

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : Chapter 11
Overseas Shipping Holding, Inc., et al.1 : Case No. 12- 20000 (PJW)
Debtors. : Jointly Administered
: Hearing Date: January 24, 2013, at
: 9:30 a.m. (ET)
:
: Objections Due: January 17, 2013, at
: 4:00 p.m. (ET)
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DEBTORS' MOTION FOR AN 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 THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362 (THE "CEXIM FINANCING MOTION")

Overseas Shipholding Group, Inc., ("OSG", and together with its affiliates, the "OSG Companies") and certain of its affiliates, as debtors and debtors in possession, (collectively, the "Debtors"), by and through their undersigned counsel, hereby move this Court (the "Motion"),

1 The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Edindun Shipping Corporation (6412); OSG Financial Corporation (8639); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); OSG Ship Management, Inc. (9004); 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 Corporation (9134); DHT Ann VLCC Corporation (9120); DHT Cathy Aframax Corporation (9142); DHT Chris VLCC Corporation (9122); DHT Rebecca Aframax Corporation (9143); DHT Regal Unity VLCC Corporation (9127); DHT Sophie Aframax Corporation (9138); Dignity Chartering Corporation (6961); 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



for the entry of an order, substantially in the form attached hereto as Exhibit A (the “Order”),<sup>2</sup> pursuant to Sections 105, 362, 363 and 364 of Title 11 of the United States Code (the “Bankruptcy Code”), as supplemented by Rules 4001 and 6004 of the Federal Rules of

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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 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 Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); 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 Valour Inc. (7765); 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); Overseas Alegiance 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) Limited (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); Reyamar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar Limited (0767); Sakura Transport Corporation (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 Corporation (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); Western Ship Agencies Limited (5656); Wind Aframax Tanker Corporation (9562); 1372 Tanker Corporation (4526).

<sup>2</sup> Capitalized terms used but not otherwise defined in this Motion have the meanings assigned to them in the Declaration of Captain Robert E. Johnston in Support of First Day Motions and Applications (the “First Day Declaration”), as filed with the Court on November 14, 2012 (D.I. 2) or the CEXIM Cash Collateral Motion (as defined herein), as applicable.

Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 4001-2 and 9013-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), (i) authorizing (a) the CEXIM DIP Lender and CEXIM Borrowers (each as defined below) to enter into post-petition financing arrangements (the “CEXIM DIP Facility”), pursuant to which Debtor OSG International, Inc. (“OIN” or, for the purposes of this Motion only, the “CEXIM DIP Lender”) will provide intercompany financing on a post-petition basis to Debtors Delta Aframax Corporation (“Delta”), Epsilon Aframax Corporation (“Epsilon”), Front President, Inc. (“Front”), Maple Tanker Corporation (“Maple”) and Oak Tanker Corporation (“Oak,” and together with Delta, Epsilon, Front and Maple, the “CEXIM Borrowers”), and (b) the CEXIM Borrowers to guarantee, on a joint and several basis, the obligations arising under the CEXIM DIP Facility; (ii) granting liens and providing superpriority administrative status; and (iii) granting related relief. In further support of this Motion, the Debtors submit the Zabrocky Declaration and respectfully represent as follows:

### **Background**

#### **A. Introduction**

1. On November 14, 2012 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).
2. The Debtors own or operate more than 100 tankers around the world, enabling the safe and efficient transport of oil and petroleum products. The Debtors are the second largest publicly traded tanker company worldwide, based on the number of vessels, and are the only major tanker company with both a significant U.S. flag and international fleet. A fulsome description of the Debtors’ corporate structure and the events leading to the Chapter 11 Cases are set forth in the First Day Declaration.

3. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors' Chapter 11 Cases.

4. The Debtors have been granted an order of joint administration pursuant to Bankruptcy Rule 1015(b) that provides for the joint administration of these cases and for consolidation for procedural purposes only.

5. The Office of the United States Trustee for the District of Delaware (the "U.S. Trustee") has appointed an Official Committee of Unsecured Creditors (the "Committee") in respect of the Debtors (D.I. 97).

#### **Jurisdiction and Venue**

6. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The statutory predicates for the relief requested herein are Sections 105, 362, 363 and 364 of the Bankruptcy Code, as supplemented by Bankruptcy Rules 4001 and 6004 and Local Rules 4001-2 and 9013-1.

#### **Relief Requested**

8. By this Motion, the Debtors request that this Court enter the Order, substantially in the form attached hereto as Exhibit A:

- (A) authorizing the CEXIM DIP Lender, pursuant to Section 363(b)(1) of the Bankruptcy Code, and the CEXIM Borrowers, pursuant to Sections 363 and 364 of the Bankruptcy Code, to execute and enter into that certain Senior Secured Superpriority Debtor in Possession Loan Agreement, substantially in the form as attached as Exhibit A to the Order, by and among the CEXIM Borrowers and the CEXIM DIP Lender, and that certain Pledge and Security Agreement, in substantially the form attached as Exhibit B to the Order (as the same may be amended, restated,

supplemented or otherwise modified from time to time pursuant to the terms thereof, the “DIP Loan Agreement”), providing for intercompany financing on a post-petition basis (the “CEXIM DIP Facility”), to be made available to the CEXIM Borrowers in the aggregate principal amount of \$15 million;

- (B) authorizing the Debtors to perform their respective obligations under the DIP Loan Agreement and such other and further acts as may be required in connection with the DIP Loan Agreement, including, without limitation, the joint and several guaranty by the CEXIM Borrowers of payment of all of their obligations under the DIP Loan Agreement and the Order as such amounts become due and payable;
- (C) authorizing the CEXIM Borrowers to use proceeds from the CEXIM DIP Facility for working capital and other corporate needs, and paying certain administrative costs, including certain fees and expenses of the professionals retained by the Debtors, during the pendency of these Chapter 11 Cases, subject to the DIP Loan Agreement and Order;
- (D) authorizing the CEXIM Borrowers to grant security interests, liens, and provide superpriority claims (including a superpriority administrative claim pursuant to Section 364(c)(1) of the Bankruptcy Code, and liens pursuant to Sections 364(c)(2) and 364(d) of the Bankruptcy Code) to the CEXIM DIP Lender, to secure all obligations of the CEXIM Borrowers under and with respect to the CEXIM DIP Facility and the Order (collectively, the “CEXIM DIP Obligations”), as more fully set forth in the Order;
- (E) modifying the automatic stay imposed under Section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the DIP Loan Agreement and the Order; and
- (F) granting such other relief as is described in the Order.

**Concise Statement of Bankruptcy Rule 4001 and Local Rule 4001-2**

9. Pursuant to Bankruptcy Rule 4001(c) and Local Rule 4001-2(a), the essential terms of the proposed postpetition financing elements of the CEXIM DIP Facility are as follows:

### MATERIAL TERMS OF CEXIM DIP FACILITY<sup>3</sup>

<b><u>Borrowers</u></b>	Delta Aframax Corporation, Epsilon Aframax Corporation, Front President, Inc., Maple Tanker Corporation and Oak Tanker Corporation as joint and several borrowers.  DIP Loan Agreement, Section 2.04(b).
<b><u>Guarantor</u></b>	None.
<b><u>DIP Lender</u></b>	OSG International, Inc.
<b><u>Limitation on the Use of Proceeds</u></b>	The CEXIM Borrowers shall use any and all amounts borrowed under this facility for payments as required under and in accordance with the CEXIM Cash Collateral Order. <sup>4</sup>  DIP Loan Agreement, Section 2.01(c).
<b><u>Facility</u></b>	Loans and advances denominated in U.S. dollars with a maximum aggregate principal amount of \$15 million (the " <u>Loans</u> ").  DIP Loan Agreement, Section 2.01(a).
<b><u>Maturity and Termination Date</u></b>	December 31, 2014.  DIP Loan Agreement, Section 3.01.
<b><u>Fees</u></b>	None.
<b><u>Interest Rate</u></b>	The Applicable Rate, as defined and in effect in the CEXIM Facility (as defined below).  DIP Loan Agreement, Section 3.02(a).
<b><u>Collateral and Priority</u></b>	The liens and security interest granted under the Security Documents (as defined in the DIP Loan Agreement) have the senior status afforded by

<sup>3</sup> This concise statement is qualified in its entirety by reference to the applicable provisions of the DIP Loan Agreement or the Order, as applicable. To the extent there exists any inconsistency between this concise statement and the provisions of the DIP Loan Agreement or the Order, the provisions of the DIP Loan Agreement or the Order shall control.

<sup>4</sup> On November 14, 2012, the Debtors filed Debtors' Motion For Interim And Final Orders Under 11 U.S.C. §§ 105, 361, 363, Fed. R. Bankr. P. 4001 and Del. Bankr. L.R. 4001-2 (I) Authorizing Debtors To Use Cash Collateral of CEXIM, (II) Granting Adequate Protection to CEXIM, and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b). The Debtors filed, contemporaneously herewith, that certain Final Order Pursuant To Debtors' Motion For Interim And Final Orders Under 11 U.S.C. §§ 105, 361, 363 And Fed. R. Bankr. P. 4001 (I) Authorizing Debtors To Use Cash Collateral, And (II) Granting Adequate Protection (the "Cash Collateral Order").

	<p>Sections 364(c) and 364(d) of the Bankruptcy Code.</p> <p>DIP Loan Agreement, Section 2.04(a), proposed Order ¶ 2(f).</p>
<p><b><u>Superpriority Administrative Expense Claim</u></b></p>	<p>The obligations of the Borrowers under the CEXIM DIP Facility Documents are joint and several and constitute superpriority administrative claims. Except as set forth in the DIP Loan Agreement and the Order, no other claim having a priority either superior to or <i>pari passu</i> with that granted under the CEXIM DIP Facility Documents shall be granted or approved.</p> <p>DIP Loan Agreement, Section 2.04(b).</p>
<p><b><u>Modification of Automatic Stay</u></b></p>	<p>The automatic stay imposed under Section 362 of the Bankruptcy Code is modified to the extent necessary to implement and effectuate the terms of the DIP Loan Agreement and the Order.</p> <p>Order ¶ 2(e).</p>
<p><b><u>Indemnification of any Entity</u></b></p>	<p>CEXIM Borrowers indemnify CEXIM DIP Lender for any Foreign Taxes (as defined in the DIP Loan Agreement) paid by the CEXIM DIP Lender.</p> <p>DIP Loan Agreement, Section 5.02(b), proposed Order ¶ 2(a).</p>
<p><b><u>Conditions to Closing</u></b></p>	<p>Receipt by the CEXIM DIP Lender of each CEXIM DIP Facility Document, duly completed and executed and such other opinions or documents as the CEXIM DIP Lender or its counsel may reasonably request</p> <p>Entry of the Order by the Bankruptcy Court</p> <p>Both immediately prior to such Loan and also after giving effect thereto, no Default shall have occurred and be continuing.</p> <p>A Marshall Islands mortgage with respect to each Vessel (as defined in the Pledge and Security Agreement) that constitutes Collateral (as defined in the Pledge and Security Agreement) shall have been recorded in accordance with the laws of the Republic of the Marshall Islands, so as to constitute a preferred mortgage lien under Marshall Islands law and a foreign preferred mortgage under Chapter 313 of Title 46 of the United States Code (46 U.S.C. §§ 31301 et seq.), with such mortgages being <i>pari passu</i> with the liens granted to CEXIM in the CEXIM Prepetition Collateral and the replacement liens granted to CEXIM in the CEXIM Cash Collateral Order.</p> <p>The Order shall be in full force and effect, shall not have been reversed, vacated or stayed and shall not have been amended, supplemented or otherwise modified absent compliance with section 8.03 of the DIP Loan Agreement.</p> <p>DIP Loan Agreement, Section 6.</p>
<p><b><u>Events of Default and Remedies</u></b></p>	<ul style="list-style-type: none"> <li>• CEXIM Borrowers default in the payment when due of any principal of any Loan</li> <li>• The Order or the CEXIM Cash Collateral Order is terminated or such order is modified to the detriment of the interests of the CEXIM DIP Lender, as determined in its sole discretion</li> <li>• The Chapter 11 Case of any CEXIM Borrower is converted to a case</li> </ul>

