Debtors free and clear of all Claims, Liens, encumbrances and Old OSG Equity Interests. From and after the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire and dispose of property and settle and compromise Claims, Equity Interests, or Causes of Action without supervision by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan and the Confirmation Order. Without limiting the generality of the foregoing, the Reorganized Debtors may, without application to or approval by the Bankruptcy Court, pay fees that they incur after the Effective Date for professional fees and expenses.

5.16 Guarantees

Reorganized OSG may issue such replacement guarantees in respect of the Reorganized Debtors' or their Affiliates' obligations as may be required (including without limitation, pension obligations of OSG Ship Management UK, and obligations of the FSO Joint Venture, LNG Joint Venture, and Alaska Tanker Joint Venture).

5.17 Closing of the Chapter 11 Cases

When all Disputed Claims against any Debtor or Reorganized Debtor either have become Allowed or have been disallowed by Final Order, and no contested matter (including, without limitation, the Professional Liability Action) remains outstanding, the Reorganized

Debtors shall ask the Bankruptcy Court to close the applicable Debtor's Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

5.18 Corporate Governance, Directors, and Officers

(a) *Certificates of Incorporation and By-Laws.* The certificates or articles of incorporation and by-laws of Reorganized OSG shall be amended to satisfy the provisions of this Plan and the Bankruptcy Code, shall be included in the Plan Supplement, and shall (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code and (ii) to the extent necessary or appropriate, include such provisions as may be needed to effectuate and consummate this Plan and the transactions contemplated herein.

(b) *Officers of Reorganized OSG After the Effective Date.* Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the initial officers of the Reorganized Debtors following the Effective Date shall be as listed in Exhibit B.

(c) *Directors of Reorganized Debtors.* The Reorganized OSG Board shall have nine (9) members, who shall be nominated by the Chief Restructuring Officer, approved by the existing directors of OSG, and identified in Exhibit B (which shall constitute a Plan Supplement document). No member of the current board of directors or any person affiliated therewith shall be appointed to be a director of Reorganized OSG. The members of the Reorganized OSG Board shall meet the requirements of the Jones Act. Members of the boards of directors of Reorganized Debtors other than Reorganized OSG, and the initial term of each member of any board of directors of any Reorganized Debtor, shall be as listed on Exhibit B (which shall constitute a Plan Supplement document).

5.19 Cancellation of Notes, Instruments and Debentures

On the Effective Date, except to the extent otherwise provided herein, all notes, instruments, certificates, and other documents evidencing Claims or Equity Interests shall be cancelled and the obligations of the Debtors or Reorganized Debtors and their non-Debtor Affiliates thereunder or in any way related thereto shall be discharged; provided, however, that notwithstanding confirmation of this Plan or the occurrence of the Effective Date, any indenture or agreement not otherwise Reinstated hereunder that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of (1) allowing Holders to receive distributions under this Plan, ~~and~~ (2) allowing the 8.750% Debentures Trustee to exercise its charging lien against any distributions to the Holders of 8.750% Debentures for payment of its fees and expenses (to the extent permitted under the 8.750% Debentures Indenture), and (3) allowing and preserving the rights of the Credit Agreement Agent, the Notes Trustees, and OSG and OIN as lenders under an Intercompany Facility. For the avoidance of doubt, the 8.125% Notes Indenture and the 7.500% Notes Indenture will not be cancelled on the Effective Date, provided that any 7.500% Notes exchanged for the 7.500% Notes Alternative Distribution and other consideration shall be cancelled and retired.

5.20 Exemptions from Securities Act Registration

(a) Subscription Rights will be distributed to the Holders of record of Old OSG Equity Interests as of the Record Date.

(b) Class A New Securities that are sold upon exercise of any Subscription Rights have not been and will not be registered under the Securities Act and may only be offered or sold upon exercise of the Subscription Rights to Holders who are Accredited Investors or QIBs in transactions not involving a public offering, exempt from registration under U.S. state and U.S. federal securities laws pursuant to Section 4(a)(2) of the Securities Act (“Section 4(a)(2)”) and/or other available exemptions from registration under the Securities Act and state securities laws, as applicable, including Regulation D under the Securities Act. Such Class A New Securities issued upon exercise of the Subscription Rights (including any Class A New Shares issued upon exercise of Class A New Warrants that are “restricted securities” at the time of exercise) will therefore be “restricted securities” within the meaning of Rule 144 under the Securities Act and will be subject to the restrictions on transfer described under “Transfer Restrictions” above. Class A New Securities that are offered and sold to Accredited Investors upon exercise of Subscription Rights (including any Class A New Shares issued upon exercise of Class A New Warrants that are “restricted securities” at the time of exercise) will be issued, at the discretion of the Debtors, in certificated form or non-certificated form. Class A New Securities issued in global form and those issued in certificated form will bear the following legend or be electronically coded to substantially the following effect:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, AND ACCORDINGLY THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED EXCEPT (I) TO A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) PURSUANT TO AND IN COMPLIANCE WITH RULE 144A OR IN ANOTHER TRANSACTION NOT INVOLVING A PUBLIC OFFERING EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, (II) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (IV) TO OSG, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS IN ANY STATE OF THE UNITED STATES, AND PROVIDED THAT, IN THE CASE OF ANY TRANSFER BY AN ACCREDITED INVESTOR PURSUANT TO (I) OR (II) ABOVE, OSG MAY REQUIRE THE DELIVERY OF A WRITTEN OPINION OF COUNSEL, CERTIFICATIONS AND/OR ANY OTHER INFORMATION IT REASONABLY REQUIRES TO CONFIRM THE SECURITIES ACT EXEMPTION FOR SUCH TRANSACTION.”

(c) Upon the transfer, exchange or replacement of Class A New Securities (or a beneficial interest therein) bearing the above legend, the Transfer Agent shall deliver only Class A New Securities bearing such legend unless the Holder requesting the transfer, exchange or replacement delivers or causes to be delivered to the Transfer Agent an opinion of counsel and/or such other certifications and evidence as OSG may reasonably require in order to determine that the proposed transfer, exchange or replacement is being made (1) pursuant to an effective registration statement, or (2) in compliance with Rule 144, and that neither the above legend nor the related restrictions on transfer are required to be included on the common stock to be received following such transfer, exchange or replacement.

(d) Class B New Securities distributed to any Non-Participating OSG Equity Interestholders will be offered, issued and sold in exchange for their Old OSG Equity Interests in reliance on the exemption from registration under the Securities Act provided by Section 1145 of the Bankruptcy Code. Any conversion of Class B New Securities to Class A New Securities and any exercise of Class B New Warrants for Class B New Shares shall be exempt from registration pursuant to Section 3(a)(9) of the Securities Act. As a result, such Class B New Securities distributed to each such Non-Participating OSG Equity Interestholder (including any Class B New Shares issued upon exercise of any such Class B New Warrants, and any Class A New Securities upon conversion of any Class B New Securities) will not be subject to any Securities Act transfer restrictions, except for any such Class B New Securities issued to a Non-Participating OSG Equity Interestholder who is deemed to be an “underwriter” within the meaning of Section 1145 of the Bankruptcy Code or is an affiliate (as such term is defined in Rule 405 of the Securities Act) of OSG at the time of transfer. Any conversion of Class B New Securities to Class A New Securities and any exercise of Class A New Warrants for Class A New Shares or Class B New Warrants for Class B New Shares shall be exempt from registration pursuant to Section 3(a)(9) of the Securities Act.

5.21 Intercompany Claims and Intercompany Equity Interests

Notwithstanding anything in this Plan to the contrary, on the Effective Date, the Intercompany Claims shall be, at the option of Reorganized OSG, Reinstated or discharged and satisfied by contributions, distributions or otherwise.

Notwithstanding anything in this Plan to the contrary, on the Effective Date, the Intercompany Equity Interests shall be Reinstated.

5.22 Intercompany Account Settlement

The Debtors and the Reorganized Debtors, and their respective Affiliates, will be entitled to transfer funds between and among themselves consistent with the terms of the Cash Management Order. Any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the ordinary course intercompany account settlement practices and will not violate the terms of this Plan.

ARTICLE VI
RIGHTS OFFERING AND COMMITMENT PARTY PURCHASES

6.1 Eligibility

Only Eligible OSG Equity Interestholders may exercise the Subscription Rights. An “Eligible OSG Equity Interestholder” is an OSG Equity Interestholder who votes in favor or is deemed to vote in favor of this Plan, to the extent eligible to vote, does not file an objection to this Plan, does not opt out of the releases described in Section 11.3(b) of this Plan, and is an Accredited Investor or a QIB. A “Participating Eligible OSG Equity Interestholder” is an Eligible OSG Equity Interestholder who validly exercises its Subscription Rights in accordance with the Rights Offering Procedures. A “Non-Participating OSG Equity Interestholder” is an OSG Equity Interestholder who is not a Participating Eligible OSG Equity Interestholder.

6.2 Record Date

Only Holders of record of Old OSG Equity Interests on the Record Date will receive Subscription Rights.

6.3 Rights Exercise Form

In accordance with the terms of the Rights Offering Procedures, a Debtor will cause to be delivered to each OSG Equity Interestholder a Rights Exercise Form on which any Eligible OSG Equity Interestholder may elect to exercise all or a portion of their Subscription Rights; provided that, each Subscription Right must be exercised in full and not in part. As described in more detail in Section 6.6 of this Plan, the Rights Exercise Form, which must be validly completed and executed in order to exercise the Subscription Rights, will include a certification (the “Investor Certification”) in which the Participating Eligible OSG Equity Interestholder must confirm its eligibility by certifying, among other things, that it is either an Accredited Investor or a QIB and that it is purchasing the Class A New Securities for its own account, for investment purposes, and not with a view to the resale, distribution or other disposition thereof. All Eligible OSG Equity Interestholders shall be required to submit a duly completed and executed Affidavit of Citizenship with their Rights Exercise Form. In addition, the Old OSG Equity Interests held by such Eligible OSG Equity Interestholder must be “tendered” into one or more accounts established at DTC for the purpose of effectuating Plan distributions, and may not thereafter be withdrawn (subject to limited exceptions if the Plan is not confirmed within a specified period of time or at all).

6.4 Issuance of Subscription Rights

(a) On the date on which the solicitation of votes to approve this Plan is commenced (the “Commencement Date”), OSG will distribute to each OSG Equity Interestholder one (1) Subscription Right in respect of each Old OSG Equity Interest held by such OSG Equity Interestholder as of the Record Date. Each Participating Eligible OSG Equity Interestholder will be entitled, upon the valid exercise of each Subscription Right, to purchase twelve (12) Class A New Securities at the price of \$3.00 per security. Each Non-Participating OSG Equity Interestholder will receive one (1) Class B New Security in exchange for each Old OSG Equity Interest held by such OSG Equity Interestholder as of the Record Date. On the

closing date of the transactions contemplated by the Equity Commitment Agreement, all then-outstanding Old OSG Equity Interests shall automatically be cancelled and retired, and shall cease to exist.