	<p>under Chapter 7 of the Bankruptcy Code, without the prior written consent of the CEXIM DIP Lender</p> <ul style="list-style-type: none"> <li>• A trustee is appointed in the Chapter 11 Cases pursuant to Sections 1104(a)(1) and 1104(a)(2) of the Bankruptcy Code</li> <li>• Any motion is filed by CEXIM or any other person in the Chapter 11 Cases seeking to lift the automatic stay to exercise any rights with respect to the CEXIM Prepetition Collateral without the prior written consent of the CEXIM DIP Lender, such consent to be provided in the CEXIM DIP Lender’s sole discretion</li> </ul> <p>Thereupon, the CEXIM DIP Lender may declare the outstanding principal amount and the accrued interest and all other amounts payable under the CEXIM DIP Facility to be due and payable, and the CEXIM DIP Lender may enforce any liens and security interests and any other remedies provided for by the CEXIM DIP Facility Documents, the Order or by applicable law.</p> <p>DIP Loan Agreement, Section 7.</p>
<p><b><u>No Cross-Collateralization</u></b></p> <p><b>Local Rule 4001-2(a)(i)(A)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not contain provisions regarding cross-collateralization.</p>
<p><b><u>No Findings of Fact</u></b></p> <p><b>Local Rule 4001-2(a)(i)(B)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not contain provisions and findings of fact that bind the estate or other parties in interest with respect to the validity, perfection, and extent of any prepetition liens of the CEXIM DIP Lender without giving at least seventy-five days from entry of the Order to investigate such matters because there are no prepetition liens or loans.</p>
<p><b><u>No Section 506(c) Waiver</u></b></p> <p><b>Local Rule 4001-2(1)(i)(C)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not contain provisions that seek to waive whatever rights the estate may have under 11 U.S.C. § 506(c).</p>
<p><b><u>No Liens on Avoidance Actions</u></b></p> <p><b>Local Rule 4001-2(a)(i)(D)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not grant to the CEXIM DIP Lender liens on the Debtors’ claims and causes of action arising under 11 U.S.C. §§ 544, 545, 547, 548, and 549.</p>
<p><b><u>No Roll-up</u></b></p> <p><b>Local Rule 4001-2(a)(i)(E)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not deem prepetition secured debt to be postpetition debt or use postpetition loans from a prepetition secured creditor to pay part or all of that secured creditor’s prepetition debt.</p>
<p><b><u>No Disparate Treatment of Committee Professionals</u></b></p> <p><b>Local Rule 4001-2(a)(i)(F)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not provide disparate treatment for the professionals retained by any official committee of unsecured creditors from those professionals retained by the Debtors with respect to a professional fee carve-out.</p>



<p><b><u>No Priming</u></b> <b>Local Rule 4001-2(a)(i)(G)</b></p>	<p>The CEXIM DIP Facility Documents and Order do not contain any provisions that prime any secured lien without the consent of that lienor. The liens and security interest granted under the Security Documents (as defined in the DIP Loan Agreement) shall be <i>pari passu</i> with the liens granted under the DSF Adequate Protection Order and have been agreed to by the lienor.</p>
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### **Background to the Motion**

#### **A. The CEXIM Indebtedness**

10. The CEXIM Borrowers are five vessel-holding indirect subsidiaries of OSG that entered into a Loan Agreement dated August 10, 2009 (the “CEXIM Loan Agreement”) with The Export-Import Bank of China (“CEXIM”) as original lender and security agent, and OSG as guarantor (as amended, restated, supplemented or otherwise modified from time to time, the “CEXIM Facility”, and together with all other loan and security documents executed in connection with the CEXIM Facility, the “CEXIM Facility Documents”). Borrowings under the CEXIM Facility financed the construction in China of five vessels that carry crude oil or finished petroleum products—three Very Large Crude Carriers (“VLCCs”) and two Aframax class vessels, the last of which was delivered in January 2012 (collectively, the “CEXIM Vessels”). Each of the CEXIM Vessels is owned by a CEXIM Borrower. Prior to the Petition Date, (i) each of the CEXIM Borrowers granted to CEXIM as security agent, on behalf of CEXIM as lender, security interests and liens (the “CEXIM Borrowers Prepetition Liens”) on (a) the CEXIM Vessels, (b) the earnings from the CEXIM Vessels (the “CEXIM Earnings”) and insurance for the CEXIM Vessels, and (c) the deposit accounts into which, among other things, the CEXIM Earnings are deposited (the “CEXIM Borrower Accounts”)<sup>5</sup> and (ii) OSG International, Inc. (“OIN”), the direct parent of the CEXIM Borrowers, granted to CEXIM as security agent, on

<sup>5</sup> The CEXIM Borrower Accounts are held at HSBC Bank USA, National Association and their IBAN numbers are as follows: Delta Aframax Corporation account number XXXXX6729; Epsilon Aframax Corporation account number XXXXX6737; Front President Inc. account number XXXXX6745; Maple Taker Corporation account number XXXXX6753; and Oak Tanker Corporation account number XXXXX6761.

behalf of CEXIM as lender, security interests and liens (the “OIN Prepetition Liens,” collectively with the CEXIM Borrowers Prepetition Liens, the “CEXIM Prepetition Liens”) on (a) an OIN deposit account into which funds from the CEXIM Borrower Accounts are deposited (the “OIN CEXIM Deposit Account”)<sup>6</sup> and (b) an OIN deposit account into which, under the terms of the CEXIM Facility, additional cash collateral could be deposited (the “OIN CEXIM Collateral Account”,<sup>7</sup> collectively with all the other collateral described in this paragraph, and as described in the documents in Exhibit A to the proposed CEXIM Cash Collateral Order filed contemporaneously herewith, the “CEXIM Prepetition Collateral”) The CEXIM Facility provided for up to \$388,962,688 in borrowings, of which approximately \$311,751,114.08 was outstanding as of the Petition Date (the “CEXIM Prepetition Obligations”). The maturity of the loans under the CEXIM Facility ranges from 2021 to 2023.

11. OSG has proposed, and CEXIM accepted, an arrangement, detailed in the CEXIM Cash Collateral Order, whereby CEXIM would permit the CEXIM Borrowers and OIN to use its Cash Collateral to maintain the operations of the CEXIM Vessels in exchange for certain adequate protection payments and obligations. Under this arrangement, all revenues from the CEXIM Vessels will be directed to and retained in the dedicated account over which CEXIM has an account control agreement (the “OIN CEXIM Deposit Account”). Pursuant to the CEXIM Cash Collateral Order, the funds in the OIN CEXIM Deposit Account will first be used to reimburse OSG affiliates for any CEXIM Vessel and Voyage Operating Expenses, CEXIM Vessel Capital Expenditures, CEXIM Vessel Drydocking Expenses, and the CEXIM Vessel Drydocking Reserve Amounts, which may be withdrawn by OIN from time to time to pay for

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<sup>6</sup> The OIN CEXIM Deposit Account is held at HSBC Bank USA, National Association, IBAN number XXXXX6923.

<sup>7</sup> The OIN CEXIM Collateral Account is held at HSBC Bank USA, National Association, IBAN number XXXXX4790.

CEXIM Vessel Drydocking Expenses. The remaining revenue would be used to pay Adequate Protection Payments to CEXIM.

**B. CEXIM Borrowers' Critical Need for Funding Through the CEXIM DIP Facility**

12. As further detailed in the CEXIM Cash Collateral Motion, the CEXIM Borrowers have a significant need to use the Cash Collateral in order to keep the CEXIM Vessels operating and to preserve their value during the Chapter 11 Cases. The Debtors believe that CEXIM Vessels are valuable assets of the CEXIM Borrowers' estates. Without adequate protections to preserve the value of CEXIM's security interests, CEXIM would not consent to the use of its Cash Collateral, and the operation and maintenance of these valuable assets would be impaired and their value diminished to the detriment of the estates.

13. In the event of a shortfall in the OIN CEXIM Deposit Account, the CEXIM Borrowers would need to obtain funds sufficient to (i) cover any CEXIM Vessel and Voyage Operating Expenses, CEXIM Vessel Capital Expenditures, CEXIM Vessel Drydocking Expenses or CEXIM Vessel Drydocking Reserve Amounts and (ii) Adequate Protection Payments to CEXIM. Without access to a ready source of postpetition financing, the CEXIM Borrowers would be unable to pay for necessary ongoing expenses or critical repairs. If the CEXIM Borrowers are unable to pay the expenses that maintain the CEXIM Vessels in operable condition, those vessels will be unable to generate revenue, and the value of the CEXIM security interests and the CEXIM Borrower's estates will be significantly diminished. Given the significant swings in expenses and revenues common in the shipping industry, CEXIM and the Debtors assert that ensuring that financing is available to pay for unavoidable outlays is critical for preserving the value of the CEXIM Vessels and their ability to generate revenue.

**C. OIN should be approved as the Post-Petition DIP Lender**

14. Based on the facts and circumstances of these Chapter 11 Cases and the CEXIM Borrowers' operational performance, after considering the limited alternatives available, it is evident to the Debtors that (i) the CEXIM Borrowers are unable to obtain postpetition financing from sources other than the CEXIM DIP Lender on terms as or more favorable as those under the CEXIM DIP Facility, and (ii) any credit from the CEXIM DIP Lender should be provided to the CEXIM Borrowers with certain protections provided under the Bankruptcy Code to postpetition DIP Lenders, including superpriority claims and liens on certain assets of the CEXIM Borrowers. The Debtors' internal analysis, combined with reference to historical practice, culminated with the CEXIM DIP Lender agreeing to provide the CEXIM Borrowers with superpriority secured postpetition financing under the CEXIM DIP Facility, subject to the terms and conditions set forth in the DIP Loan Agreement.

15. The CEXIM DIP Facility represents the best financing option available to the CEXIM Borrowers and is extended in good faith because, among other things, (a) it serves to provide the CEXIM Borrowers with liquidity in case of a shortfall in the OIN CEXIM Deposit Account, (b) the proposed liens will not prejudice any other creditors of the CEXIM Borrowers, and (c) the CEXIM DIP Facility is a reasonable and fair financing on market terms that does not require the payment of fees, restrictive covenants or onerous case milestones.

**D. Use of the CEXIM DIP Facility**

16. Proceeds of the CEXIM DIP Facility will be used for the payment of certain expenditures, in accordance with the terms of the DIP Loan Agreement, and the Order: (a) CEXIM Vessel and Voyage Operating Expenses, CEXIM Vessel Capital Expenditures, CEXIM Vessel Drydocking Expenses or CEXIM Vessel Drydocking Reserve Amounts and (b) Adequate Protection Payments to CEXIM.

## Basis for Relief

### A. The CEXIM DIP Facility Will Ensure Adequate Protection for CEXIM's Security Interests

17. The principal purpose of adequate protection is to ensure “that the creditor receives the value for which he bargained prebankruptcy.” See In re Swedeland Dev. Group, Inc., 16 F.3d 552, 564 (3d Cir. 1994). What constitutes “adequate protection” is determined on a “case by case basis.” Id. This court has held that a creditor is adequately protected for the use of cash collateral during the bankruptcy proceeding if the value of the collateral does not diminish through the date of confirmation and a debtor can operate profitably postpetition. See In re Pursuit Athletic Footwear, Inc., 193 B.R. 713, 716 (Bankr. D. Del. 1996). In the case of collateral that fluctuates over time, a secured creditor is only entitled to “new money” if the creditor faces a “substantial danger of a permanent decline” — an evaluation to be made over a period long enough to evaluate that substantial danger, rather than a single snapshot of one downward cycle. In re Dynaco Corp., 162 B.R. 389, 394-95 (Bankr. D.N.H. 1993) (also finding that the creditor was adequately protected despite a postpetition deterioration in collateral value due to temporarily negative cash flow. Id. at 395-96).<sup>8</sup> A secured creditor is adequately protected, and a debtor may use cash collateral, when “proceeds of accounts receivable are being used by the Debtor to generate new inventory and accounts.” In re T.H.B. Corp., 85 B.R. 192, 193 (Bankr. D. Mass. 1988).

18. In addition to the other provisions of the Adequate Protection Package provided for in the CEXIM Cash Collateral Motion, the CEXIM DIP Facility will protect the value of CEXIM's security interests by ensuring that resources are available to cover expenses or

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<sup>8</sup> “[T]he record indicates that debtors’ collateral base will suffer a decline of approximately \$540,000 in the third and fourth months of post-petition operation, but when further documentation shows that debtors will reverse that decline and restore the original level over a more extended operational period.” In re Dynaco Corp., 162 B.R. 389, 392 (Bankr. D.N.H. 1993).

significant expenditures incurred in the operation of the CEXIM Vessels, preserving the value of the vessels. The CEXIM DIP Facility will also ensure that the CEXIM Borrowers have funds available to pay Adequate Protection Interest Payments to CEXIM.

**B. The CEXIM DIP Lender Should Be Permitted to Provide Intercompany Loans to the CEXIM Borrowers Pursuant to the Term of the CEXIM DIP Facility**

19. In order to provide such additional funds as may be required by the CEXIM Borrowers from time to time to cover shortfalls in the OIN CEXIM Deposit Account, the CEXIM DIP Lender seeks to avail itself of Section 364 of the Bankruptcy Code to obtain security for the repayment of such funding advances post-petition. In addition, as further protection to the CEXIM DIP Lender's estate and stakeholders, pursuant to the terms of the DIP Loan Agreement, the CEXIM Borrowers will be, under certain circumstances, able to make payments of interest incurred under the CEXIM DIP Facility without further approval of this Court. The CEXIM DIP Lender asserts that under these circumstances, the proposed CEXIM DIP Facility is a sound exercise of its business judgment.

20. Section 363 of the Bankruptcy Code provides that “[t]he trustee, after notice and hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Pursuant to Section 363 of the Bankruptcy Code, a court may authorize a debtor to make intercompany loans to another debtor so long as such actions fall within the debtor's business judgment as being in the best interests of their estates and creditors. See In re DBSI, Inc., et al. (Case No. 08-12687) (PJW) (Bankr. D. Del. Mar. 27, 2009) (D.I. 3059) (authorizing inter-debtor DIP loan and granting related relief). See also In re Natural Products Group, LLC, et al., Case No. 10-10239 (BLS) (Bankr. D. Del. Jan. 28, 2010) [Docket No. 33] (stating that pursuant to Section 363 of the Bankruptcy Code, debtor may continue to provide funding to non-debtor affiliates “in the ordinary course of business, consistent with past

practice, in the form of intercompany loans or payables/receivables if the Debtors determine, in the exercise of their business judgment, that such funding would be in the best interests of their estates and creditors”); In re Smurfit-Stone Container Corp., 2009 Bankr. LEXIS 5134, 3-4 (Bankr. D. Del. Feb. 23, 2009) (“the Debtors are authorized . . . to continue all other Intercompany Transactions between and among the Debtors and between and among the Debtors and their non-debtor affiliates . . . in a manner consistent with the Debtors' prepetition practices”); In re AbitibiBowater Inc., et al., 2009 Bankr. LEXIS 5137 (Bankr. D. Del. June 22, 2009) (same); In re ASARCO LLC, et al., Case No. 05-21207 (RSS) (Bankr. S.D. Tex. Sept. 19, 2008) [Docket No. 11094] (allowing Debtor to make debtor-in-possession loan to its subsidiary debtors pursuant to Section 363(b)(1) of Bankruptcy Code).<sup>9</sup>

21. Generally, upon a debtor’s articulation of a valid business justification for its actions, Bankruptcy courts have given “great deference to the substance of the directors’ decision and will not invalidate the decision, will not examine its reasonableness, and will not substitute its views for those of the board if the latter’s decision can be attributed to any rational business purpose.” In re Global Crossing Ltd., 295 B.R. 726, 744 (Bankr. S.D.N.Y. 2003) (citing Paramount Commc’ns Inc. v. QVC Network Inc., 637 A.2d 34, 45 n.17 (Del. 1994)); accord In re Integrated Res., Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (noting that the business judgment rule, based on the “presumption that in making a business decision the directors of the debtor acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company,” applies in the Chapter 11 context).

22. Although providing intercompany financing is an ordinary course transaction within the meaning of Section 363(c)(1) of the Bankruptcy Code, due to the Chapter 11 overlay

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<sup>9</sup> Because of the voluminous nature of the unreported orders cited herein, such orders are not annexed to the Motion. Copies of these orders are available upon request made to Debtors’ counsel.

of these Chapter 11 Cases and the protections afforded post-petition DIP Lenders under the Bankruptcy Code, OIN believes that it is prudent, in order to protect its stakeholders and the value of its estate, to avail itself of such provisions of the Bankruptcy Code in exchange for the contemplated post-petition financing of the CEXIM Borrowers. Accordingly, it is an exercise of the CEXIM DIP Lender's sound business judgment to provide certain funding to the CEXIM Borrowers necessary to maintain the value of the Debtors' estates, considering the added protections to be furnished by the CEXIM Borrowers for the repayment of such advances.

B. **The CEXIM Borrowers Satisfy the Requirements for Obtaining Post-Petition Credit on a Secured and Superpriority Basis Pursuant to Sections 364(c) and (d) of the Bankruptcy Code**

23. The statutory requirement for obtaining post-petition credit under Section 364(c)<sup>10</sup> is a finding, made after notice and a hearing, that the debtors in possession are “unable to obtain unsecured credit allowable under Section 503(b)(1) of [the Bankruptcy Code] as an administrative expense.” 11 U.S.C. § 364(c). See generally, In re Photo Promotion Assocs., Inc., 881 F.2d 6, 8 (2d Cir. 1989) (secured or priority credit under Section 364(c) of the Bankruptcy Code is authorized, after notice and a hearing, upon showing that unsecured credit cannot be obtained); In re 495 Cent. Park Ave. Corp., 136 B.R. 626, 630 (Bankr. S.D.N.Y. 1992) (discussing secured or superpriority financing options under Section 364 if the debtor cannot obtain credit as an administrative expense). The statutory requirement for obtaining post-petition credit under Section 364(d) of the Bankruptcy Code is a finding, made after notice and a hearing,

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<sup>10</sup> Section 364(c) of the Bankruptcy Code provides that:

(c) If the trustee [or debtor in possession] is unable to obtain unsecured credit allowable under § 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt –

(1) with priority over any and all administrative expenses of the kind specified in § 503(b) or 507(b) of this title;

(2) secured by a lien on property of the estate that is not otherwise subject to a lien; or

(3) secured by a junior lien on property of the estate that is subject to a lien.



that the debtors in possession are “unable to obtain such credit otherwise” and “there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.” 11 U.S.C. § 364(d)(1).

24. Here, the CEXIM Borrowers propose to incur indebtedness as a superpriority administrative expense, which is secured by a senior lien on certain of the CEXIM Borrowers’ unencumbered assets and a pari passu lien on the DSF Borrowers’ encumbered assets with the consent of the DSF Lender. The Court should approve the CEXIM DIP Facility because: (i) the CEXIM Borrowers could not obtain financing on better terms than under the CEXIM DIP Facility; (ii) the proposed financing is on market terms and does not include payment of any fees or other onerous terms and is a sound exercise of the CEXIM Borrowers’ business judgment; and (iii) approval of the CEXIM DIP Facility is fair and reasonable and in the best interests of the Debtors’ estates.

(i) *The CEXIM DIP Facility is the Best Credit Available to the CEXIM Borrowers*

25. To show that the credit required is not obtainable on an unsecured basis, the debtor need only demonstrate “by a good faith effort that credit was not available” without the protections afforded to potential DIP Lenders by the Bankruptcy Code. In re Snowshoe Co., 789 F.2d 1085, 1088 (4th Cir. 1986); see 495 Cent. Park Ave., 136 B.R. at 630-31. Where few DIP Lenders are likely to be able and willing to extend the necessary credit to a debtor, “it would be unrealistic and unnecessary to require [the debtor] to conduct such an exhaustive search for financing.” In re Sky Valley, Inc., 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988), aff’d sub nom., Anchor Savings Bank FSB v. Sky Valley, Inc., 99 B.R. 117, 120 n. 4 (N.D. Ga. 1989).

26. The CEXIM Borrowers’ ability to obtain post-petition financing from a third-party source on the same or better terms than those obtained from the CEXIM DIP Lender would

have been extremely unlikely. On October 19, 2012, after an audit of OSG's accounting practices, OSG publicly announced that investors should not rely on its financial statements for the last three years. Standard & Poor's Ratings Services subsequently lowered its credit rating on OSG from "CCC+" to "CCC-." As a result, the OSG Companies were unable to access the commercial paper market and had limited access to the capital markets. The downgrade of OSG's credit rating jeopardized the ongoing relationship between the OSG Companies and their creditors and complicated the process of obtaining additional liquidity. The fact that the OSG Companies have not been able to release their third quarter financial statement has impeded the OSG Companies' ability to borrow or raise capital.

27. As set forth in the Zabrocky Declaration, in light of the CEXIM Borrowers' lack of access to the commercial paper and capital markets, obtaining third-party financing on better terms than what the CEXIM DIP Lender is offering is extremely unlikely. Because there is little, if any, chance of obtaining better third-party financing, the CEXIM Borrowers believe that further searching is not a viable course of action or prudent expenditure of time and resources. The CEXIM Borrowers therefore assert that they have made the requisite showing that postpetition credit is not available on an unsecured basis, and that the proposal offered by CEXIM DIP Lender is the best available postpetition financing available to them at this time.

(ii) *The CEXIM DIP Facility is on Market Terms and the CEXIM Borrowers are Entering into the CEXIM DIP Facility in their Sound Business Judgment*

28. As stated above, the Debtors submit that the CEXIM DIP Facility is fair and reasonable, and represents terms better than those available from third-parties. Further, the Debtors submit that the terms and conditions of the CEXIM DIP Facility reflect the CEXIM Borrowers' (and, as discussed herein, the CEXIM DIP Lender's) exercise of prudent business

judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

29. A debtor's decision to enter into a post-petition lending facility under Section 364 of the Bankruptcy Code is governed by the business judgment standard. See In Re Ames Dep't Stores, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (noting that courts defer to a debtor's business judgment "so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest"). The business judgment standard is a deferential one. In the context of post-petition financing, courts have held that it is appropriate to interfere with a debtor's business judgment only if a decision is clearly erroneous, or is made arbitrarily, in bad faith, with fraudulent intent, on the basis of inadequate information, in violation of fiduciary duties, or in violation of the Bankruptcy Code. See, e.g., In re Mid-State Raceway, Inc., 323 B.R. 40, 58 (Bankr. N.D.N.Y. 2005); see also In re Simasko Prod. Co., 47 B.R. 444, 449 (Bankr. D. Colo. 1985) ("[B]usiness judgments should be left to the board room and not to this Court.").

30. Here, the CEXIM Borrowers' decision to enter into the CEXIM DIP Facility is an exercise of the CEXIM Borrowers' sound business judgment. Before the Petition Date, the CEXIM Borrowers undertook a thorough review as to their projected financing needs during the Chapter 11 Cases, including the costs of administration, as well as the likely cash flows from their business operations. The CEXIM Borrowers have determined that the amounts available under the CEXIM DIP Facility should be sufficient to fund their operations, and the administration of these Chapter 11 Cases. This, in turn, will inure to the benefit of their stakeholders, by helping to prevent the unnecessary accrual of additional claims against their estates, and will support the Debtors' efforts to reorganize and restructure. In addition, as

discussed above, financing on better terms was not likely available to the CEXIM Borrowers, and as discussed below, the terms of the CEXIM DIP Facility are fair and reasonable, especially given the circumstances surrounding the CEXIM Borrowers' Chapter 11 Cases. The Debtors respectfully submit that the Court should approve the CEXIM Borrowers' business judgment and decision to accept and enter into the CEXIM DIP Facility.

(iii) *Approval of the CEXIM DIP Facility is Fair and Reasonable and in the Best Interests of the CEXIM Borrowers*

31. The proposed terms of the CEXIM DIP Facility are fair and reasonable. This funding will provide the CEXIM Borrowers with adequate financing to support their working capital needs. Further, it is a fair and reasonable transaction, both from the perspective of the CEXIM DIP Lender, who will be paid a reasonable rate of interest based on past lending practices among the Debtors, granted certain liens and provided superpriority claims by the CEXIM Borrowers, and for the CEXIM Borrowers, who will receive funding—at market rates and without any fees or onerous terms—that would otherwise be unavailable from third-party DIP Lenders. In addition, the Collateral to be provided to the CEXIM DIP Lender under the facility is limited to certain unencumbered collateral, and will not prejudice any of the CEXIM Borrowers' creditors.

32. In considering whether the terms of post-petition financing are fair and reasonable, courts “examine all the facts and circumstances,” and will generally permit “reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process or powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest.” In re Ames Dept. Stores, Inc., 115 B.R. at 39-40; see also In re Farmland Indus., Inc., 294 B.R. 855, 886 (Bankr. W.D. Mo. 2003) (evaluating reasonableness of terms in light of the “relative circumstances of the parties”). In

addition, courts have often granted superpriority status to post-petition intercompany claims. See In re MF Global Holdings Ltd., et al., Case No. 11-15059 (MG) (Bankr. S.D.N.Y. Nov. 2, 2011) [Docket No. 25]; In re Graceway Pharmaceuticals, LLC, et al., Case No. 11-13036 (MFW) (Bankr. D. Del. Sept. 30, 2011) [Docket No. 52]; In re ASARCO, LLC et al., Case No. 05-21207 (RSS) (Bankr. S.D. Tex. Sept. 19, 2008) [Docket No. 11094]; In re Worldcom, Inc., et al., Case No. 02-13533 (AJG) (Bankr. S.D.N.Y. Oct. 15, 2002) [Docket No. 1603]; In re United Airlines Inc., 2002 Bankr. LEXIS 1942, \*7 (Bankr. N.D. Ill. Dec. 9, 2002).