(b) Each Eligible OSG Equity Interestholder who is not a Commitment Party shall have the right, but not the obligation, to exercise its Subscription Rights as set forth herein and in the Rights Offering Procedures. Each Eligible OSG Equity Interestholder who validly elects to exercise any of its Subscription Rights in accordance with the Rights Offering Procedures will, by such election, be deemed to have voted in favor of the Plan. To the extent that any OSG Equity Interestholder exercises fewer than all of its Subscription Rights, it will be treated as a Non-Participating OSG Equity Interestholder in regards to such Old OSG Equity Interests for which it elected not to exercise its Subscription Rights. Each Commitment Party shall have the obligation to fully and validly exercise its Subscription Rights.

(c) Each Eligible OSG Equity Interestholder that validly exercises its Subscription Rights in accordance with the terms of the Rights Offering and is reasonably deemed a U.S. Citizen by OSG shall receive Class A New Shares in exchange for the exercise of its Subscription Rights.

(d) Each Eligible OSG Equity Interestholder that validly exercises its Subscription Rights in accordance with the terms of the Rights Offering and who is a Foreign Holder (each, a “Foreign Participant”), will receive: (i) Class A New Shares in exchange for the exercise of its Subscription Rights if Foreign Participants elect to purchase in the aggregate Rights Offering Securities that account for less than 23% of all of the Rights Offering Securities to be purchased pursuant to the Rights Offering, or (ii) if Foreign Participants elect to purchase in the aggregate Rights Offering Securities that account for 23% or more of all of the Rights Offering Securities to be purchased pursuant to the Rights Offering, then (1) a number of Class A New Shares equal to the product determined by multiplying (x) 23% of the total number of New Shares issued pursuant to the Rights Offering by (y) a fraction, the numerator of which is the number of Rights Offering Securities such Foreign Participant elects to purchase in accordance with the terms of the Rights Offering and the denominator of which is the aggregate number of Rights Offering Securities that all Foreign Participants elect to purchase in accordance with the terms of the Rights Offering, and (2) a number of Class A New Warrants equal to the number of Rights Offering Securities that such Foreign Participant elects to purchase in accordance with the terms of the Rights Offering minus the number of Class A New Shares, if any, issued to such Foreign Participant pursuant to subclause (1) above, upon the valid exercise of its Subscription Rights.

(e) Each Non-Participating OSG Equity Interestholder that is reasonably deemed a Domestic Holder by OSG will receive one (1) Class B New Share in exchange for each Old OSG Equity Interest held by such Non-Participating OSG Equity Interestholder as of the Record Date. Each Non-Participating OSG Equity Interestholder who is a Foreign Holder will receive one (1) Class B New Security in exchange for each Old OSG Equity Interest held by such Non-Participating OSG Equity Interestholder as of the Record Date.

6.5 Rights Offering Period and Mailing

The Rights Offering shall commence on the Commencement Date and shall expire at the Rights Offering Expiration Time, unless extended by OSG in accordance with the Rights Offering Procedures. On the Commencement Date, the OSG Equity Interests holders will be mailed Rights Exercise Forms together with instructions for the proper completion, due execution, and timely delivery of such Rights Exercise Forms, as well as instructions for payment.

6.6 Exercise of Subscription Rights

(a) In order to validly exercise its Subscription Rights during the Rights Offering Period, an Eligible OSG Equity Interests holder must, on or before the Rights Offer Expiration Time:

(i) return the completed and signed Rights Exercise Form (including, the Investor Certification) electing to exercise its Subscription Rights to the Rights Offering Agent;

(ii) if such Eligible OSG Equity Interests holder is not a Commitment Party, deliver, via wire transfer of immediately available funds in U.S. dollars to the escrow account indicated in the Rights Exercise Form (the "Subscription Escrow Account"), an amount (the "Funding Amount") equal to the product determined by multiplying (1) \$3.00 and (2) the number that is the product determined by multiplying (a) the number of Subscription Rights being exercised by such Eligible OSG Equity Interests holder and (b) twelve (12); and

(iii) direct or otherwise cause (or have caused on its behalf) the "tender" of the Old OSG Equity Interests held by such Eligible OSG Equity Interests holder into one or more accounts established at DTC for the purpose of effectuating Plan distributions.

(b) The duly completed and executed Rights Exercise Form (including the Investor Certification) must be received by the Rights Offering Agent prior to the Rights Offering Expiration Time. For all Eligible OSG Equity Interests holders who are not Commitment Parties, the Funding Amount also must be received by the Rights Offering Agent prior to the Expiration Time.

(c) Unexercised Subscription Rights will be cancelled at the Rights Offering Expiration Time. An Eligible OSG Equity Interests holder will be deemed to have relinquished and waived its Subscription Rights to the extent the Rights Offering Agent for any reason does not receive from such Eligible OSG Equity Interests holder, during the Rights Offering Period, (i) a duly completed and executed Rights Exercise Form (including the Investor Certification), and (ii) if such Eligible OSG Equity Interests holder is not a Commitment Party, the Funding Amount.

(d) Any attempt to exercise any Subscription Rights after the Rights Offering Expiration Time will be null and void and the Debtors are not required to honor any Rights Exercise Form, Investor Certification, or other documentation received by the Rights Offering Agent relating to any purported exercise of Subscription Rights after the Rights Offering

Expiration Time, regardless of when such Rights Exercise Form or other documentation was sent.

(e) Any Eligible OSG Equity Interestholder of record on the Record Date that does not, for any reason, exercise its Subscription Rights will receive one Class B New Security for each Old OSG Equity Interest it held as of the Record Date.

(f) The payments made in accordance with the Rights Offering shall be deposited and held by the Rights Offering Agent in the Subscription Escrow Account. The Rights Offering Agent will maintain the Subscription Escrow Account for the purpose of holding the money for administration of the Rights Offering until the Effective Date. The Rights Offering Agent shall not use any funds held in the Subscription Escrow Account for any other purpose and shall not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. Such funds shall be disbursed only in accordance with the procedures described in this Article, the Rights Offering Procedures, and the Equity Commitment Agreement.

(g) The Debtors, in consultation with each of the Commitment Parties and the Equity Committee, may adopt such additional detailed procedures consistent with the provisions of this Article, the Rights Offering Procedures, and the Equity Commitment Agreement to more efficiently administer the exercise of the Subscription Rights.

6.7 Backstop Securities and Holdback Securities

Each Commitment Party shall be obligated to purchase Backstop Securities in respect of its Backstop Commitment and Holdback Securities in respect of its Holdback Commitment, in each case on the terms and subject to the conditions set forth in the Equity Commitment Agreement.

6.8 Purchase of Plan Securities by Each of the Commitment Parties

(a) Each Commitment Party that is an OSG Equity Interestholder has agreed to take all actions necessary to qualify as a Participating Eligible OSG Equity Interestholder and to validly exercise all of the Subscription Rights distributed to it.

(b) Each Commitment Party that is not an OSG Equity Interestholder must complete and return an Affidavit of Citizenship along with its Rights Exercise Form and Investor Certification.

(c) No later than ten (10) Business Days after the date of the Rights Offering Expiration Time and at least ten (10) Business Days prior to the Effective Date, the Rights Offering Agent will deliver to each Commitment Party a written notice setting forth (i) the number of Rights Offering Securities, the number of Holdback Securities and the number of Backstop Securities required to be purchased by such Commitment Party based on the Purchase Commitment of such Commitment Party; (ii) the aggregate purchase price for the number of such Plan Securities based on such Commitment Party's Purchase Commitment (the "Commitment Party Funding Amount"); and (iii) in reasonable detail the calculations used to determine the above-described numbers of Plan Securities and aggregate purchase price.

(d) Following receipt of such notice, each Commitment Party shall deliver and pay its applicable Commitment Party Funding Amount by wire transfer in immediately available funds, in U.S. dollars, into the Subscription Escrow Account in satisfaction of such Commitment Party's commitment obligations no later than two (2) Business Days prior to the Effective Date.

6.9 Commitment Premium

Each Commitment Party shall receive (i) its share of a premium, allocated as provided in and subject to the terms and conditions of the Equity Commitment Agreement and paid on the Effective Date, in the form of Class A New Securities equal to 5% of the aggregate amount raised in the Rights Offering (the "Commitment Premium") subject to the terms of the Equity Commitment Agreement and (ii) the reimbursement of all applicable reasonable documented fees and expenses. Each Commitment Party that is a Foreign Holder will receive a combination of Class A New Shares and Class A New Warrants, as determined by the Debtors in consultation with each Commitment Party, in compliance with the Jones Act.

6.10 Issuance of Plan Securities

(a) On the date on which all conditions to closing set forth in the Equity Commitment Agreement have been satisfied or duly waived, the amounts in the Subscription Escrow Account will be released to Reorganized OSG and Reorganized OSG will issue (i) the Rights Offering Securities (which will be in the form of Class A New Securities) to the Participating Eligible OSG Equity Interestholders; (ii) the Rights Offering Securities (which will be in the form of Class B New Securities) to Non-Participating OSG Equity Interestholders; (iii) the Backstop Securities, the Holdback Securities and all other Plan Securities required to be issued to the Commitment Parties pursuant to the Equity Commitment Agreement (which will be in the form of the Class A New Securities); each in full and complete satisfaction of their Old OSG Equity Interests, if any.

(b) Reorganized OSG shall, for so long as any of the New Securities issued under this Plan are "restricted securities" (within the meaning of Rule 144 under the Securities Act), (i) at all times to make and keep available adequate current public information with respect to the Reorganized Debtors as those terms are understood and defined for purposes of Rule 144(c) under the Securities Act; (ii) file with the U.S. Securities and Exchange Commission in a timely manner all reports and other documents required of Reorganized OSG under the Securities Act and the Exchange Act at any time after it has become subject to the reporting requirements under the Securities Act and the Exchange Act, respectively, and the rules and regulations adopted thereunder; (iii) submit electronically and post on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T under the Exchange Act; and (iv) make available information otherwise necessary to comply with Rule 144 and Rule 144A promulgated under the Securities Act, as such rules may be amended from time to time, if available with respect to re-sales of the restricted New Securities, at all times, to the extent required from time to time to enable such holders to sell such New Securities without registration under the Securities Act within the limitation of the exemptions provided by (x) Rule 144 and Rule 144A promulgated under the Securities Act (if available with respect to re-sales of such New Securities), as such rules may be amended from

time to time or (y) any other rules or regulations now existing or hereafter adopted by the U.S. Securities and Exchange Commission. Upon the reasonable request of any OSG Equity Interestholder, Reorganized OSG will deliver to such Holder a written statement as to whether it has complied with such information requirements.