33. Here, the terms of the CEXIM DIP Facility are fair and reasonable and the CEXIM Borrowers have each determined to enter into this transaction in a clear exercise of their business judgment. Moreover, and as discussed in more detail above, the CEXIM DIP Facility should be approved not only because better financing terms are not available elsewhere, “but also because the credit acquired is of significant benefit to the debtor’s estate and [because] the terms of the proposed loan are within the bounds of reason, irrespective of the inability of the debtor to obtain comparable credit elsewhere.” In re Aqua Assocs., 123 B.R. 192, 196 (Bankr. E.D. Pa. 1991).

34. The CEXIM DIP Facility is vital to the CEXIM Borrowers’ ability to provide adequate protection to CEXIM. Without such protections, CEXIM would not consent to the CEXIM Borrowers’ use of the Cash Collateral to support the operations and maintenance of the CEXIM Vessels. Absent this Court’s approval of the relief sought herein, the CEXIM Borrowers would consequently face a substantial risk of severe and costly disruption to the operations of the CEXIM Vessels, which would impair the value of these potentially valuable assets and their ability to generate positive cash flows for their estates. For all of these reasons,

the CEXIM DIP Facility is in the best interest of the CEXIM Borrowers' estates, and the Debtors submit that ample justification exists for the relief requested herein.

**Notice**

35. Notice of the Motion has been given via facsimile, electronic transmission, hand delivery or overnight mail to the (i) Office of the United States Trustee for the District of Delaware; (ii) the trustee under that certain indenture dated as of December 1, 1993 with respect to the 8.75% debentures due 2013; (iii) the trustee under that certain indenture dated as of March 29, 2010, with respect to the 8.125% senior notes due 2018; (iv) the trustee under that certain indenture dated as of March 7, 2003, with respect to the 7.500% unsecured notes due 2024; (v) CEXIM; (vi) DNB Nor Bank A.S.A., as Agent under that certain Credit Agreement dated as of February 9, 2006; (vii) the Committee; and (viii) all others that are required to be noticed in accordance with Bankruptcy Rule 2002. In light of the exigencies of the circumstances and the potential harm to the Debtors, their estates, and other parties in interest that will ensue if the relief requested herein is not granted, the Debtors submit that no other notice need be given.

**No Prior Request**

36. No prior request for the relief requested herein has been made to this or any other court.

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WHEREFORE, the Debtors respectfully request that this Court (i) grant this Motion and the relief requested herein; (ii) enter the Order attached hereto as Exhibit A; and (iii) grant such other and further relief as it deems just and proper.

Dated: January 3, 2013  
Wilmington, Delaware

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- and -

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/s/ Daniel B. Butz

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*Counsel for the Debtors  
and Debtors in Possession*

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

-----X	:	Chapter 11
	:	
<i>In re</i>	:	Case No. 12-20000 (PJW)
	:	
Overseas Shipholding Group, Inc., <i>et al.</i> ,	:	Jointly Administered
	:	
Debtors. <sup>1</sup>	:	<b>Objection Deadline:</b>
	:	January 17, 2013, at 4:00 p.m. (ET)
	:	<b>Hearing Date:</b>
	:	January 24, 2013, at 9:30 a.m. (ET)
-----X		

**NOTICE OF DEBTORS' MOTION FOR AN 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 THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362  
(THE "CEXIM FINANCING MOTION")**

PLEASE TAKE NOTICE that today, the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), filed the attached **Debtors' Motion For An 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 The Automatic Stay Pursuant To 11 U.S.C. § 362** (the "**CEXIM Financing Motion**") (the "Motion").

PLEASE TAKE FURTHER NOTICE that any party wishing to oppose the entry of an order approving the Motion must file a response or an objection to the Motion ("Objection") with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **January 17, 2013 at 4:00 p.m. (ET)** (the "Objection Deadline"). At the same time, you must serve such Objection upon the undersigned counsel so as to be received by the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION HAS BEEN SCHEDULED FOR **JANUARY 24, 2013 AT 9:30 A.M. (ET)** BEFORE THE HONORABLE PETER J. WALSH, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, 6TH FLOOR, COURTROOM #2, WILMINGTON, DELAWARE 19801. ONLY PARTIES WHO HAVE FILED A TIMELY OBJECTION WILL BE HEARD AT ANY HEARING ON THE MOTION.



IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE OR ANY ORDER ENTERED BY THE COURT REGARDING THE SCHEDULING OF THE MOTION, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: January 3, 2013  
Wilmington, Delaware

CLEARY GOTTlieb STEEN & HAMILTON LLP

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- and -

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/s/ Daniel B. Butz

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*Counsel for the Debtors  
and Debtors in Possession*

6923561.1

**Exhibit A**

**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> , <sup>1</sup>	)	Case No. 12-20000 (PJW)
	)	
Debtors.	)	Jointly Administered
	)	
	)	<b>Re: D.I.</b> _____

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**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**

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Upon consideration of the motion (the “Motion”) of the debtors and debtors in possession (the “Debtors”) in the above captioned cases for entry, among other things, of an order (this “Order”):

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<sup>1</sup> The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor’s tax identification number, are: Edindun Shipping Corporation (6412); OSG Financial Corporation (8639); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); OSG Ship Management, Inc. (9004); 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 Corporation (9134); DHT Ann VLCC Corporation (9120); DHT Cathy Aframax Corporation (9142); DHT Chris VLCC Corporation (9122); DHT Rebecca Aframax Corporation (9143); DHT Regal Unity VLCC Corporation (9127); DHT Sophie Aframax Corporation (9138); Dignity Chartering Corporation (6961); 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);

(i) authorizing OSG International, Inc. (“OIN” or, for purposes of this Order only, the “CEXIM DIP Lender”) to provide post-petition intercompany financing to the CEXIM Borrowers (as defined below) up to an aggregate amount of \$15,000,000, on the terms and conditions set forth in this Order, that certain Debtor in Possession Loan Agreement by and among the CEXIM Borrowers and the CEXIM DIP Lender, substantially in the form attached as Exhibit A hereto (as amended, modified and in effect from time to time, the “CEXIM DIP Facility”) and that certain Pledge and Security Agreement by and among the CEXIM Borrowers and the CEXIM DIP Lender, substantially in the form attached as Exhibit B hereto (as amended, modified and in effect from time to time the “CEXIM Security Agreement”, and collectively with the CEXIM DIP Facility and all mortgages, control agreements, financing statements and

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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 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 Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); 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 Valour Inc. (7765); 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); 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) Limited (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 Limited (0767); Sakura Transport Corporation (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 Corporation (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); Western Ship Agencies Limited (5656); Wind Aframax Tanker Corporation (9562); 1372 Tanker Corporation (4526).

documents entered into in connection therewith or related thereto, the “CEXIM DIP Facility Documents”<sup>2</sup> secured by fully perfected liens and other rights (all such liens and security interests granted in the CEXIM DIP Facility Documents and this Order to the CEXIM DIP Lender, the “CEXIM DIP Liens”) on or in the CEXIM DIP Collateral (as defined below), *pari passu* to those liens and other rights (the “CEXIM Liens”) granted to CEXIM in the CEXIM Facility Documents and in that certain Final Order Pursuant to Debtors’ Motion for Interim and Final Orders under 11 U.S.C. §§ 105, 361, 363 and Fed. R.Bankr. P 4001, (I) Authorizing Debtors to Use Cash Collateral and (II) Granting Adequate Protection (the “Final Cash Collateral Order”) entered by this Court contemporaneously herewith, pursuant to Section 364(d) of title 11 of the United States Code (the “Bankruptcy Code”), and with priority as to administrative expenses as provided in Section 364(c)(1) of the Bankruptcy Code;

(ii) authorizing the CEXIM DIP Lender to extend indebtedness and perform all of its obligations under the CEXIM DIP Facility Documents in accordance therewith and this Order;

(iii) authorizing Delta Aframax Corporation, Epsilon Aframax Corporation, Front President Inc, Maple Tanker Corporation and Oak Tanker Corporation (collectively, the “CEXIM Borrowers”) to incur indebtedness and perform all of their respective obligations under the CEXIM DIP Facility Documents, including, but not limited to payment of principal, interest fees, expenses, and other amounts described in the CEXIM DIP Facility Documents as such become due (the “CEXIM DIP Obligations”), pursuant to Sections 363, 364(c) and 364(d) of the Bankruptcy Code and in accordance with the CEXIM DIP Facility Documents and this Order;

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<sup>2</sup> All capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Motion or in the Final Cash Collateral Order (as defined below).

(iv) authorizing the CEXIM Borrowers' use of the proceeds of the CEXIM DIP Facility in a manner consistent with the terms and conditions and this Order and the Final Cash Collateral Order;

(v) authorizing the CEXIM Borrowers to grant the CEXIM DIP Liens on the CEXIM DIP Collateral to the CEXIM DIP Lender pursuant to Section 364(d) of the Bankruptcy Code, in accordance with the CEXIM DIP Facility Documents and this Order;

(vi) authorizing the CEXIM Borrowers to grant the CEXIM DIP Lender a superpriority administrative expense claim status in respect of the CEXIM DIP Obligations pursuant to Section 364(c)(1) of the Bankruptcy Code, in accordance with this Order;

(vii) requiring CEXIM to obtain the CEXIM DIP Lender's consent or this Court's approval prior to taking any action relating to the OIN CEXIM Deposit Account or the cash held within such account (the "OIN CEXIM Deposit Account Proceeds"), including, but not limited to, providing HSBC Bank USA, National Association any disposition or transfer instructions with respect to such account or to such OIN CEXIM Deposit Account Proceeds, and in the event that CEXIM fails to obtain the CEXIM DIP Lender's consent or this Court's approval prior to the distribution or transfer of any OIN CEXIM Deposit Account Proceeds or such OIN CEXIM Deposit Account Proceeds are otherwise distributed, requiring such proceeds to be turned over or distributed on a *pari passu* basis to the CEXIM DIP Lender and CEXIM and applied towards satisfaction of the CEXIM DIP Obligations and the CEXIM Prepetition Obligations and CEXIM Adequate Protection Payments, on a *pari passu* basis;

(viii) upon the occurrence and continuance of an Event of Default (as that term is defined in the CEXIM DIP Facility); authorizing the CEXIM DIP Lender to accelerate the Loans

(as that term is defined in the CEXIM DIP Facility) and seek any other remedies available under the CEXIM DIP Facility and this Order;

(ix) vacating and modifying the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the CEXIM DIP Facility Documents and this Order.

The Court having considered the Motion and the CEXIM DIP Facility, and the evidence submitted at the hearing on this Order (the “Final Hearing”) in accordance with Rules 2002, 4001(c) and (d), and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Rules of Bankruptcy Practice and Procedure of the District of Delaware (the “Local Rules”), due and proper notice of the Motion and the Final Hearing having been given; a Final Hearing having been held and concluded; and it appearing that approval of the relief requested in the Motion is fair and reasonable and in the best interests of the CEXIM Borrowers, their creditors, their estates and their equity holders, and is essential for the continued operation of the Debtors’ business; and it further appearing that the CEXIM Borrowers are unable to secure unsecured credit for money borrowed allowable as an administrative expense under Bankruptcy Code Section 503(b)(1); and there being adequate protection of the interests of holders of liens on the property of the estates on which liens are to be granted or the holders of liens have otherwise consented to the entry of this Order; and all objections, if any, to the entry of this Order having been withdrawn, resolved or overruled by the Court; and upon all pleadings filed with this Court, all proceedings held before the Court, and the evidence adduced in connection therewith; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

**BASED UPON THE RECORD ESTABLISHED AT THE FINAL HEARING BY THE DEBTORS, THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:**

A. Petition Date. On November 14, 2012 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the Bankruptcy Code (the “Chapter 11 Cases”) with the United States Bankruptcy Court for the District of Delaware (this “Court”). The Debtors have continued in the management and operation of their business and properties as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. On November 28, 2012, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the Official Committee of Unsecured Creditors (the “Committee”) in respect of the Debtors (D.I. 97). No trustee or examiner has been appointed in these Chapter 11 Cases.

B. Jurisdiction; Core Proceeding. This Court has jurisdiction over this matter and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Notice. Notice of the hearing and the relief requested in the Motion has been provided by the Debtors to certain parties in interest, including: (i) the U.S. Trustee; (ii) the counsel to the Committee; (iii) CEXIM and (iv) HSBC Bank USA, National Association. Under the circumstances, such notice of the Motion, the relief requested therein and the hearing on the Motion complies with Bankruptcy Rule 4001 and the Local Rules.

D. Findings Regarding the Post-Petition Financing.

(i) Need for Post-Petition Financing. The CEXIM Borrowers require the financing described in the Motion and provided for in the DIP Facility Documents and this Order in order to continue to operate the CEXIM Vessels and thereby preserve their value for the



CEXIM Borrowers, OIN and OSG. The CEXIM DIP Facility is essential for funding any shortfall in the OIN CEXIM Deposit Account necessary for the payment of the CEXIM Voyage and Vessel Operating Expenses, CEXIM Vessel Capital Expenditures, CEXIM Vessel Drydocking Expenses, CEXIM Vessel Drydocking Reserve Amounts and Adequate Protection Payments, each as defined in as a provided for in the Final Cash Collateral Order (collectively, the “Final Cash Collateral Order Payments”).

(ii) No Credit Available on More Favorable Terms. The CEXIM Borrowers are unable to obtain unsecured credit allowable under Bankruptcy Code Section 503(b)(1) as an administrative expense. The CEXIM Borrowers are also unable to obtain secured credit, allowable under Sections 364(c)(2), 364(c)(3), or 364(d) of the Bankruptcy Code, on more favorable terms and conditions than those set forth in the CEXIM DIP Facility Documents and this Order. The CEXIM Borrowers are unable to obtain credit for borrowed money without granting the CEXIM DIP Liens on the CEXIM DIP Collateral to the CEXIM DIP Lender pursuant to Section 364(d) of the Bankruptcy Code, granting superpriority administrative expense claim status as provided in Section 364(c)(1) of the Bankruptcy Code (such superpriority administrative expense claim having priority as provided by this Order) and authorizing the CEXIM DIP Lender to apply the OIN CEXIM Deposit Account Proceeds as provided herein.

E. Extension of Financing; Business Judgment and Good Faith Pursuant to Section 364(e). The CEXIM DIP Lender’s use of the property of its estate to provide post-petition financing to the CEXIM Borrowers through the CEXIM DIP Facility reflects the CEXIM DIP Lender’s prudent exercise of its business judgment consistent with its fiduciary duties, is

appropriate under the circumstances and is supported by reasonably equivalent value and fair consideration.

F. Incurrence of Obligations; Business Judgment and Good Faith Pursuant to Section 364(e). The terms and conditions of the CEXIM DIP Facility Documents are fair, reasonable, and the best available under the circumstances; the entry into the CEXIM DIP Facility Documents and the incurrence of the CEXIM DIP Obligations reflect the CEXIM Borrowers' exercise of prudent business judgment consistent with their fiduciary duties; and are supported by reasonably equivalent value and consideration. The credit to be extended under the CEXIM DIP Facility will be extended in good faith, and for valid business purposes and uses, the consequence of which is that the CEXIM DIP Lender is entitled to the protection and benefits of Section 364(e) of the Bankruptcy Code.

G. Use of the Proceeds. The proceeds of the CEXIM DIP Facility shall be used in a manner consistent with the terms and conditions of the CEXIM DIP Facility Documents and the Final Cash Collateral Order.

H. Application of Proceeds of CEXIM DIP Collateral. Net proceeds of the sale or other disposition of the CEXIM DIP Collateral shall be applied to satisfy the CEXIM DIP Obligations in accordance with the terms of the CEXIM DIP Facility Documents and this Order.

NOW, THEREFORE, on the Motion of the Debtors and the record before the Court with respect to the Motion, and with the consent of the CEXIM Borrowers, the CEXIM DIP Lender and CEXIM to the form and entry of this Order, and good and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED that:**

1. Motion Granted. The Motion is granted in its entirety subject to the terms and conditions set forth in this Order. Any objections to the Motion to the extent not withdrawn are hereby denied and overruled.

2. CEXIM DIP Facility Authorization.

(a) Approval of Extension of and Entry Into CEXIM DIP Facility Documents. To the extent necessary to effectuate the terms of this Order, the CEXIM Borrowers are expressly and immediately authorized, empowered and directed to execute and deliver the CEXIM DIP Facility Documents and to incur and to perform the CEXIM DIP Obligations in accordance with, and subject to, the terms of this Order and the CEXIM DIP Facility Documents, and to deliver all instruments and documents which may be required or necessary for the performance by the CEXIM Borrowers under the CEXIM DIP Facility Documents and the creation and perfection of the CEXIM DIP Liens described in and provided for by this Order and the CEXIM DIP Facility Documents. The CEXIM Borrowers are hereby authorized and directed to pay the principal, interest, fees, expenses and other amounts described in the CEXIM DIP Facility Documents as such become due.

(b) Enforceable Obligations. The CEXIM DIP Facility Documents shall evidence and the CEXIM DIP Obligations incurred thereunder shall constitute the valid and binding obligations of the CEXIM Borrowers, which obligations shall be enforceable against the CEXIM Borrowers, their estates and any successors thereto and their creditors, in accordance with the terms of the CEXIM DIP Facility Documents and this Order.

(c) Authorization to Borrow and Extend Credit. Subject to the terms and conditions of this Order, the CEXIM DIP Facility Documents and the Final Cash Collateral Order, the

CEXIM Borrowers are hereby authorized to request, and the CEXIM DIP Lender is hereby authorized to extend, extensions of credit under the CEXIM DIP Facility up to a total committed amount of \$15,000,000. The CEXIM Borrowers shall request such extensions of credit only in the event that there are insufficient OIN CEXIM Deposit Account Proceeds to fund the Final Cash Collateral Order Payments, and they shall apply the proceeds from the CEXIM DIP Facility only to make the Final Cash Collateral Order Payments, in each case in accordance with the Final Cash Collateral Order.

(d) Conditions Precedent. The CEXIM DIP Lender shall have no obligation to make any advance under the CEXIM DIP Facility unless the conditions precedent to make such advance under the CEXIM DIP Facility have been satisfied in full or waived by the CEXIM DIP Lender in its full discretion.

(e) Modification of Automatic Stay. The automatic stay imposed under Bankruptcy Code Section 362(a) is hereby modified as necessary to (i) permit the CEXIM Borrowers to grant the CEXIM DIP Liens and to incur all of their liabilities and obligations to the CEXIM DIP Lender in accordance with the CEXIM DIP Facility and this Order, and (ii) authorize the CEXIM DIP Lender to extend credit and to retain and apply payments in accordance with the CEXIM DIP Facility Documents and this Order.

(f) Post-Petition Liens and Interests.

(1) Effective immediately upon the entry of this Order, the CEXIM DIP Lender is hereby granted the CEXIM DIP Liens pursuant to Sections 361 and 364(d) of the Bankruptcy Code, meaning a continuing, valid, binding, enforceable, non-avoidable and automatically perfected postpetition security interest and lien, which shall be *pari passu* to the CEXIM Liens and senior and superior in priority to the liens, security interests and claims of all

other secured and unsecured creditors of the CEXIM Borrowers' estates that are junior to the CEXIM Liens, in the Collateral as that term is defined in the CEXIM Security Agreement (together with the rights to the OIN CEXIM Deposit Account and the OIN CEXIM Deposit Account Proceeds granted in the following paragraph (2) below, the "CEXIM DIP Collateral").

(2) Effective immediately upon the entry of this Order, the CEXIM DIP Lender is hereby granted the right to share in the OIN CEXIM Deposit Account and the OIN CEXIM Deposit Account Proceeds on a *pari passu* basis with CEXIM, pursuant to Sections 361 and 364(d) of the Bankruptcy Code, meaning a continuing, valid, binding, enforceable, non-avoidable postpetition interest, which shall be *pari passu* to the CEXIM Liens and senior and superior in priority to the interests and claims of all other secured and unsecured creditors of the CEXIM Borrowers' estates and OIN's estates that are junior to the CEXIM Liens in the OIN CEXIM Deposit Account and the OIN CEXIM Deposit Account Proceeds in the Collateral as that term is defined in the CEXIM Security Agreement. The interests granted hereunder to the CEXIM DIP Lender in the OIN CEXIM Deposit Account and the OIN CEXIM Deposit Account Proceeds shall be treated as if such interests were liens and security interests under any plan of reorganization or liquidation filed in the Chapter 11 Cases.

(3) In no event shall any lien, right or security interest that is avoided and preserved for the benefit of the CEXIM Borrowers' estates or OIN's estate under Section 551 of the Bankruptcy Code, or any person or entity who pays (or through the extension of credit to the Borrowers, causes to be paid) any of the CEXIM DIP Obligations, be subrogated, in whole or in part, to any rights, remedies, claims, privileges, liens or security interests granted in favor of, or conferred upon the CEXIM DIP Lender by the terms of the CEXIM DIP Facility Documents or this Order, until such time as (i) all of the CEXIM DIP Obligations shall be indefeasibly paid in

full in cash in accordance with the CEXIM DIP Facility Documents and this Order, or (ii) all of the CEXIM DIP Obligations shall have been waived and released in accordance with the CEXIM DIP Facility Documents.

(g) CEXIM DIP Lien Priority. The CEXIM DIP Liens created and granted to the CEXIM DIP Lender herein (i) are created pursuant to Section 364(d) of the Bankruptcy Code, (ii) are valid, perfected, unavoidable and prior to all other interests other than the CEXIM Liens, (iii) rank *pari passu* to the CEXIM Liens and senior and superior in priority to the liens, security interests and claims of all other secured and unsecured creditors of the CEXIM Borrowers' estates that are junior to the CEXIM Liens and (iv) shall secure all CEXIM DIP Obligations. The CEXIM DIP Liens shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Chapter 11 Cases; and shall be valid and enforceable against any trustee appointed in the Chapter 11 Cases, upon the conversion of the Chapter 11 Cases to a case or cases under chapter 7 of the Bankruptcy Code or in any other proceedings related to any of the foregoing (any of the foregoing, a "Successor Case"), and/or upon the dismissal of the Chapter 11 Cases. The CEXIM DIP Liens shall not be subject to Sections 510, 549, 550 or 551 of the Bankruptcy Code.

(h) Superpriority Administrative Claim Status. All CEXIM DIP Obligations shall be an allowed superpriority administrative expense claim (the "CEXIM DIP Superpriority Claim") and, together with the CEXIM DIP Liens and the rights in the CEXIM DIP Collateral, including the right to use and apply the OIN CEXIM Deposit Account Proceeds towards satisfaction of the CEXIM DIP Obligations and the CEXIM Prepetition Obligations and CEXIM Adequate Protection Payments, the "CEXIM DIP Protections") with priority in the Chapter 11 Cases under Section 364(c)(1) of the Bankruptcy Code and otherwise over all administrative expense claims

and unsecured claims against the CEXIM Borrowers and their estates, now existing or hereafter arising, of any kind or nature whatsoever including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to Sections 105, 326, 328, 330 of the Bankruptcy Code, 331, 503(a), 503(b), 506(c), 507(a), 507(b), 726, 1113, and 1114 or any other provision of the Bankruptcy Code provided that the 507(b) Claims granted to CEXIM in the CEXIM Cash Collateral Order shall rank *pari passu* with the CEXIM DIP Superpriority Claims. No costs or expenses of administration, including, without limitation, professional fees allowed and payable under Bankruptcy Code Sections 328, 330, and 331, or otherwise, that have been or may be incurred in these proceedings, or in any Successor Case, and no priority claims are, or will be, senior to, prior to, or on a parity with the CEXIM DIP Protections or the CEXIM DIP Obligations, or with any other claims of the CEXIM DIP Lender arising hereunder.

3. Post-Petition Lien Perfection. This Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the CEXIM DIP Liens in the CEXIM DIP Collateral without the necessity of filing or recording any financing statement or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect the CEXIM DIP Liens or to entitle the CEXIM DIP Lender to the priorities and rights granted herein. Notwithstanding the foregoing, the CEXIM DIP Lender may, in its sole discretion, file such mortgages, ship mortgages, financing statements, control agreements, notices of liens and other similar documents, and is hereby granted relief from the automatic stay of Section 362 of the Bankruptcy Code in order to do so, and all such financing statements, mortgages, notices and other documents shall be deemed to have been executed, filed or recorded at the time and on the date of the entry of this Order. The

CEXIM Borrowers shall execute and deliver to the CEXIM DIP Lender all such mortgages, ship mortgages, financing statements, control agreements, notices of liens and other similar documents, as the CEXIM DIP Lender may reasonably request to evidence, confirm, validate or perfect, or to insure the contemplated priority of, the CEXIM DIP Liens granted pursuant hereto and the rights in the OIN CEXIM Deposit Account Proceeds granted herein. The CEXIM DIP Lender, in its discretion, may file a photocopy of this Order as a financing statement with any recording officer designated to file financing statements or with any registry of deeds or similar office in any jurisdiction in which the CEXIM Borrowers have real or personal property, and in such event, the subject filing or recording officer shall be authorized to file or record such copy of this Order. Each and every federal, state and local government agency or department may accept the entry by this Court of this Order as evidence of the validity, extent, enforceability, priority and perfection on the date of the entry of this Order of the CEXIM DIP Liens and the rights in the OIN CEXIM Deposit Account Proceeds granted herein and in the CEXIM DIP Facility Documents to or for the benefit of the CEXIM DIP Lender.