ARTICLE VII PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distributions for Claims and Interests Allowed as of the Effective Date

(a) Except as otherwise provided herein or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Initial Distribution Date or as soon thereafter as is practicable.

(b) Notwithstanding anything to the contrary herein, on the Initial Distribution Date, or as soon thereafter as is reasonably practicable, the Disbursing Agent will distribute to (i) each Holder of an Allowed Class B1, B2, C1, D4, D5, E1, and E2 Claim or Interest, as applicable, the treatment accorded to such Holder in Article III; (ii) the Notes Trustees, or other party or parties as applicable, cash sufficient to fund the treatment accorded to Holders of Allowed Class D2 and D3 Claims in Article III; and (iii) the Credit Agreement Agent or, if so directed by the Credit Agreement Agent, to each Holder of an Allowed Class D1 Claim cash sufficient to fund the treatment accorded to Holders of Allowed Class D1 Claims in Article III.

(c) Any distribution to be made pursuant to this Plan shall be deemed to have been made on the Effective Date. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day. Distributions on account of Disputed Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Article IX of this Plan.

7.2 Postpetition Interest on Claims Against Debtors

(a) Postpetition interest shall accrue and be paid on all Allowed Claims in Classes D1 through D5 and on the IRS Claims. Holders of Allowed Claims in Classes D1 through D5 will receive postpetition interest on their Allowed Claims, calculated from the Petition Date, at the contractual rate of interest, if any (including default interest, if any, to the extent expressly and explicitly provided in each of the agreements underlying the respective Claims). Postpetition interest shall accrue and be paid on the IRS Claims at the rate of interest specified in section 6621 of the Internal Revenue Code. Holders of Allowed Claims in Class D5 or in Class D4 whose relevant agreements do not entitle them to any contractual rate of interest or who do not file an objection (a “Postpetition Interest Rate Objection”) by the Confirmation Objection Deadline, will receive postpetition interest on their Allowed Claims calculated from the Petition Date at the Presumed Postpetition Interest Rate. Any Holder of a Claim in Class D4 or D5 who wishes to opt out of the Presumed Postpetition Interest Rate must file a Postpetition Interest Rate Objection, specifying the postpetition interest rate such Holder believes it is entitled to receive and providing the basis for such an interest rate. Any Holder of a Claim in Class D4 or D5 who does not file a Postpetition Interest Rate Objection shall be deemed to accept the application of the Presumed Postpetition Interest Rate to such Holder’s Allowed Claim.

(b) Notwithstanding anything to the contrary set forth herein, in the event that any of Classes D1, D2, D3, D4 and D5 is determined by the Bankruptcy Court to be Impaired and such Class fails to Accept the Plan, Holders of Allowed Claims in such rejecting Class shall receive postpetition interest on their Allowed Claim or Claims in such Class through the Effective Date at the Federal Judgment Rate.

(c) Notwithstanding the foregoing, each Electing Noteholder shall receive the 7.500% Notes Alternative Distribution.

7.3 Disbursing Agent

Except as otherwise provided herein, all Cash distributions and other distributions to be made by the Debtors or the Reorganized Debtors, under this Plan or otherwise in connection with the Chapter 11 Cases (including, without limitation, professional compensation and statutory fees) shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. The Disbursing Agent may employ or contract with other entities to assist in or make the distributions required by this Plan.

7.4 Delivery of Distributions and Undeliverable or Unclaimed Distributions

(a) *Delivery of Distributions to Holders of Allowed Claims in General.*

(i) Unless otherwise agreed to between the Debtors or the Reorganized Debtors, as applicable, and the Holder of an Allowed Claim, the Debtors shall make distributions to the Holders of Allowed Claims in the same manner and to the same addresses as such payments are made in the ordinary course of the Debtors' businesses, unless another address is listed on the Holder's proof of claim form, in which case such address will be used; provided, however, that, to the extent any distributions are made on account of the ECA Professional Expenses, they shall be made at the direction of counsel to each of the Commitment Parties, as identified in Section 13.14 hereof.

(ii) No distributions shall be made on a Disputed Claim until and unless such Disputed Claim becomes an Allowed Claim.

(iii) In order to permit distributions under this Plan, Reorganized OSG may, but will not be required to, establish reasonable reserves for Disputed Claims.

(iv) Other than the evidentiary certificates referred to at the end of this paragraph, physical certificates representing Plan Securities will not be issued pursuant to this Plan. The Plan Securities will be registered on the New York Stock Exchange. A certificate shall be issued to evidence registration in these shareholder and warrants registers.

(b) *Undeliverable, Unnegotiated and Unclaimed Distributions.*

(i) *Holding of Undeliverable, Unnegotiated and Unclaimed Distributions.* If the distribution to any Holder of an Allowed Claim is returned to the Disbursing Agent as undeliverable or is otherwise unclaimed or not negotiated, no further

distributions shall be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then current address.

(ii) *After Distributions Become Deliverable.* The Disbursing Agent shall make all distributions that have become deliverable or have been claimed since the Initial Distribution Date as soon as practicable after such distribution has become deliverable or has been claimed.

(iii) *Failure to Claim Undeliverable or Unnegotiated Distributions.* Any Holder of an Allowed Claim (or any successor or assignee or other Person or Entity claiming by, through, or on behalf of, such Holder) that does not assert a claim pursuant to this Plan for an undeliverable or unclaimed distribution within six (6) months after the later of the Effective Date or the date such distribution was made shall be deemed to have forfeited its Claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such Claim for an undeliverable or unclaimed distribution against the Debtors or their Estates, the Reorganized Debtors or their property. In such cases, (a) any Cash for distribution on account of such Claims for undeliverable or unclaimed distributions shall become the property of the Reorganized Debtors free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and (b) any New Securities and Documents held for distribution on account of such Claim shall be sold by the Administrative and Disputed Claims Agent and the proceeds of such sale shall become the property of the Reorganized Debtors free of any restrictions thereon. Nothing contained in this Plan shall require the Debtors, the Reorganized Debtors, the Disbursing Agent, or the Administrative and Disputed Claims Agent to attempt to locate any Holder of an Allowed Claim.

(iv) *No Effect on Cash Distributions.* Any Holder of an Allowed Claim (or any successor or assignee or other Person or Entity claiming by, through, or on behalf of, such Holder) entitled to receive both a distribution of Cash and a distribution of Plan Securities may receive such Cash distribution even if its distribution of Plan Securities has not yet occurred, is returned to the Disbursing Agent as undeliverable, or is otherwise unclaimed.

7.5 Distribution Record Date

On the Distribution Record Date, the Claims Register shall be closed and the Disbursing Agent shall be authorized and entitled to recognize only those Holders listed on the Claims Register as of the close of business on the Distribution Record Date. Notwithstanding the foregoing, if a Claim or Equity Interest is transferred less than 20 days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only to the extent practical and in any event only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

7.6 Cash Payments

Payments made pursuant to this Plan shall be made by the Disbursing Agent in Cash and by (i) checks drawn on or (ii) wire transfer from a domestic bank selected by the Disbursing Agent. Any Cash distributions required under this Plan to foreign Creditors may be made, at the option of the Disbursing Agent, by such means as are necessary or customary in a

particular foreign jurisdiction. Any check issued by the Disbursing Agent shall be null and void if not negotiated within ninety (90) days. Any Cash distributions required under this Plan in respect of Allowed Notes Claims and the Allowed Credit Agreement Claims shall be paid by the Disbursing Agent to the applicable trustees or the Credit Agreement Agent by federal funds wire transfer on the Initial Distribution Date.

7.7 Limitation on Recovery

No Holder of an Allowed Claim shall receive in respect of such Claim any distribution in excess of the Allowed amount of such Claim including, without limitation, distributions from more than one Debtor due to guarantees, undertakings, or joint and several obligations. In the event that the sum of distributions from several Debtors' Estates with respect to an Allowed Claim would be in excess of one hundred percent (100%) of the applicable Holder's Allowed Claim, then the proceeds remaining to be distributed to such Holder in excess of such one hundred percent (100%) shall be redistributed to other Holders of Allowed Claims against such Debtor or Debtors, or shall re-vest in the Reorganized Debtors, in accordance with the provisions of this Plan and the Bankruptcy Code.

7.8 Withholding and Reporting Requirements

In connection with this Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any U.S. federal, state or local taxing authority or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. All Persons holding Claims shall be required to provide any information necessary to effectuate information reporting and the withholding of such taxes. Notwithstanding any other provision of this Plan to the contrary, (a) each Holder of an Allowed Claim shall be liable for any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution, (b) any amounts deducted or withheld from any distribution to a Holder by the Reorganized Debtors in respect of any tax shall be treated as if distributed to such Holder in connection with this Plan, and (c) at the discretion of the Reorganized Debtors, no distribution shall be made to or on behalf of such Holder pursuant to this Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations. Any Cash, New Securities and Documents and/or other consideration or property to be distributed pursuant to this Plan shall, pending the implementation of such arrangements, be treated as an unclaimed distribution pursuant to Section 7.4(b) of this Plan.

7.9 Setoffs

The Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code and applicable non-bankruptcy law, but shall not be required to, set off against any payments or other distributions to be made pursuant to this Plan in respect of an Allowed Claim, claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any

Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any claim that the Debtors or the Reorganized Debtors may have against such Holder.

7.10 No Fractional Shares or Warrants

There shall be no distribution of (i) fractional shares or (ii) fractional warrants. Where a fractional share, or fractional warrant would otherwise be called for, the actual issuance shall reflect a rounding down of such fraction.

7.11 Hart-Scott-Rodino Compliance

Any New Shares to be distributed under this Plan to any entity required to file a Premerger Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or to meet any similar requirements under applicable non-U.S. law (“Antitrust Obligations”), shall not be distributed until the notification and waiting periods applicable under such law to such entity shall have expired or been terminated.

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 Assumption, Rejection and Assignment of Executory Contracts and Unexpired Leases

(a) On the Effective Date, all executory contracts and unexpired leases of the Debtors will be deemed assumed, in accordance with and subject to the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such executory contracts and unexpired leases are (i) identified on Exhibit C to be filed with the Plan Supplement as Rejected Contracts and not removed from such exhibit prior to the Effective Date, (ii) previously rejected by order of the Bankruptcy Court, (iii) the subject of a motion to reject filed with the Bankruptcy Court on or before the Effective Date, or (iv) rejected pursuant to the terms of this Plan, including, without limitation, Section 8.5 of this Plan.