4. CEXIM DIP Collateral and Proceeds Rights. Unless (i) the CEXIM DIP Lender has provided its prior written consent (and no such consent shall be implied, from any other action, inaction or acquiescence by the CEXIM DIP Lender or an order of this Court), or (ii) the CEXIM DIP Facility Documents have been terminated and all CEXIM DIP Obligations have been indefeasibly paid in full in cash (or will be paid in full in cash upon entry of an order approving indebtedness described in subparagraph (a) below) and all commitments to lend have terminated, there shall not be entered in the Chapter 11 Cases, or in any Successor Cases, any order which authorizes any of the following:



(a) The obtaining of credit or the incurring of indebtedness that is secured by a security, mortgage, or collateral interest or other lien on all or any portion of the CEXIM DIP Collateral, the OIN CEXIM Deposit Account, the equity of the CEXIM Borrowers or proceeds thereof and/or entitled to priority administrative status which is equal or senior to those granted to the CEXIM DIP Lender other than in accordance with this Order and the Final Cash Collateral Order;

(b) The enforcement of the CEXIM DIP Liens on all or any portion of the CEXIM DIP Collateral;

(c) the enforcement of any claimed security, mortgage, or collateral interest or other lien of any person other than CEXIM (provided CEXIM obtains relief from the automatic stay imposed by Section 362 of the Bankruptcy Code) on all or any portion of the CEXIM DIP Collateral; or

(d) the enforcement of any lien of any person other than CEXIM (provided CEXIM obtains relief from the automatic stay imposed by Section 362 of the Bankruptcy Code) in the OIN CEXIM Deposit Account of any CEXIM Borrower or the proceeds thereof.

5. Commitment Termination Date. All CEXIM DIP Obligations of the CEXIM Borrowers to the CEXIM DIP Lender shall be immediately due and payable without notice or demand as set forth in the CEXIM DIP Facility (the “Commitment Termination Date”), including, but not limited to, the earliest to occur of:

(a) the maturity of the CEXIM DIP Facility in accordance with the terms thereof;

(b) Termination of the Final Cash Collateral Order or modification of the Final Cash Collateral Order to the detriment of the interests of the CEXIM DIP Lender, in its sole discretion;

(c) Conversion of the Chapter 11 Case of any CEXIM Borrower to a case under Chapter 7 of the Bankruptcy Code, without the consent of, and not at the request of the CEXIM DIP Lender;

(d) The appointment of a trustee appointed pursuant to Sections 1104(a)(1) and 1104(a)(2) of the Bankruptcy Code; and

(e) The making of any motion by CEXIM to lift the automatic stay to exercise any rights with respect to the CEXIM Liens.

6. Payment from Proceeds of CEXIM DIP Collateral. Net proceeds of all CEXIM DIP Collateral (including, for the avoidance of doubt, proceeds from receivables and sales in the ordinary course of business, insurance proceeds, and proceeds of all dispositions of CEXIM DIP Collateral, whether or not in the ordinary course) shall be deposited in the OIN CEXIM Deposit Account until otherwise distributed as permitted herein or otherwise with the approval of this Court. CEXIM shall not without the consent of the CEXIM DIP Lender and the approval of this Court:

(a) give notice to any insurance company or manager of any insurance pool instructing such company or manager to pay the proceeds of any policy insuring any CEXIM DIP Collateral to CEXIM or to any third party; or

(b) direct any third party to pay any proceeds or receivables of any CEXIM DIP Collateral to CEXIM or to any third party.

7. Disposition of CEXIM DIP Collateral. Except (i) as permitted in the CEXIM DIP Facility Documents and this Order or (ii) as otherwise authorized by this Court, the CEXIM Borrowers shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the CEXIM DIP Collateral, without the prior written consent of the CEXIM DIP Lender and

CEXIM (and no such consent shall be implied, from any other action, inaction or acquiescence by the CEXIM DIP Lender or CEXIM, or an order of this Court).

8. Rights and Remedies Upon Event of Default.

(a) If any Event of Default has occurred and is continuing, the CEXIM DIP Lender may, notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court, suspend the CEXIM DIP Facility with respect to additional Loans, whereupon any additional Loan shall be made or incurred in the CEXIM DIP Lender's sole discretion so long as such Event of Default is continuing.

(b) If any Event of Default has occurred and is continuing, the CEXIM DIP Lender may, notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court: (i) terminate the CEXIM DIP Facility with respect to any further Loans; (ii) declare all or any portion of the CEXIM DIP Obligations, including all or any portion of the Loans to be forthwith due and payable, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the CEXIM Borrowers; or (iii) subject to the limitations set forth in Section 8(c) below, exercise any rights and remedies provided to the CEXIM DIP Lender under the CEXIM DIP Facility Documents, this Order, or at law or equity, including all remedies provided under the Bankruptcy Code.

(c) In addition to the remedies described above and other customary remedies, any automatic stay otherwise applicable to the CEXIM DIP Lender is hereby modified so that upon the occurrence and during the continuance of an Event of Default, with the prior written consent of CEXIM and following the giving of five (5) business days' prior written notice to the CEXIM

Borrowers, counsel to the Committee and the U.S. Trustee, the CEXIM DIP Lender shall be entitled to:

(1) foreclose on all or any portion of the CEXIM DIP Collateral, collect accounts receivable and apply its *pari passu* share of the proceeds thereof in accordance with the terms of the CEXIM DIP Facility Documents and as permitted by applicable non-bankruptcy law or otherwise exercise remedies against the CEXIM DIP Collateral and as permitted by applicable non-bankruptcy law; and

(2) apply its *pari passu* share of any OIN CEXIM Deposit Account Proceeds to fulfill any and all CEXIM DIP Obligations as described herein;

provided, however, that the CEXIM DIP Lender reserves any and all rights to seek further authorization of this Court to foreclose upon the CEXIM DIP Collateral or apply the OIN CEXIM Deposit Account Proceeds without the prior written consent of CEXIM.

(d) Upon a foreclosure of the CEXIM DIP Collateral in accordance with the provisions herein, the CEXIM Borrowers shall use commercially reasonable efforts to assist the CEXIM DIP Lender in effecting a sale or other disposition of the CEXIM DIP Collateral upon such terms as are reasonably acceptable to the CEXIM DIP Lender.

(e) Subject to the terms of this Order, all proceeds realized from any of the foregoing shall be applied toward satisfaction of the CEXIM DIP Obligations and the CEXIM Prepetition Obligations and CEXIM Adequate Protection Payments, on a *pari passu* basis, in accordance with the terms of the CEXIM DIP Facility Documents, the CEXIM Facility Documents and this Order.

(f) Other Remedies. Nothing included herein shall prejudice, impair, or otherwise affect the CEXIM DIP Lender's right to seek any other or supplemental relief in respect of the

CEXIM Borrowers, or the CEXIM DIP Lender's rights, as provided in the CEXIM DIP Facility, to suspend or terminate providing any form or type of financial accommodation to the CEXIM Borrowers, including, without limitation, in relation to any of the Loans, the CEXIM DIP Obligations, or the CEXIM DIP Facility, in accordance with the terms of and to the extent provided for in the CEXIM DIP Facility Documents and in this Order.

9. Proofs of Claim. The CEXIM DIP Lender will not be required to file proofs of claim in the Chapter 11 Cases or any Successor Cases solely in respect of any claims arising under or related to the CEXIM DIP Obligations or other claims of the CEXIM DIP Lender arising under or related to the CEXIM DIP Facility Documents.

10. CEXIM Borrowers' Waivers. At all times during the Chapter 11 Cases, and whether or not an Event of Default has occurred, the CEXIM Borrowers irrevocably waive any rights that they may have to seek authority to (i) obtain post-petition loans or other financial accommodations pursuant to Section 364(c) or 364(d) of the Bankruptcy Code, other than from the CEXIM DIP Lender or as may be otherwise expressly permitted pursuant to the CEXIM DIP Facility Documents, (ii) challenge the application of any payments authorized by this Order as pursuant to Section 506(b) of the Bankruptcy Code or otherwise, or (iii) to seek relief under the Bankruptcy Code, including without limitation, under Section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of the CEXIM DIP Lender as provided in this Order and the CEXIM DIP Facility Documents or the CEXIM DIP Lender's exercise of such rights or remedies; provided, however, that the CEXIM DIP Lender may otherwise consent in writing in its sole discretion, but no such consent shall be implied from any other action, inaction, or acquiescence by the CEXIM DIP Lender or order of this Court.

11. Other Rights and Obligations.

(a) Good Faith Under Section 364(e) of the Bankruptcy Code; No Modification or Stay of this Order. Based on the findings set forth in this Order and in accordance with Section 364(e) of the Bankruptcy Code, which is applicable to the CEXIM DIP Facility and the Loans extended thereunder as contemplated by this Order, in the event any or all of the provisions of this Order are hereafter modified, amended or vacated by a subsequent order of this or any other court, the CEXIM DIP Lender is entitled to the protections provided in Section 364(e) of the Bankruptcy Code and no such modification, amendment or vacation shall affect the validity and enforceability of any advances made hereunder or lien or priority authorized or created hereby. Notwithstanding any such modification, amendment or vacation, any claim granted to the CEXIM DIP Lender hereunder arising prior to the effective date of such modification, amendment or vacation of any CEXIM DIP Protections granted to the CEXIM DIP Lender shall be governed in all respects by the original provisions of this Order, and the CEXIM DIP Lender shall be entitled to all of the rights, remedies, privileges and benefits, including the CEXIM DIP Protections granted herein, with respect to any such claim. Since the Loans made pursuant to the CEXIM DIP Facility are made in reliance on this Order, the obligations owed the CEXIM DIP Lender prior to the effective date of any stay, modification or vacation of this Order cannot, as a result of any subsequent order in the Chapter 11 Cases, or in any Successor Cases, be subordinated, lose its lien priority or superpriority administrative expense claim status, or be deprived of the benefit of the status of the liens and claims granted to the CEXIM DIP Lender under this Order and/or the CEXIM DIP Facility Documents.

(b) Binding Effect. The provisions of this Order shall be binding upon and inure to the benefit of the CEXIM DIP Lender, the CEXIM Borrowers, CEXIM and each of their

successors and assigns (including any trustee or other fiduciary hereinafter appointed as a legal representative of the CEXIM Borrowers or with respect to the property of the estates of the CEXIM Borrowers) whether in the Chapter 11 Cases, in any Successor Cases, or upon dismissal of any such Chapter 11 or Chapter 7 case, and shall be binding upon all parties-in-interest in the Chapter 11 Cases.

(c) No Waiver. The failure of the CEXIM DIP Lender to seek relief or otherwise exercise its rights and remedies under the CEXIM DIP Facility or this Order, as applicable, shall not constitute a waiver of any of its rights hereunder, thereunder, or otherwise. Notwithstanding anything herein, the entry of this Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair (i) the rights of the CEXIM DIP Lender under the Bankruptcy Code or under non-bankruptcy law or (ii) any of the rights, claims or privileges (whether legal, equitable or otherwise) of the CEXIM DIP Lender.

(d) No Third Party Rights. Except as explicitly provided for herein, this Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

(e) No Marshaling. The CEXIM DIP Lender shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the CEXIM DIP Collateral.

(f) Amendment. The CEXIM Borrowers and the CEXIM DIP Lender may amend or waive any provision of the CEXIM DIP Facility Documents, provided that such amendment or waiver, in the reasonable judgment of the CEXIM Borrowers and the CEXIM DIP Lender, is neither prejudicial to the rights of third parties nor material, and notice of such amendment or waiver is provided to the U.S. Trustee and the Committee; provided, further that any amendment

that is prejudicial to the rights of CEXIM shall require CEXIM's prior written consent or approval of this Court. Except as otherwise provided herein, no waiver, modification, or amendment of any of the provisions hereof shall be effective unless set forth in writing, signed by on behalf of the CEXIM Borrowers and the CEXIM DIP Lender and approved by this Court.

(g) Survival of Order. The provisions of this Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (i) confirming any plan of reorganization in the Chapter 11 Cases, (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (iii) dismissing the Chapter 11 Cases, and the terms and provisions of this Order as well as the CEXIM DIP Protections granted pursuant to this Order and the CEXIM DIP Facility Documents, shall continue in full force and effect notwithstanding the entry of such order, and such CEXIM DIP Protections shall maintain their priority as provided by this Order until all the obligations of the CEXIM Borrowers to the CEXIM DIP Lender pursuant to the CEXIM DIP Facility Documents and this Order are indefeasibly paid in full and discharged (such payment being without prejudice to any terms or provisions contained in the CEXIM DIP Facility Documents which survive such discharge by their terms).

(h) Inconsistency. In the event of any inconsistency between the terms and conditions of the CEXIM DIP Facility Documents and of this Order, the provisions of this Order shall govern and control.

(i) Enforceability. This Order shall constitute findings of fact and conclusions of law pursuant to the Bankruptcy Rule 7052 and shall take effect and be fully enforceable immediately upon entry of this Order.



(j) Financing Term. The authorization of the CEXIM Borrowers to obtain Loans from the CEXIM DIP Lender in accordance with the CEXIM DIP Facility Documents and this Order shall expire upon the Commitment Termination Date.

12. Jurisdiction. This Court shall retain jurisdiction over any and all matters arising from or related to the interpretation or implementation of this Order.

Dated: \_\_\_\_\_, 2013  
Wilmington, Delaware

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THE HONORABLE PETER J. WALSH  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit A**

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DELTA AFRAMAX CORPORATION, EPSILON AFRAMAX CORPORATION, FRONT  
PRESIDENT INC., MAPLE TANKER CORPORATION AND OAK TANKER  
CORPORATION  
(Borrowers)

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DEBTOR IN POSSESSION  
LOAN AGREEMENT

Dated as of January [\_\_], 2013

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OSG INTERNATIONAL, INC.  
(Lender)

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DEBTOR IN POSSESSION LOAN AGREEMENT (this “Agreement”) dated as of January [\_\_\_], 2013, among DELTA AFRAMAX CORPORATION (“Delta”), a corporation existing under the laws of the Marshall Islands and whose registered address is c/o The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands MH96960, EPSILON AFRAMAX CORPORATION (“Epsilon”), a corporation existing under the laws of the Marshall Islands and whose registered address is c/o The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands MH96960, FRONT PRESIDENT INC. (“Front”), a corporation existing under the laws of the Marshall Islands and whose registered address is c/o The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands MH96960, MAPLE TANKER CORPORATION (“Maple”), a corporation existing under the laws of the Marshall Islands and whose registered address is c/o The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands MH96960 and OAK TANKER CORPORATION (“Oak”), a corporation existing under the laws of the Marshall Islands and whose registered address is c/o The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands MH96960 (together with Delta, Epsilon, Front, and Maple, the “Borrowers”), and OSG INTERNATIONAL, INC. (the “Lender” and together with the Borrowers, the “Parties”), a corporation organized and existing under the laws of the Marshall Islands and whose registered address is c/o The Trust Company of the Marshall Islands, Trust Company Complex, Ajeltake Island, Ajeltake Road, Majuro, Marshall Islands MH96960.

The Lender has agreed subject to the terms contained herein to make loans available from time to time to the Borrowers. Accordingly the parties hereto agree as follows:

Section 1.        Definitions and Accounting Matters.

1.01.    Certain Defined Terms. As used herein, the following terms shall have the following meanings (all terms defined in the singular in this Section 1.01 or in other provisions of this Agreement to have the same meanings when used in the plural and vice versa):

“Applicable Rate” shall have the meaning assigned to such term in Section 3.02(a) hereof.

“Bankruptcy Code” shall mean Title 11 of the United States Code entitled “Bankruptcy” as now and hereafter in effect, or any successor statute.

“Bankruptcy Court” shall mean the United States Bankruptcy Court for the District of Delaware.

“Bankruptcy Rules” shall mean the Federal Rules of Bankruptcy Procedure, as now and hereafter in effect.

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York City.

“Cap” shall have the meaning assigned to such term in Section 2.01(a) hereof.

“CEXIM” shall mean the Export-Import Bank of China.

“CEXIM Cash Collateral Order” shall mean that certain Interim Order Pursuant to Debtors’ Motion for Interim and Final Orders under 11 U.S.C. §§ 105, 361, 363 and Fed.

R.Bankr. P. 4001, (I) Authorizing Debtors to Use Cash Collateral, (II) Granting Adequate Protection, and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b), entered by the Bankruptcy Court on November 20, 2012, and attached hereto as Exhibit B, or in the event a final order has been entered by the Bankruptcy Court with respect to the cash collateral matters described therein, such final order.

“CEXIM Facility” shall mean that certain Loan Agreement dated as of August 10, 2009, by and among the Borrowers, as Joint and Several Borrowers, the Export-Import Bank of China as Original Lender and Agent, and Overseas Shipholding Group, Inc. as Guarantor, as amended, restated, modified or supplemented from time to time.

“CEXIM Loan Documents” shall mean (i) the CEXIM Facility and (ii) all loan and security documents executed in connection therewith.

“CEXIM Prepetition Collateral” shall mean the collateral pledged by the Borrowers to secure their respective obligations pursuant to the CEXIM Loan Documents.

“Chapter 11 Cases” shall mean the voluntary petitions for relief filed on the Petition Date by the Parties under Chapter 11 of the Bankruptcy Code.

“Default” shall mean an Event of Default or an event which with notice or lapse of time or both would become an Event of Default.

“DIP Facility Documents” shall mean, collectively, this Agreement, the Notes and the Security Documents.

“Dollars” and “\$” shall mean lawful money of the United States of America.

“Event of Default” shall have the meaning assigned to such term in Section 7 hereof.

“Final Order” means an order of the Bankruptcy Court entered in the Chapter 11 Cases after a final hearing under Bankruptcy Rule 4001 approving this Agreement and the other DIP Facility Documents and authorizing the incurrence by the Borrowers of permanent post-petition secured and superpriority indebtedness in accordance with this Agreement, in form and substance satisfactory to the Lender in its sole discretion.

“Foreign Taxes” shall have the meaning assigned to such term in Section 5.02(a) hereof.

“Interest Payment Date” shall have the meaning assigned to such term in Section 3.02(a) hereof.

“Interest Period” shall mean, with respect to any Loan, a sixth month period, which for the initial Interest Period shall commence on the date such Loan is made and end on the next following Rollover Date, and which for every subsequent Interest Period shall end on the next following Rollover Date.

“Interest Rate” shall mean the “Applicable Rate”, as that term is defined in the CEXIM Facility, as in effect from time to time under the CEXIM Facility.

“Loans” shall mean the Loans provided for by Section 2.01(a) hereof.

“Note” shall mean the promissory note provided for by Section 2.02 hereof.

“OIN CEXIM Deposit Account” shall have the meaning assigned to such term in the CEXIM Cash Collateral Order.

“Person” shall mean any individual, corporation, company, voluntary association, partnership, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

“Petition Date” shall mean November 14, 2012.

“Pledge and Security Agreement” shall mean the Pledge and Security Agreement, dated as of the date hereof, by and among the Borrowers and the Lender, pursuant to which each pledgor thereunder grants a lien in favor of the Lender in certain collateral to secure the Borrowers’ obligations hereunder and under the Notes.

“Principal Repayment Date” shall mean December 31, 2014, or such later date as amended in compliance with section 8.03 of this Agreement.

“Rollover Date” means, in relation to each Loan, each January 21 and July 21 falling after the drawdown of such Loan and prior to the repayment or prepayment in full of such Loan under this Agreement.

“Security Documents” shall mean the Pledge and Security Agreement and any and all other documents, financing statements or instruments entered into or filed for the purpose of creating, validating or perfecting the Lender’s security interest in the Collateral (as defined in the Pledge and Security Agreement).

1.02. Accounting Terms and Determinations. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lender hereunder shall (unless otherwise disclosed to the Lender) be prepared, in accordance with generally accepted accounting principles as in effect from time to time.

## Section 2. Agreement to Lend.

2.01. Loans. (a) Subject to and upon the terms and conditions set forth herein, Lender agrees to make at any time prior to the Principal Repayment Date loans and advances (each a “Loan” and collectively “Loans”) to the Borrowers which Loans (i) shall bear interest in accordance with Section 3.02 herein, and (ii) shall be denominated in Dollars in each case, provided that at no time shall the aggregate principal amount of all outstanding Loans, excluding, for the avoidance of doubt, any amount added to principal in accordance with Section 3.02(a) herein, exceed \$15,000,000.00 (“Cap”).

(b) Any Borrower wishing to borrow a Loan hereunder shall request an amount to be paid pursuant to this Agreement by giving notice to the Lender two (2) Business Days prior to the Business Day on which the requested Loan is to be made. Such notice shall include the requested date for the Loan, the amount, and the account of the relevant Borrower into which the amount of the Loan is to be deposited. The Lender shall make the amount of any Loan available to the relevant Borrower by depositing the same in immediately available funds in such account. When mutually agreed, this notice may be given less than two (2) Business Days prior to the Business Day on which the requested Loan is to be made.

(c) The Borrowers shall use any and all amounts borrowed under this facility for payments as required under and in accordance with the Final Order and the CEXIM Cash Collateral Order.

2.02. Note. Each Loan made by the Lender shall be evidenced by a single promissory note executed by the relevant Borrower substantially in the form of Exhibit A hereto (the “Note”), dated the date of the delivery of such Note to the Lender under this Agreement, payable to the Lender in a principal amount equal to the aggregate amount of such Note, subject to the Cap. The date, amount and interest rate of each Loan made by the Lender, and each payment made on account of the principal or interest thereof, and each addition of interest to the principal thereof in accordance with Section 3.02 herein, shall be recorded by the Lender on its books (which shall be the sole source of reference for the determination of the amounts owed to the Lender at any point in time), and, prior to any transfer of the Note, endorsed by the Lender on the schedule attached to the Note or any continuation thereof.

2.03. Prepayment.

(a) No Voluntary Prepayment. Voluntary prepayment of all or any portion of one or more of the outstanding Loans by the Borrowers is not permitted.

(b) Mandatory Prepayment. If there shall at any time occur a payment of principal of any one or more Loans other than at the normal maturity date for such payment (whether in part or in whole, and whether by acceleration or otherwise), any amount paid shall be applied first to the payment of all interest then accrued and unpaid on the Loan or Loans being prepaid, and the balance of the amount being paid shall then be applied to principal outstanding on such Loan(s).

2.04. Ranking; Security.

(a) The liens and security interests granted to the Lender under the Security Documents shall have the senior status afforded by Section 364(c) and (d) of the Bankruptcy Code, but shall be *pari passu* with the liens granted to CEXIM in the CEXIM Prepetition Collateral and the replacement liens granted to CEXIM in the CEXIM Cash Collateral Order, as more fully provided in, and subject to, the Final Order.

(b) The obligations of the Borrowers under the DIP Facility Documents are joint and several and shall constitute superpriority administrative claims in the Chapter 11 Cases, as more fully provided in the Final Order. Except as expressly set forth herein, in the CEXIM Cash Collateral Order or in the Final Order, no other claim having a priority superior or pari passu to that granted to the obligations under the DIP Facility Documents shall be granted or approved.

Section 3. Payments of Principal and Interest.

3.01. Repayment of Loans. The Borrowers hereby promise to pay to the Lender the aggregate principal of the outstanding Loan(s) on the Principal Repayment Date.

3.02. Interest.



(a) Subject to Section 2.03 herein, the Borrowers shall pay to the Lender interest on the unpaid principal amount of each outstanding Loan for the period from and including the date such Loan shall be made, to but excluding the date such Loan shall be paid in full (or in part), at a rate which may vary for each Loan, and from Interest Period to Interest Period, and which shall be equal to the Interest Rate, as in effect for the Loan and for the applicable Interest Period or Interest Periods plus 1.00% (the “Applicable Rate”). Accrued interest on the Loan(s) shall be payable on the last day of each applicable Interest Period and on the date of any prepayment of principal (such payment date, the “Interest Payment Date”), in each case unless otherwise agreed to by Lender and the Borrowers; provided that, notwithstanding the foregoing, in the event that there are insufficient funds available in the OIN CEXIM Deposit Account on any Interest Payment Date for the Borrowers to pay all or a portion of the interest owed on such date to the Lender in accordance with paragraph [3(b)] of the CEXIM Cash Collateral Order, all or such portion of the interest with respect to such Interest Period, as applicable, shall be added on such Interest Payment Date to the aggregate principal outstanding amount of such Loan (and amounts so added shall thereafter be deemed to be part of the principal amount of the Loans for all purposes hereof, except for calculation of the Cap).