(b) Each Assigned Contract shall be listed on Exhibit G, along with the proposed counterparty to such Assigned Contract.

(c) Each Rejected Contract shall be rejected only to the extent that it constitutes an executory contract or unexpired lease.

(d) The proposed rejection damages for any Rejected Contract shall be zero dollars unless otherwise indicated in Exhibit C.

(e) Any amounts owed as Allowed SERP Claims in Class D5 or SERP Claims to be Reinstated shall be indicated in Exhibit L.

(f) Without amending or altering any prior order of the Bankruptcy Court approving the assumption, assignment or rejection of any executory contracts and unexpired leases, entry of the Confirmation Order shall constitute approval of the assumptions, assignments and rejections as applicable, provided herein, pursuant to sections 365(a), 365(f) and 1123 of the

Bankruptcy Code. To the extent any provision in any executory contracts and unexpired leases assumed or assigned pursuant to this Plan (including, without limitation, any “change of control” provision) conditions, restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the applicable assumption or assignment of such executory contract or unexpired lease, or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such assumption or assignment, then such provision shall be deemed void and of no force or effect such that the transactions contemplated by this Plan shall not entitle the non-debtor party thereto to terminate or modify such executory contract or unexpired lease or to exercise any other default-related rights with respect thereto. Confirmation of this Plan and consummation of the transactions contemplated thereby shall not constitute a change of control under any executory contract or unexpired lease assumed by the Debtors on or prior to the Effective Date.

8.2 Cure of Defaults of Assumed Executory Contracts and Unexpired Leases

(a) The proposed cure amount (the “Cure Amount”) for any executory contract or unexpired lease that is assumed or assumed and assigned pursuant to this Plan (other than an indenture Reinstated pursuant to this Plan) shall be zero dollars unless otherwise indicated in a schedule to be filed with the Bankruptcy Court as part of the Plan Supplement or another pleading filed by the Debtors (the “Cure Notice”). All Cure Amounts shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment in Cash in the amounts set forth in the Cure Notice, or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree in writing, on or as soon as practicable following the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree. Pursuant to section 365(b)(2)(D) of the Bankruptcy Code, no counterparty to an executory contract or unexpired lease (other than an indenture Reinstated pursuant to this Plan) shall be allowed a Claim, as part of its cure Amount, for a default rate of interest or any other form of late payment penalty.

(b) In the event of a dispute pertaining to assumption, assignment, or the Cure Amount set forth in the Cure Notice, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the resolution of the dispute in accordance with Section 8.3 of this Plan. Pending the resolution of such dispute, the executory contract or unexpired lease at issue shall be deemed conditionally assumed by the relevant Reorganized Debtor unless otherwise ordered by the Bankruptcy Court. To the extent that any Person fails to timely File an objection to the assumption, assumption and assignment, or the Cure Amount listed in the Cure Notice or otherwise as set forth in Section 8.3 hereof, such Person is deemed to have consented to such Cure Amounts and the assumption or assumption and assignment of such executory contracts or unexpired leases pursuant to this Plan. The Cure Amounts set forth in the Cure Notice shall be final and binding on all non-debtor parties (including any successors and designees) to such executory contracts or unexpired leases set forth in the Cure Notice, and shall not be subject to further dispute or audit based on performance prior to the time of assumption, irrespective of the terms and conditions of such executory contract or unexpired lease. Each counterparty to an assumed or assumed and assigned executory contract or unexpired lease, whether entered before or after the Petition Date, shall be forever barred, estopped, and permanently enjoined from (i) asserting against any Reorganized Debtor, or its property, any

default existing as of the Effective Date or any counterclaim, defense, setoff or any other interest asserted or assertable against the Debtors; and (ii) imposing or charging against any Reorganized Debtor any accelerations, assignment fees, increases or any other fees as a result of any assumption or assignment pursuant to this Plan.

(c) Upon the assignment of any Assigned Contract, no default shall exist thereunder and no counterparty to any such Assigned Contract shall be permitted to declare a default by the Debtors or the Reorganized Debtors thereunder or otherwise take action against the Reorganized Debtors or their property as a result of any of the Restructuring Transactions, or any Debtor's financial condition, bankruptcy or failure to perform any of its obligations under such Assigned Contract prior to the Effective Date. Any provision in any Assigned Contract that is assigned under this Plan which prohibits or conditions the assignment or allows the counterparty thereto to terminate, recapture, impose any penalty, condition on renewal or extension, or modify any term or condition upon such assignment, constitutes an unenforceable anti-assignment provision that is void and of no force and effect.

8.3 Objections to Rejection, Assumption, Assignment or Cure

Except as provided by Section 8.4 of this Plan regarding amendments to Exhibit C and Exhibit G, responses or objections (each a "Treatment Objection"), if any, to the (i) rejection, including any applicable rejection damages as listed on Exhibit C, (ii) assumption, (iii) assumption and assignment of Assigned Contracts as listed on Exhibit G, (iv) any Cure Amount related to any contracts or leases to be assumed or assumed and assigned under this Plan as identified on the Cure Notice, or (v) rejection, including any applicable rejection damages, of any contracts pursuant to Section 8.5(e) of this Plan, shall be Filed, together with proof of service, with the Clerk of the United States Bankruptcy Court, District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, and served such that the responses or objections are actually received no later than **4:00 p.m. (ET) on July 11, 2014** (the "Confirmation Objection Deadline") by each of the following parties:

(a) counsel to the Debtors, Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, New York 10006, Attention: James L. Bromley, Esq., and Luke A. Barefoot, Esq.; and Morris Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, Delaware 19801, Attention: Derek C. Abbott, Esq.;

(b) the Office of the United States Trustee, U.S. Department of Justice, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attention: Mark Kenney, Esq.;

(c) counsel to the Unsecured Creditors' Committee, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036, Attention: Daniel H. Golden, Esq., and Fred S. Hodara, Esq.;

(d) counsel to the Equity Committee, Brown Rudnick LLP, One Financial Center, Boston, Massachusetts 02111, Attention: Steven D. Pohl, Esq.; and

(e) Gibson, Dunn & Crutcher, LLP, 200 Park Avenue, New York, NY 10166-0193, Attention: David M. Feldman, Esq., John T. Gaffney, Esq., and Joshua P. Weisser, Esq.

Any objection to the Cure Amount set forth in the Cure Notice or to the proposed rejection damages shall state with specificity the cure amount or rejection damages amount, as applicable, the objecting party believes is required and provide appropriate documentation in support thereof. If any Treatment Objection is not timely Filed and served before the Confirmation Objection Deadline, each counterparty to an assumed, assumed and assigned, or rejected executory contract or unexpired lease, whether entered before or after the Petition Date, shall be forever barred from (i) objecting to the rejection, assumption, assignment, rejection damages amount, and/or Cure Amount provided hereunder, and shall be precluded from being heard at the Confirmation Hearing with respect to such objection; (ii) asserting against any Reorganized Debtor, or its property, any default existing as of the Effective Date or any counterclaim, defense, setoff or any other interest asserted or assertable against the Debtors; and (iii) imposing or charging against any Reorganized Debtor any accelerations, assignment fees, increases or any other fees as a result of any assumption or, assumption and assignment or rejection pursuant to this Plan.

On and after the Effective Date, the Reorganized Debtors may, in their sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed “cure” amounts).

For each executory contract or unexpired lease as to which a Treatment Objection is timely Filed and properly served and that is not otherwise resolved by the parties on or before the date of the Confirmation Hearing, the Debtors, subject to the availability of the Bankruptcy Court, may schedule a hearing on such Treatment Objection and provide at least twenty-one calendar days’ notice of such hearing to the party filing such Treatment Objection. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption, rejection, or assignment approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the effective date originally proposed by the Debtors or specified in the Plan or the Confirmation Order. Any cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving a Cure Amount or assumption or assignment dispute unless the Debtors elect to reject the executory contract or unexpired lease as described below.

8.4 Reservation of Rights

(a) The Debtors reserve their right, on or before 3:00 p.m. (prevailing Eastern Time) on the Business Day immediately before the Confirmation Hearing, as may be rescheduled or continued, to (i) amend Exhibit C to delete or add any unexpired lease or executory contract, and (ii) amend Exhibit G to delete or add any Assigned Contracts, in each case subject to the consent of each of the Commitment Parties. The counterparty to any executory contracts or unexpired leases first listed on or removed from Exhibit C, or Exhibit G, as applicable, later than the date that is ten (10) calendar days before the Confirmation Hearing, shall have five (5) calendar days from the date of service of amended Exhibit C, or Exhibit G, as applicable, to file a Treatment Objection. The counterparty to any executory contract or unexpired lease first listed on or removed from Exhibit C, or Exhibit G, as applicable, later than the date that is five (5) calendar days before the Confirmation Hearing, shall have until the Confirmation Hearing to file a Treatment Objection. The counterparty to any executory contracts or unexpired leases first listed on or removed from Exhibit C, or Exhibit G, as

applicable, on or after the date of the Confirmation Hearing, shall have ten (10) calendar days from the service of such amended Exhibit to file a Treatment Objection.

(b) If the Debtors, in their discretion, determine that the amount asserted to be the necessary “cure” amount would, if ordered by the Bankruptcy Court, make the assumption and/or assignment of the executory contract or unexpired lease imprudent, then the Debtors may elect to (i) reject the relevant executory contract or unexpired lease or (ii) request an expedited hearing on the resolution of the “cure” dispute, exclude assumption or rejection of the contract or lease from the scope of the Confirmation Order, and retain the right to reject the executory contract or unexpired lease pending the outcome of such dispute.

(c) If the Debtors, in their discretion, determine that the amount asserted to be the necessary rejection damages amount would, if ordered by the Bankruptcy Court, make the rejection of the executory contract or unexpired lease imprudent, then the Debtors may elect to (i) assume the relevant executory contract or unexpired lease, (ii) assume and assign the relevant executory contract or unexpired lease, or (iii) request an expedited hearing on the resolution of the rejection damages dispute, exclude assumption or rejection of the contract or lease from the scope of the Confirmation Order, and retain the right to assume or assume and assign the executory contract or unexpired lease pending the outcome of such dispute.

(d) Neither the exclusion nor inclusion of any contract or lease in Exhibit C or Exhibit G, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an executory contract or unexpired lease or that the Reorganized Debtors have any liability thereunder.

8.5 Compensation and Benefit Programs

(a) Reorganized OSG shall administer the Management and Director Incentive Program. The Reorganized OSG Board shall determine the initial grants under the Management and Director Incentive Program.

(b) Except as otherwise expressly provided in this Plan, including, without limitation, the limitations set forth herein with respect to the Management and Director Incentive Program and in Section 8.5(e) herein, or as otherwise provided in any motion to reject or notice of rejection filed with the Bankruptcy Court on or before the Effective Date, on and after the Effective Date, subject to any Final Order, the Reorganized Debtors shall have the sole discretion to (1) amend, adopt, assume, and/or honor, in the ordinary course of business or as otherwise provided for herein, any contracts, agreements, policies, programs, and plans for, among other things, compensation, pursuant to the terms thereof or hereof, including any incentive plan, as applicable, including health care benefits, disability benefits, deferred compensation benefits, savings, severance benefits, retirement benefits, welfare benefits, workers’ compensation benefits, life insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of any of the Debtors who served in such capacity from and after the Petition Date, and (2) honor, in the ordinary course of business, any accrued vacation time arising prior to the Petition Date for employees employed as of the Effective Date.

(c) As of the Effective Date, the Reorganized Debtors shall continue (and shall continue their obligations with respect to) the Pension Plans in accordance with, and subject to, their terms, ERISA, the Internal Revenue Code, and applicable law, and shall preserve all of their rights thereunder. All Proofs of Claim filed by the Pension Benefit Guaranty Corporation on account of Claims in connection with the termination of the Pension Plans shall be deemed withdrawn as of the Effective Date without any further action of the Pension Benefit Guaranty Corporation, the Debtors, or Reorganized Debtors and without any further action, order, or approval of the Bankruptcy Court. All other Proofs of Claims filed on account of Claims in connection with the termination of the Pension Plans shall be deemed disallowed and expunged as of the Effective Date without any further action of the Debtors or Reorganized Debtors and without any further action, order, or approval of the Bankruptcy Court. Notwithstanding anything to the contrary in this Plan, no provision in this Plan or the Confirmation Order, or proceeding within the Chapter 11 Cases, shall in any way be construed as discharging, releasing, or relieving the Debtors, the Reorganized Debtors, or any other party in any capacity, from any liability with respect to the Pension Plans under any law, governmental policy, or regulatory provision, including for breach of fiduciary duty.

(d) To the extent not previously assumed, collective bargaining agreements shall be treated as executory contracts under this Plan and shall be assumed on the Effective Date.

(e) Notwithstanding anything to the contrary in this Plan, all contracts, agreements, policies, programs and plans in existence on the Petition Date that provided for the issuance of Equity Interests in the Debtors to current or former employees or directors of the Debtors, including, without limitation, any such agreements listed on Exhibit C, are, to the extent not previously terminated or rejected by the Debtors, rejected or otherwise terminated as of the Effective Date without any further action of the Debtors or Reorganized Debtors or any order of the Court, with rejection damages of zero dollars unless otherwise indicated in Exhibit C, and any unvested Equity Interests granted under any such agreements, policies, programs and plans in addition to any Equity Interests granted under such agreements previously terminated or rejected by the Debtors to the extent not previously cancelled shall be cancelled pursuant to Section 5.19 of this Plan. Objections to the treatment of these plans or the amount of rejection or termination damages, if any, must be submitted and resolved in accordance with the procedures and subject to the conditions provided for in Section 8.3. If any such objection is not timely Filed and served before the Confirmation Objection Deadline, each participant in or counterparty to any agreement describe in this Section shall be forever barred from (i) objecting to the rejection or termination provided hereunder, and shall be precluded from being heard at the Confirmation Hearing with respect to such objection; (ii) asserting against any Reorganized Debtor, or its property, any default existing as of the Effective Date or any counterclaim, defense, setoff or any other interest asserted or assertable against the Debtors; and (iii) imposing or charging against any Reorganized Debtor any accelerations, assignment fees, increases or any other fees as a result of any rejection pursuant to this Section.

8.6 Preexisting Obligations to the Debtors Under Rejected Contracts

Rejection of any Rejected Contract pursuant to the Plan shall not constitute a termination of pre-existing obligations owed to the applicable Debtor(s) under such Rejected

Contract. In particular, notwithstanding any nonbankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable, from counterparties to any Rejected Contract.

8.7 Subsequent Modifications, Amendments, Supplements or Restatements.

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (a) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, and uses, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan. Modifications, amendments, supplements and restatements to prepetition executory contracts and unexpired leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the executory contracts and unexpired leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the executory contracts and unexpired leases against any of the Debtors, and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

ARTICLE IX PROCEDURES FOR RESOLVING DISPUTED CLAIMS

9.1 Resolution of Disputed Claims

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtors and the Administrative and Disputed Claims Agent shall have the exclusive right to make and File objections to Claims (other than Administrative Expense Claims and Professional Fees Claims to which other parties may object as set forth in Section 3.1 and Section 13.5 of this Plan) and shall serve a copy of each objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than ninety (90) days after the Effective Date (the "Claims Objection Deadline") or such later date as is established by the filing of a notice by the Reorganized Debtors prior to the expiration of the then current Claims Objection Deadline. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the Holder thereof if service is effected in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified in the proof of

claim or interest or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Cases. The Reorganized Debtors and the Administrative and Disputed Claims Agent shall be authorized to, and shall, resolve all Disputed Claims by withdrawing or settling such objections thereto or by litigating to Final Order in the Bankruptcy Court the validity, nature and/or amount thereof.

9.2 No Distributions Pending Allowance

Notwithstanding any other provision of this Plan to the contrary, no payments or distributions of any kind or nature shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order and the Disputed Claim has become an Allowed Claim.

9.3 Distributions on Account of Disputed Claims Once They Are Allowed

If a Disputed Claim becomes an Allowed Claim after the Initial Distribution Date, the Administrative and Disputed Claims Agent shall be authorized to cause a distribution to be made on account of such Disputed Claim on the date of Allowance or as soon as reasonably practicable thereafter. Such distributions will be made pursuant to the applicable provisions of Article VII of this Plan.

9.4 Estimation of Claims

The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent Claim, unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any of the Debtors or the Reorganized Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent Claim, unliquidated Claim or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Reorganized Debtors may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

9.5 Disputed Claims Reserves

(a) On the Effective Date, the Administrative and Disputed Claims Agent shall hold in the Disputed Claims Reserves for every Class of Claims except Class E1 the amount of Cash that the Reorganized Debtors determine, in consultation with the Unsecured Creditors' Committee, the Equity Committee, and each Commitment Party, would likely have been distributed to the Holders of all Disputed Claims if such Disputed Claims had been Allowed on the Effective Date. The amount of such Disputed Claims is to be determined, solely

for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are unliquidated or contingent and/or for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash equal to the amount reasonably determined by the Debtors or Reorganized Debtors.

(b) The Debtors or the Reorganized Debtors will fund one Disputed Claims Reserve for Class E1 with up to \$2 million in Cash once Class E1 Claims are Allowed. Furthermore, there shall be a reserve of up to a maximum of \$5 million funded by the Reorganized Debtors to satisfy any liabilities on account of proof of Claim number 1581 filed by the Securities and Exchange Commission, solely to the extent and upon the entry of a Final Order providing that such Claim or any portion thereof is Allowed.

(c) The Administrative and Disputed Claims Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserves to reflect all earnings thereon (net of any expenses relating thereto, and net of taxes calculated at the applicable combined highest marginal tax rates imposed on a corporation resident in New York for federal, state and local tax purposes on the amount of all such earnings recognized by the Debtors or Reorganized Debtors for federal, state or local tax purposes) to be distributed on the Distribution Dates, as required by the Plan. The Administrative and Disputed Claims Agent shall hold in the Disputed Claims Reserves all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserves, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise.

(d) After any reasonable determination by the Reorganized Debtors that the Disputed Claims Reserves should be adjusted downward in accordance with this Section 9.5, the Administrative and Disputed Claims Agent shall, at the direction of the Debtors or the Reorganized Debtors, effect a distribution to the Reorganized Debtors in the amount of such adjustment as required by this Plan (an "Adjustment Distribution").

(e) After all Disputed Claims have become either Allowed or disallowed and all distributions required pursuant to Article VII of this Plan have been made, the Administrative and Disputed Claims Agent shall, at the direction of the Reorganized Debtors, distribute the Cash remaining in the Disputed Claims Reserves to the Reorganized Debtors.

(f) It is expected that the Disputed Claims Reserves will be treated as grantor trusts owned by the Reorganized Debtors for U.S. federal income tax purposes. Absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Administrative and Disputed Claims Agent shall, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income

tax purposes. All affected holders of Disputed Claims shall report, for income tax purposes, consistently with the foregoing.

9.6 No Amendments to Claims

A Claim may be amended before the Confirmation Date only as agreed upon by the Debtors and the holder of such Claim, with the consent of each of the Commitment Parties, or as otherwise permitted by the Bankruptcy Court, the Bankruptcy Rules or applicable non-bankruptcy law. On or after the Confirmation Date, the holder of a Claim (other than an Administrative Expense Claim or a Professional Fees Claim) must obtain prior authorization from the Bankruptcy Court or Reorganized Debtors to file or amend a Claim. Any new or amended Claim (other than Rejection Claims) filed after the Confirmation Date without such prior authorization will not appear on the Claims Register and will be deemed disallowed in full and expunged without any action required of the Debtors or the Reorganized Debtors and without the need for any court order.

9.7 No Late-Filed Claims

(a) In accordance with the Bar Date Order and section 502(b)(9) of the Bankruptcy Code, any Entity that failed to file a proof of Claim by the applicable Bar Date or was not otherwise permitted to file a proof of Claim after the applicable Bar Date by a Final Order of the Bankruptcy Court is and shall be barred, estopped and enjoined from asserting any Claim against the Debtors (a) in an amount that exceeds the amount, if any, that is identified in the Schedules on behalf of such Entity as undisputed, noncontingent and liquidated; or (b) of a different nature or a different classification than any Claim identified in the Schedules on behalf of such Entity.

(b) The Debtors and the Reorganized Debtors shall be entitled, for the purposes of distributions, reserves and other similar purposes under this Plan, to treat all Claims Filed after the later of (a) the Effective Date and (b) the Claim's applicable Bar Date, as disallowed and expunged unless the Holder of such Claim Files a motion to have the late post-Effective Date Claim deemed timely Filed by the Bankruptcy Court. The Debtors or the Reorganized Debtors have no obligation to review or respond to any Claims Filed after the later of (a) the Effective Date and (b) the Claim's applicable Bar Date, unless: (y) the filer has obtained an order from the Bankruptcy Court authorizing it to file such Claim after the Bar Date; or (z) the Reorganized Debtors have consented to the filing of such Claim in writing, provided that if any such Claim is then Allowed, any amounts due will be payable only from the Disputed Claims Reserves and not by the Reorganized Debtors.

ARTICLE X

CONFIRMATION AND CONSUMMATION OF THE FIRST AMENDED PLAN

10.1 Conditions to Confirmation

(a) It shall be a condition precedent to the confirmation of this Plan that (i) each of the Plan, Disclosure Statement, and Plan Supplement (including, with respect to any amendments, modifications, supplements and exhibits thereto related to the foregoing) shall be in form and substance reasonably acceptable to the Debtors and each of the Commitment Parties;

(ii) the Confirmation Order shall have been entered and not stayed, and shall be in form and substance reasonably acceptable to each of the Commitment Parties; and (iii) all governmental or other approvals required to effectuate the terms of this Plan shall have been obtained, including any approvals with respect to the Jones Act businesses.

(b) The Confirmation Order shall provide that (i) no incurable event of default occurred prior to the Petition Date; (ii) the consummation of the Plan does not create any incurable defaults under either the 7.500% Notes Indenture or the 8.125% Notes Indenture upon the Debtors' emergence from these Chapter 11 Cases; (iii) the consummation of the Plan will not trigger any note repurchase obligations under either the 7.500% Notes Indenture or the 8.125% Notes Indenture; (iv) all requirements for Reinstatement of the 7.500% Notes and the 8.125% Notes under section 1124(2) of the Bankruptcy Code have been met; and (v) all Claims arising from the 8.125% Notes and the 7.500% Notes are Unimpaired.

(c) The Confirmation Order shall provide that, effective as of the Effective Date, the Putative Class is certified for settlement purposes and the settlement embodied in the Class Stipulation and the Plan is approved on a final basis pursuant to Fed. R. Civ. P. 23 and Bankruptcy Rules 7023 and 9019.

10.2 Conditions to Effective Date

Each of the following is a condition precedent to the occurrence of the Effective Date:

(a) the Confirmation Order (including any amendment or modification thereof) shall (i) have been entered by the Bankruptcy Court in form and substance reasonably acceptable to the Debtors and each of the Commitment Parties, and (ii) not have been stayed, vacated or set aside;

(b) all actions, documents, certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable government units in accordance with applicable law;

(c) all of the conditions precedent for effectiveness of the Exit Financing and the Equity Commitment Agreement shall have been satisfied or waived in accordance with the terms thereof;

(d) payment in Cash of all ECA Professional Expenses incurred through such date that is ten (10) Business Days prior to the Effective Date;

(e) notice of the projected Effective Date shall have been provided to the Unsecured Creditors' Committee, the Equity Committee, and each Commitment Party, or their respective counsel, no later than five (5) Business Days prior to the projected Effective Date; and

(f) receipt of all governmental approvals including the United States Coast Guard and MARAD of New Shares and New Warrants, substantially in the form attached to the Rights Offering Procedures.

10.3 Conditions to Reinstatement

It shall be a condition precedent to the Reinstatement of the 7.500% Notes and the 8.125% Notes that the Equity Commitment Agreement shall be terminated pursuant to Section 9.2(a) therein, excluding provisions therein which expressly survive termination.

10.4 Waiver of Conditions

Each of the conditions set forth in Sections 10.1 and 10.2 of this Plan may be waived in whole or in part by the Debtors, subject to notice to the Unsecured Creditors' Committee and the Equity Committee and the consent of each of the Commitment Parties (which consent shall not be unreasonably withheld), without any other notice to parties in interest or notice to or order of the Bankruptcy Court and without a hearing. The failure to satisfy or waive a condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of a Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each right shall be deemed an ongoing right that may be asserted at any time.

10.5 Notice of Effective Date

Upon satisfaction of all the conditions to the Effective Date set forth in Section 10.2, or if waivable, waiver pursuant to Section 10.4, or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall File with the Bankruptcy Court the "Notice of Effective Date" in a form reasonably acceptable to the Reorganized Debtors in their sole discretion, which notice shall constitute appropriate and adequate notice that this Plan has become effective; provided, however, that the Debtors shall have no obligation to notify any Person other than counsel to the Unsecured Creditors' Committee, the Equity Committee and each Commitment Party of such fact. This Plan shall be deemed to be effective as of 12:01 a.m., prevailing Eastern Standard Time, on the date of such filing. A courtesy copy of the Notice of Effective Date may be sent by United States mail, postage prepaid (or at the Debtors' option, by courier or facsimile) to those Persons who have Filed with the Bankruptcy Court requests for notices pursuant to Bankruptcy Rule 2002.

10.6 Consequences of Non-Occurrence of Effective Date

If, following the entry of the Confirmation Order, the Effective Date does not occur on or before August 31, 2014, or such later date as is agreed upon in writing by the Debtors and each of the Commitment Parties, then the Confirmation Order will be deemed vacated by the Bankruptcy Court without further notice or order. If the Confirmation Order is vacated pursuant to this Section, (a) the Debtors shall File a notice to this effect with the Bankruptcy Court, (b) this Plan shall be null and void in all respects, (c) any settlement of Claims provided for hereby shall be null and void without further order of the Bankruptcy Court, and (d) the time within which the Debtors may assume, assume and assign or reject all executory contracts and unexpired leases shall be extended for a period of sixty (60) days after the date the Confirmation Order is vacated; provided, however, that the Debtors retain their rights to seek further extensions of such deadline in accordance with, and subject to, section 365 of the Bankruptcy Code, and nothing contained in this Plan or Disclosure Statement shall (x) constitute

a waiver or release of any Claims, Equity Interests, or Causes of Action, (y) prejudice in any manner the rights of any Debtor or any other Entity or (z) constitute an admission, acknowledgement, offer or undertaking of any sort by any Debtor or any other Entity.

ARTICLE XI EFFECT OF PLAN CONFIRMATION

11.1 Binding Effect; Plan Binds All Holders of Claims and Equity Interests

(a) On the Effective Date, and effective as of the Effective Date, the Plan shall, and shall be deemed to, be binding upon the Debtors and all present and former Holders of Claims against and Equity Interests in any Debtor, and their respective Related Persons, regardless of whether any such Holder of a Claim or Equity Interest has voted or failed to vote to accept or reject this Plan.

(b) Further, pursuant to section 1142 of the Bankruptcy Code and in accordance with the Confirmation Order, the Debtors and any other necessary party shall execute, deliver and join in the execution or delivery (as applicable) of any instrument, document or agreement required to effect a transfer of property, a satisfaction of a Lien or a release of a Claim dealt with by the Plan, and to perform any other act, and the execution of documents necessary to effectuate the Restructuring Transactions and all other documents set forth or contemplated in the Plan, including in the Plan Supplement, that are necessary for the consummation of the Plan and the transactions contemplated herein.

11.2 Revesting of Assets.

Except as provided in this Plan, on the Effective Date, all property of the Estates, to the fullest extent provided by section 541 of the Bankruptcy Code, and any and all other rights and assets of the Debtors of every kind and nature shall revert in the Reorganized Debtors free and clear of all Liens, Claims and Interests other than (a) those Liens, Claims and Interests retained or created pursuant to this Plan or any document entered into in connection with the transactions described in this Plan and (b) Liens that have arisen subsequent to the Petition Date on account of taxes that arose subsequent to the Petition Date. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Equity Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

11.3 Releases and Related Injunctions

(a) ***Releases by the Debtors.*** As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including: (i) the settlement, release, and compromise of debt and all other good and valuable consideration paid pursuant hereto (including without limitation the obligations and releases contained in the Release and Cooperation Agreements); and (ii) the services of the Debtors' present and former officers, directors, managers, and advisors in facilitating the expedient implementation of the restructuring transactions contemplated hereby, each of the Debtors, the Reorganized Debtors, and any Person or Entity seeking to exercise the rights

of the Debtors' Estates, including, without limitation, any successor to the Debtors or any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, the Unsecured Creditors' Committee, the Equity Committee and all of their respective Related Persons, the Notes Trustees, the Credit Agreement Agent and the Credit Agreement Lenders shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, remedies, rights, Causes of Action (including Avoidance and Other Actions), rights of setoff and liabilities whatsoever (including any derivative claims asserted on behalf of the Debtors) in connection with or in any way relating to the Debtors, the Chapter 11 Cases, the Disclosure Statement, or this Plan (other than the rights of the Debtors, or the Reorganized Debtors to enforce the obligations under the Confirmation Order and this Plan and the contracts, instruments, releases, and other agreements or documents delivered, assumed, assigned, or Reinstated thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; provided, however, that nothing herein:

(i) shall be deemed to prohibit the Reorganized Debtors from asserting and enforcing any Claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities they may have against any employee (including directors and officers) for alleged breach of confidentiality, or any other contractual obligations owed to the Debtors or the Reorganized Debtors, including non-compete and related agreements or obligations;

(ii) shall operate as a release, waiver, or discharge of any causes of action or liabilities unknown to the Debtors as of the Petition Date arising out of gross negligence, willful misconduct, fraud or criminal acts of such Released Party;

(iii) shall operate as a release, waiver, or discharge of the Issuing Bank for any of its obligations pursuant to the Cash Collateral Agreement or the Control Agreement; or

(iv) shall release any of the Causes of Actions preserved under this Plan in Exhibit J, including the Professional Liability Action.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the foregoing release by the Debtors, which includes by reference each of the related provisions and definitions contained herein or elsewhere in this Plan, and further, shall constitute the Bankruptcy Court's finding that the foregoing release by the Debtors is: (1) in exchange for the good and valuable consideration provided by the released parties; (2) a good-faith settlement and compromise of the claims released by the foregoing by the Debtors; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or the Reorganized Debtors asserting any claim or cause of action released pursuant to the foregoing release by the Debtors.

(b) ***Releases by Holders of Claims and Equity Interests.*** Notwithstanding anything contained herein to the contrary, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Holders of Claims against and Equity Interests in the Debtors and the Reorganized Debtors who: (i) either vote to Accept this Plan or are presumed to have voted for this Plan under section 1126(f) of the Bankruptcy Code, or (ii) are entitled to vote to Accept or reject this Plan and reject this Plan or abstain from voting and do not mark their ballots to indicate their refusal to grant the releases provided in this sub-paragraph shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance and Other Actions), rights of setoff (except for rights of setoff and subrogation that a Holder of a Claim or Equity Interest acted to preserve prior to confirmation including any surviving rights under the Equity Commitment Agreement) and liabilities whatsoever (including any derivative claims asserted on behalf of the Debtors) in connection with or in any way relating to the Debtors, the conduct of the Debtors' businesses, the Chapter 11 Cases, the Disclosure Statement, or this Plan (other than the rights of the Debtors, the Reorganized Debtors, or a Creditor holding an Allowed Claim, whether such Claim is Allowed as of the Effective Date or subsequently becomes Allowed, including without limitation claims that are contingent or unliquidated as of the Effective Date, to enforce the obligations under the Confirmation Order and this Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered, assumed, assigned, or Reinstated thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, whether for tort, contract, violation of federal or state securities law or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; provided, however, that nothing herein shall:

(i) operate as a release, waiver or discharge of any Causes of Action or liabilities unknown to such Holder as of the Petition Date arising out of gross negligence, willful misconduct, fraud or criminal acts of any such Released Party;

(ii) operate as a release, waiver or discharge of any Causes of Action or claims for contribution or proportionate fault that any party other than the Debtors who is a named defendant in the OSG Securities Class Action may have against any other person other than the Debtors that arises from or is related to the liability claims asserted against them in that action;

(iii) operate as a release, waiver or discharge of any Causes of Action held by Lead Plaintiffs or any member of the Putative Class against any non-Debtor party;

(iv) operate as a release, waiver, compromise or discharge of any Causes of Action, claims or defenses held by Proskauer Rose LLP and/or any of its current or former partners, members or employees against any non-Debtor party that is a party or that may be joined as a party in the Professional Liability Action or any other proceeding that is related to or arising from the Professional Liability Action; or

(v) **operate as a release, waiver, or discharge of any Claims against the applicable Reorganized Debtor(s) or their property, as applicable, to the extent that such Claims are Reinstated pursuant to the Plan.**

For the avoidance of doubt, nothing in this Section 11.3(b) shall have the effect of releasing any Claim against any of the Debtors (including any contingent or unliquidated claim), that has been scheduled by the Debtors or evidenced by a timely-filed Proof of Claim. Further, notwithstanding any language to the contrary contained in the Disclosure Statement or this Plan, no provision shall release any non-debtor, including any current and/or former officer and/or director of the Debtors and/or any non-debtor included in the Released Parties, from liability to the United States Securities and Exchange Commission, in connection with any legal action or claim brought by such governmental unit against such person(s).

11.4 Discharge of Claims

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by this Plan or the Confirmation Order: (1) all consideration distributed under this Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Old OSG Equity Interests and all Claims of any kind or nature whatsoever against the Debtors or any of their assets or properties and regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Old OSG Equity Interests or Claims; (2) this Plan shall bind all Holders of Claims and Equity Interests, notwithstanding whether any such Holders failed to vote to Accept or reject this Plan or voted to reject this Plan; and (3) except as set forth herein all Persons and Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, the Reorganized Debtors, their successors and assigns, and their assets and properties any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date; provided, however, that nothing herein shall release, waive, compromise, discharge, impair or otherwise limit in any way, any defense that has been or may be asserted by Proskauer Rose LLP and/or any of its current or former partners, members or employees against the Debtors in connection with the Professional Liability Action. Except as otherwise expressly provided by this Plan or the Confirmation Order, upon the Effective Date, the Debtors shall be deemed discharged and released under and to the fullest extent provided under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims of any kind or nature whatsoever, including, without limitation, demands and liabilities that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code.

11.5 Preservation of Rights of Action

(a) Except as otherwise provided in this Plan, the Confirmation Order or in any document, instrument, release or other agreement entered into in connection with this Plan or approved by order of the Bankruptcy Court, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including the Professional Liability Action (subject to Section 5.10(c)

hereof), the Avoidance and Other Actions, and any actions specifically enumerated on Exhibit J to this Plan, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date; provided that no Causes of Action released pursuant to Section 11.3(a) of this Plan against the Released Parties shall vest in the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in this Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against them.** The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in this Plan.

(b) Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or a final order of the Bankruptcy Court, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of this Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors. The Reorganized Debtors may pursue such Causes of Action, or decline to do any of the foregoing, as appropriate, in accordance with the best interests of the Reorganized Debtors and without further notice to or action, order or approval of the Bankruptcy Court.

11.6 Exculpation and Limitation of Liability

On the Effective Date, the Exculpated Parties shall neither have nor incur any liability to any Holder of Claim or Equity Interest, the Debtors, the Reorganized Debtors, or any other party-in-interest, or any of their Related Persons for any prepetition or postpetition act or omission in connection with, relating to, or arising out of the Chapter 11 Cases, the formulation, negotiation, or implementation of the Disclosure Statement or this Plan, the solicitation of acceptances of this Plan, the pursuit of confirmation of this Plan, the confirmation of this Plan, the consummation of this Plan or the administration of this Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts; provided, however, that (i) the foregoing is not intended to limit or otherwise impact any defense of qualified immunity that may be available under applicable law; (ii) each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan; and (iii) the foregoing exculpation shall not be deemed to release, affect, or limit any of the rights and obligations of the Exculpated Parties from, or exculpate the Exculpated Parties with respect to, any of the Exculpated Parties' obligations or covenants arising pursuant to this Plan or the Confirmation Order. Notwithstanding anything to the contrary herein, nothing herein shall operate as a release, waiver, compromise or discharge of any Causes of Action, claims or defenses held by Proskauer Rose LLP and/or any of its current or former partners, members or employees against any non-Debtor party that is a party or that may be joined as a party in the Professional Liability Action or a related proceeding.

11.7 Injunction

(a) Except as otherwise provided in this Plan or in any document, instrument, release or other agreement entered into in connection with this Plan or approved by order of the Bankruptcy Court, the Confirmation Order shall provide, among other things, that from and after the Effective Date all Persons or Entities who have held, hold, or may hold Claims against or Equity Interests in the Debtors are (i) permanently enjoined from taking any of the following actions against the Estate(s) or any of their property on account of any such Claims or Equity Interests and (ii) permanently enjoined from taking any of the following actions against any of the Debtors, the Reorganized Debtors or their property on account of such Claims or Equity Interests: (A) commencing or continuing, in any manner or in any place, any action or other proceeding; (B) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting, or enforcing any Lien or encumbrance; (D) asserting a setoff or right of subrogation of any kind against any debt, liability or obligation due to the Debtors; and (E) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall:

(i) preclude such Persons or Entities from exercising their rights pursuant to and consistent with the terms of this Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered or Reinstated under or in connection with this Plan;

(ii) preclude any Lead Plaintiffs or any member of the Putative Class from continuing the OSG Securities Class Action against any non-Debtor or from seeking discovery from the Debtors or the Reorganized Debtors in connection with the OSG Securities Class Action, subject to the rights, defenses and objections of the Debtors and Reorganized Debtors; or

(iii) preclude any Holders of Reinstated Claims from exercising their rights against the applicable Reorganized Debtor(s) or their property, as applicable, pursuant to and consistent with the terms of the Plan.

(b) By accepting distributions pursuant to this Plan, each Holder of an Allowed Claim or Equity Interest will be deemed to have specifically consented to the injunctions set forth in this Section 11.7.

11.8 Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, shall be lifted and of no further force or effect—being replaced, to the extent applicable, by the injunctions, discharges, releases and exculpations of this Article XI.

11.9 Termination of Subordination Rights and Settlement of Related Claims

The classification and manner of satisfying all Claims and Equity Interests under this Plan take into consideration all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code or otherwise. All subordination rights that a Holder of a Claim or Equity Interest may have with respect to any distribution to be made pursuant to this Plan will be discharged and terminated and all actions related to the enforcement of such subordination rights will be permanently enjoined. Accordingly, distributions pursuant to this Plan to Holders of Allowed Claims will not be subject to payment to a beneficiary of such terminated subordination rights or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights; provided, however, that nothing contained herein shall preclude any Person or Entity from exercising their rights pursuant to and consistent with the terms of this Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered under or in connection with this Plan.

ARTICLE XII RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain jurisdiction over all matters arising in, arising under or related to the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any objections to the allowance or priority of Claims or Equity Interests;
- (b) resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any Debtor or any Reorganized Debtor may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;
- (c) ensure that distributions to Holders of Allowed Claims and Equity Interest are accomplished pursuant to the provisions of this Plan;
- (d) decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- (e) enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all contracts, instruments, releases and other agreements or documents created in connection with this Plan, the Disclosure Statement or the Confirmation Order;

(f) resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of this Plan, including, without limitation, any other contract, instrument, release or other agreement or document that is executed or created pursuant to this Plan, or any Entity's rights arising from or obligations incurred in connection with this Plan or such documents, including, without limitation, the Jones Act citizenship status of the Holder of any Claim or Old OSG Equity Interest that receives New Securities;

(g) modify this Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Confirmation Order, or any contract, instrument, release or other agreement or document created in connection with this Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, this Plan, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with this Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate this Plan;

(h) hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 327, 330, 331, 363, 503(b), 1103 and 1129(c)(9) of the Bankruptcy Code; provided, however, that from and after the Effective Date the payment of fees and expenses of the Reorganized Debtors, including counsel fees, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(i) issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with consummation, implementation or enforcement of this Plan or the Confirmation Order;

(j) hear and determine Causes of Action by or on behalf of the Debtors or the Reorganized Debtors;

(k) hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(l) hear and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated, or distributions pursuant to this Plan are enjoined or stayed;

(m) determine any other matters that may arise in connection with or related to this Plan, the Confirmation Order or any contract, instrument, release (including the releases in favor of the Released Parties) or other agreement or document created in connection with this Plan or the Confirmation Order;

(n) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases;

(o) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code; and

- (p) enter orders closing the Chapter 11 Cases.

ARTICLE XIII MISCELLANEOUS PROVISIONS

13.1 Effectuating Documents and Further Transactions

Each of the Debtors and the Reorganized Debtors are authorized to execute, deliver, file or record such contracts, instruments, releases, consents, certificates, resolutions, programs and other agreements or documents and take such acts and actions as may be reasonable, necessary or appropriate to effectuate, implement, consummate or further evidence the terms and conditions of this Plan, any notes or securities issued pursuant to this Plan, and any transactions described in or contemplated by this Plan.

13.2 Authority to Act

Prior to, on or after the Effective Date (as appropriate), all matters expressly provided for under this Plan that would otherwise require approval of the stockholders, security holders, officers, directors, partners, managers, members or other owners of one or more of the Debtors or Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the applicable law of the states or jurisdictions in which the Debtors or the members of Reorganized Debtors are formed, without any requirement of further vote, consent, approval, authorization or other action by such stockholders, security holders, officers, directors, partners, managers, members or other owners of such entities or notice to, order of or hearing before the Bankruptcy Court.

13.3 Insurance Preservation

Nothing in this Plan, including any releases, shall diminish or impair the enforceability of any insurance policies or other policies of insurance that may cover insurance Claims or other Claims against the Debtors or any other Person.

13.4 Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, Transfer or exchange (or deemed issuance, Transfer or exchange) of the Plan Securities; (b) the creation of any mortgage, deed of trust, Lien, pledge or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Plan (including, without limitation, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation, dissolution, deeds, bills of sale and transfers of tangible property) that occurs on or after confirmation of this Plan will not be subject to any stamp tax, recording tax, personal property tax, real estate transfer tax, transaction privilege tax, privilege taxes, or other similar taxes in the United States. Unless the Bankruptcy Court orders otherwise, all sales, transfers and assignments of owned and leased property approved by the Bankruptcy Court on or prior to the Effective Date shall be deemed to have been in furtherance of or in connection with this Plan.

13.5 Bar Dates for Administrative Expense Claims

Holders of asserted Administrative Expense Claims (other than (i) Professional Fees Claims and (ii) the ECA Professional Expenses not paid prior to the Effective Date shall submit proofs of Claim on or before the Administrative Expense Claims Bar Date or forever be barred from doing so, unless such alleged Administrative Expense Claim is incurred in the ordinary course of business by any Debtor and is not yet past-due, in which case the applicable Administrative Expense Claims Bar Date shall be thirty (30) days after such due date or as otherwise ordered by the Bankruptcy Court. The Debtors and the Reorganized Debtors shall have thirty (30) days (or such longer period as may be allowed by order of the Bankruptcy Court) following the Administrative Expense Claims Bar Date to review and File objections to such Administrative Expense Claims, if necessary. In the event an objection is Filed as contemplated by this Section 13.5, the Bankruptcy Court shall determine the Allowed amount of such Administrative Expense Claim.

13.6 Administrative Claims Reserve

(a) On the Effective Date, the Administrative and Disputed Claims Agent shall hold in the Administrative Claims Reserve the amount of Cash that the Debtors determine will be required after the Effective Date to satisfy Allowed Administrative Expense Claims (the “Administrative Claims Reserve”).

(b) The Administrative and Disputed Claims Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Administrative Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, and net of taxes calculated at the applicable combined highest marginal tax rates imposed on a corporation resident in New York for federal, state and local tax purposes on the amount of all such earnings recognized by the Debtors or Reorganized Debtors for federal, state or local tax purposes), to be distributed on the Distribution Dates, as required by the Plan. The Administrative and Disputed Claims Agent shall hold in the Administrative Claims Reserve all payments and other distributions made on account of, as well as any obligations arising from, the property held in the Administrative Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise.

(c) After any reasonable determination by the Reorganized Debtors that the Administrative Claims Reserve should be adjusted downward in accordance with this Section 13.6, the Administrative and Disputed Claims Agent shall, at the direction of the Debtors or the Reorganized Debtors, effect an Adjustment Distribution, and any date of such distribution shall be an Interim Distribution Date.

(d) After all Administrative Expense Claims have become either Allowed or disallowed and all distributions required pursuant to Article VII of this Plan have been made, the Administrative and Disputed Claims Agent shall, at the direction of the Reorganized Debtors, effect a final distribution of the Cash remaining in the Administrative Claims Reserve. Any amounts remaining in such reserve or reserves shall revert in the Reorganized Debtors.

(e) It is expected that the Administrative Claims Reserve will be treated as a grantor trust owned by the Reorganized Debtors for U.S. federal income tax purposes. Absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Administrative and Disputed Claims Agent shall, to the extent permitted by applicable law, report consistently with the foregoing characterization for state and local income tax purposes. All affected holders of Administrative Expense Claims shall report, for income tax purposes, consistently with the foregoing.

13.7 Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28, United States Code, as determined by the Bankruptcy Court, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed or closed, whichever occurs first.

13.8 Amendment or Modification of this Plan

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123 and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend or modify this Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of this Plan, with material modifications being subject to the consent of each of the Commitment Parties (it being understood that any modifications impacting the recoveries or the treatment of any Claims or Old OSG Equity Interests shall be considered to be material), and consultation with the Unsecured Creditors' Committee and the Equity Committee. A Holder of a Claim that has Accepted this Plan shall be deemed to have Accepted this Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

13.9 Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of this Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation, provided, however, that, to the extent any alteration or interpretation of any term or provision of this Plan adversely affects each of the Commitment Parties, then the Debtors shall be required to obtain the consent of each of the Commitment Parties, with respect to such alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

13.10 Successors and Assigns

This Plan shall be binding upon and inure to the benefit of the Debtors and their respective successors and assigns, including, without limitation, the Reorganized Debtors. The

rights, benefits and obligations of any Person or Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person or Entity.

13.11 Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under this Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise. Except as otherwise provided in this Plan, pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Subordinated Claim in Classes D4, D5, E1 and/or E2 in accordance with any contractual, legal, or equitable subordination relating thereto.

13.12 Waivers and Certain Actions

If the consent of each Commitment Party is required under any provision of this Plan, and one or more Commitment Parties refuse to consent to any act taken pursuant to or in accordance with the Plan, then with respect to such act, if the Commitment Party or Commitment Parties which refuse to consent do not represent more than one-quarter of the aggregate Commitment Percentage represented by all of the Commitment Parties, each Commitment Party agrees that such act will be deemed to be waived, consented, or approved, as applicable.

13.13 Revocation, Withdrawal, or Non-Consummation

Subject to the terms of the Equity Commitment Agreement, the Debtors reserve the right to revoke or withdraw this Plan as to any or all of the Debtors prior to the Confirmation Date and to File subsequent plans of reorganization. If the Debtors revoke or withdraw this Plan as to any or all of the Debtors, or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors only, except as otherwise provided by the Debtors, (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of executory contracts or leases affected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void and (c) nothing contained in this Plan shall (i) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtors or any other Person or Entity, (ii) prejudice in any manner the rights of such Debtors or any other Person or Entity or (iii) constitute an admission of any sort by the Debtors or any other Person or Entity.

13.14 Notice

All notices, requests and demands to or upon the Debtors or Reorganized OSG to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to any Debtor:

Overseas Shipholding Group, Inc.
1301 Avenue of the Americas, 42nd Floor
New York, NY 10019
Attn: Capt. Robert Johnston

If to Reorganized OSG:

Overseas Shipholding Group, Inc.
1301 Avenue of the Americas, 42nd Floor
New York, NY 10019
Attn: Capt. Robert Johnston

If to the counsel to one or more of the Commitment Parties:

Gibson, Dunn & Crutcher, LLP
200 Park Avenue
New York, NY 10166-0193
Attn: David M. Feldman and Joshua P. Weisser

If to the Unsecured Creditors' Committee, prior to its dissolution:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036
Attn: Fred S. Hodara

If to the Equity Committee, prior to its dissolution:

Brown Rudnick LLP
One Financial Center
Boston, Massachusetts 02111,
Attn: Steven D. Pohl, Esq

If to the United States Trustee:

Office of the United States Trustee for the District of Delaware
844 King Street, Suite 2207
Lockbox 35

Wilmington, DE 19801
Attn: Mark Kenney

in each case, with
copies (which shall
not constitute notice
hereunder) to:

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Facsimile: (212) 225-3999
Attention: James Bromley, Esq. and Luke Barefoot, Esq.

-and-

Morris Nichols, Arsht & Tunnell LLP
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19801
Facsimile: (302) 658-3989
Attention: Derek Abbott, Esq.

13.15 Governing Law

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that a Restructuring Document or Exhibit provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law of such jurisdiction.

13.16 Tax Reporting and Compliance

Reorganized OSG is hereby authorized, on behalf of each of the Debtors, to request an expedited determination under section 505(b) of the Bankruptcy Code of the tax liability of the Debtors for all taxable periods ending after the Petition Date through and including the Effective Date.

13.17 Fees and Expenses

From and after the Effective Date, the Reorganized Debtors may, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of Professionals employed by the Debtors or the Reorganized Debtors thereafter incurred, including those fees and expenses incurred in connection with the implementation and consummation of this Plan.

13.18 No Admissions

Notwithstanding anything herein to the contrary, nothing in the Plan shall be deemed as an admission by the Debtors with respect to any matter set forth herein, including liability on any Claim.

13.19 Dissolution of Committees

The Unsecured Creditors' Committee and the Equity Committee appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code shall both be dissolved on the Effective Date and each of their members shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code without need for a further order of the Bankruptcy Court; provided, however that obligations arising under confidentiality agreements, joint interest agreements and protective orders, if any, entered during the Chapter 11 Cases shall remain in full force and effect according to their terms; provided further that the Unsecured Creditors' Committee and the Equity Committee shall continue to prepare, prosecute, and respond to fee applications filed in compliance with this Plan; and provided further that in the event that the issue of whether interest on interest is payable under the 8.750% Notes Indenture and the 7.500% Notes Indenture (solely with respect to 7.500% Notes not exchanged for Election Notes pursuant to Section 3.2 of this Plan) (the "Interest on Interest Dispute") is unresolved as of the Effective Date, the Unsecured Creditors' Committee shall remain in existence after the Confirmation Hearing until the entry of a Final Order resolving the Interest on Interest Dispute and solely for such purpose. The Debtors and the Reorganized Debtors shall have no obligation to pay or reimburse any fees of any official or unofficial committee of creditors incurred after the Effective Date except with regard to the preparation and prosecution of fee applications and, with respect to the Unsecured Creditors' Committee, the Interest on Interest Dispute, if applicable.

13.20 Filing of Additional Documents

On or before substantial consummation of this Plan, the Debtors shall File such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

13.21 Preservation of Documents

The Reorganized Debtors shall take reasonable steps to retain and preserve originals or true copies of all documents, data compilations (including electronically recorded or stored data in its native format) and tangible objects that are in their possession, custody or control and can be reasonably identified as relevant to the allegations in the OSG Securities Class Action.

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Dated: ~~June 4~~July 16, 2014
New York, New York

Respectfully Submitted,

**OVERSEAS SHIPHOLDING GROUP, INC. (for
itself and all other Debtors)**

By: _____
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Title: Chief Restructuring Officer

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- and -

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Summary report:	
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Style name: Strikethrough	
Intelligent Table Comparison: Active	
Original DMS: iw://NYWORKSITE/NEWYORK/2892918/23	
Modified DMS: iw://NYWORKSITE/NEWYORK/2892918/24	
Changes:	
Add	194
Delete	172
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format Changes	0
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