(b) Promptly after the determination by the Lender of any interest rate provided for in this Agreement or any Note, or any change therein, the Lender shall give notice thereof to the Borrowers.

3.03. Option to extend. In the event that the Borrowers have not emerged from these Chapter 11 proceedings by the Principal Repayment Date, the Borrowers shall have an option to extend the terms of this Agreement for a reasonable time, subject to the written consent of the Lender, which consent shall not be unreasonably withheld. For avoidance of doubt, the option to extend is subject to the terms and conditions of section 8.03 of this Agreement.

#### Section 4. Payments; Notices, Computations; Etc.

##### 4.01. Payments.

(a) Except to the extent otherwise provided herein, all payments of principal, interest and other amounts to be made by the Borrowers under this Agreement and the Notes shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Lender at an account designated by the Lender in New York City, not later than 1:00 p.m. local time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

(b) Except as otherwise herein specifically provided, if the due date of any payment under this Agreement or the Notes would otherwise fall on a day which is not a Business Day, the due date shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case the due date shall be on the next preceding Business Day.

4.02. Computations. Interest on Loans shall be computed on the basis of a year of 360 days and actual days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

4.03. Certain Notices. The Borrowers shall, at the time of making each payment under this Agreement or the Notes, specify to the Lender the Loan(s) or other amounts payable by the relevant Borrower hereunder to which such payment is to be applied (and, in the event that the relevant Borrower fails to so specify, or if an Event of Default has occurred and is continuing, the Lender may apply such payment in such manner as it may reasonably determine to be appropriate). Such notices by a Borrower to the Lender shall be irrevocable and shall be effective only if received by the Lender two (2) Business Days prior to the Business Day on which the prepayment is to be made unless a shorter period is mutually agreed to by Borrower and Lender.

## Section 5. Illegality.

5.01. Illegality. If, on or after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Lender, or, as the case may be, by the Borrowers, with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible (i) for the Lender to make, continue or maintain any Loan, or (ii) for the Borrowers to pay to the Lender in Dollars amounts due to the Lender, when and as required under the DIP Facility Documents, the Lender shall forthwith give notice thereof to the Borrowers, whereupon the obligation of the Lender to make, continue or maintain the Loan shall be suspended, and (with respect to a continuing Loan) the relevant Borrowers shall, on the last day of the then current Interest Period, prepay the Loan, unless prior to such date for prepayment the Lender shall notify the Borrowers that the circumstances giving rise to such suspension no longer exist. Notwithstanding the date specified above for prepayment, if, under the circumstances contemplated in this Section 5.01, the Lender shall in its discretion determine that the Lender may be harmed by any delay in the prepayment, the Lender may so notify the Borrowers and the relevant Borrowers shall thereupon forthwith prepay the Loan.

5.02. Foreign Taxes. The Borrowers agree that:

(a) Tax Payments. The Borrowers will pay when due all present and future income, stamp and other taxes and levies, imposts, deductions, charges and withholdings whatsoever imposed, assessed, levied or collected by any nation or state or any political subdivision or taxing authority thereof or therein (other than a jurisdiction in which the Lender's office is located or in which the Lender is subject to tax by reason of activities unrelated to the execution and performance of this Agreement and the receipt of payments hereunder, but only if such tax is imposed by reason of activities of the Lender within said jurisdiction other than the receipt or the payment of amounts payable hereunder within said jurisdiction), together with interest thereon and penalties, fines and surcharges with respect thereto, if any, on or in respect of this Agreement, the Loans or the Notes, or the registration, notarization or other formalization

of this Agreement or the Notes and any payments made on, under or in respect of this Agreement, the Loans or the Notes (herein called “Foreign Taxes”).

(b) Indemnification. The Borrowers will indemnify the Lender against, and reimburse the Lender upon demand for, any Foreign Taxes paid by the Lender (such demand to be accompanied by appropriate evidence of payments) and any loss, liability, claim or expense (including interest, penalties, fines, surcharges and legal fees) which the Lender incurs at any time by reason of any failure of the Borrowers to make any payment of Foreign Taxes when due. If the Lender shall claim indemnification or reimbursement under this Section 5.02(b), it shall furnish to the Borrowers a certificate setting forth in reasonable detail the amount(s) to be paid by the Borrowers, which certificate shall, in the absence of manifest error, be conclusive of the Lender’s right to indemnification or reimbursement.

(c) Payments Free and Clear. All amounts payable by the Borrowers to or for the account of the Lender under the DIP Facility Documents shall be made free and clear of and without reduction by reason of any Foreign Taxes, all of which will be for the account of the relevant Borrower and paid in full when due by the relevant Borrower (notwithstanding that such Foreign Taxes may, as a matter of law, be imposed on the Lender). In the event that a Borrower is required by applicable law, decree or regulation to deduct or withhold Foreign Taxes from any amounts payable on, under or in respect of the DIP Facility Documents, the relevant Borrower shall make the required deduction or withholding, promptly pay the amount of such Foreign Taxes to the appropriate taxing authorities and pay to the Lender such additional amounts as may be required, after the deduction or withholding of Foreign Taxes on such additional amounts, to enable the Lender to receive from the relevant Borrower on the due date thereof an amount equal to the amount stated to be payable to the Lender under the DIP Facility Documents had such Foreign Taxes not been imposed. Nothing in this Section 5.02 shall limit the ability of the Borrowers to contest, but only with the consent of the Lender (if such contest is brought in the name of the Lender) and in good faith and by appropriate proceedings, the imposition of any Foreign Taxes on any amounts payable under or in respect of the DIP Facility Documents; provided, that this sentence shall not in any way limit the payment obligations of the Borrowers in respect of Foreign Taxes as set forth in this Section 5.02.

(d) Evidence of Tax Payments. Without in any way affecting the Borrowers’ obligations under the preceding provisions of this Section 5.02, the relevant Borrower agrees to furnish the Lender, within thirty (30) days after the date of each payment under the DIP Facility Documents subject to Foreign Taxes, the originals or certified copies of all tax receipts obtainable by such Borrower in respect of each payment, deduction or withholding of Foreign Taxes required to be made under applicable laws or regulations. If no such official tax receipts are obtainable by such Borrower, such Borrower shall furnish to the Lender a certificate setting forth the amount of each payment of Foreign Taxes made by such Borrower.

## Section 6. Conditions Precedent.

6.01. Initial Loan. The effectiveness of this Agreement and the obligation of the Lender to make its initial Loan hereunder is subject to:

(a) the receipt by the Lender of each DIP Facility Document, duly completed, executed and delivered and such other documents or opinions as the Lender or its counsel may reasonably request, each of which shall be satisfactory in form and substance to the Lender and in full force and effect; and

(b) the entry of the Final Order by the Bankruptcy Court.

6.02. Initial and Subsequent Loans. The obligation of the Lender to make any Loan to the Borrowers upon the occasion of each borrowing hereunder is subject to the further condition precedents that:

(a) both immediately prior to such Loan and also after giving effect thereto, no Default shall have occurred and be continuing;

(b) a Marshall Islands mortgage with respect to each Vessel (as defined in the Pledge and Security Agreement) that constitutes Collateral (as defined in the Pledge and Security Agreement) shall have been recorded in accordance with the laws of the Republic of the Marshall Islands, so as to constitute a preferred mortgage lien under Marshall Islands law and a foreign preferred mortgage under Chapter 313 of Title 46 of the United States Code (46 U.S.C. §§ 31301 et seq.), with such mortgages being pari passu with the liens granted to CEXIM in the CEXIM Prepetition Collateral and the replacement liens granted to CEXIM in the CEXIM Cash Collateral Order; and

(c) the Final Order shall be in full force and effect, shall not have been reversed, vacated or stayed and shall not have been amended, supplemented or otherwise modified absent compliance with section 8.03 of this Agreement.

Section 7. Events of Default. If one or more of the following events (each, an “Event of Default”) shall occur and be continuing:

(a) the Borrowers shall default in the payment when due of any principal of any Loan; or

(b) the Final Order or the CEXIM Cash Collateral Order is terminated or such order is modified to the detriment of the interests of the Lender, as determined in its sole discretion;

(c) the Chapter 11 Case of any Borrower is converted to a case under Chapter 7 of the Bankruptcy Code, without the prior written consent of the Lender; or

(d) a trustee is appointed in the Chapter 11 Cases pursuant to sections 1104(a)(1) and 1104(a)(2) of the Bankruptcy Code; or

(e) any motion is filed by CEXIM or any other person in the Chapter 11 Cases seeking to lift the automatic stay to exercise any rights with respect to the CEXIM Prepetition Collateral without the prior written consent of the Lender, such consent to be provided in the Lender’s sole discretion;

THEREUPON: in the case of an Event of Default the Lender may, by notice to the Borrowers, declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrowers hereunder and under the Notes to be forthwith due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrowers, and the Lender may enforce any and all liens and security interests created pursuant to the Final Order and the Security Documents or other rights of the Lender under the Final Order and the Security Documents in accordance with the terms thereof. In addition to the remedies set forth above, the Lender may exercise any other remedies provided for by the DIP Facility Documents and the Final Order in accordance with the terms thereof or any other remedies provided by applicable law. Notwithstanding anything to the contrary in this Agreement, Lender may only enforce the liens and security interests created pursuant to the Final Order and the Security Documents and other rights of the Lender under the Final Order, the DIP Facility Documents and the Security Documents as permitted by the terms and conditions of the Final Order.

Section 8. Miscellaneous.

8.01. Waiver. No failure on the part of the Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under any of the DIP Facility Documents or the Final Order shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the DIP Facility Documents or the Final Order preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

8.02. Notices. All notices and other communications provided for herein (including without limitation, any modifications of, or waivers or consents under, this Agreement or the other DIP Facility Documents) shall be given or made by e-mail, telex, telecopy, telegraph, cable or in writing and e-mailed, telexed, telecopied, telegraphed, cabled, mailed or delivered to the intended recipient at the "Address for Notices" specified below its name on the signature page hereof; or, as to either party, at such other address as shall be designated by such party in a notice to the other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by e-mail, telex or telecopier, delivered to the telegraph or cable office or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

8.03. Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be amended or modified or waived only by an instrument in writing signed by the Parties; provided that no amendment, modification or waiver that is materially adverse to CEXIM's rights under the CEXIM Cash Collateral Order or Final Order shall be made without CEXIM's prior written consent or as otherwise directed by the Court. For avoidance of doubt, any amendment to increase the Cap in section 2.01 of this Agreement shall be made only with CEXIM's prior written consent or as otherwise directed by the Court.

8.04. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.05. Assignments. Except as otherwise provided, neither any of the Borrowers nor the Lender may assign its rights or obligations under any of the DIP Facility Documents without the prior written consent of the other Parties.

8.06. Survival. The obligations of the Borrowers under Section 5 hereof shall survive the repayment of the Loan and the termination of this Agreement.

8.07. Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

8.08. Counterparts. This Agreement may be executed in counterparts, each of which taken together shall constitute one and the same instrument and either of the parties hereto may execute this Agreement by signing a counterpart.

8.09. Governing Law; Submission to Jurisdiction.

(a) This Agreement and the Note shall be governed by, and construed in accordance with, the law of New York.

(b) All judicial proceedings brought against any party hereunder arising out of or relating to this Agreement or any other Basic Document, or any of the obligations hereunder or thereunder shall be brought in either (i) the Bankruptcy Court, or (ii) the United States District Court for the District of Delaware, or if that court does not have subject matter jurisdiction, in any New York State Court sitting in New York City. Each Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

(c) Each Borrower hereby irrevocably appoints [OSG Ship Management, Inc. 666 Third Avenue, New York, New York 10017,] as its agent to receive, on behalf of such Borrower and its property, service of process which may be served in any such legal proceedings. Such service may be made by mailing or delivering a copy of such process to such Borrower in care of the Process Agent at the Process Agent's above address, and such Borrower hereby irrevocably authorizes and directs the Process Agent to accept such service on such Borrower's behalf. As an alternative method of service, each Borrower also irrevocably consents to the service of any and all process in any such legal proceedings by the mailing of such process to such Borrower at its address referred to in Section 8.02 hereof. Nothing in this Section 8.09 shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

Borrowers

DELTA AFRAMAX CORPORATION

By: \_\_\_\_\_  
Title: Senior Vice President,  
Treasurer & Comptroller

Address for Notices:  
666 Third Avenue  
New York, New York 10017

Telecopier No.: (212) 578-1832  
Telephone No.: (212) 578-1839  
Attention: Secretary

EPSILON AFRAMAX CORPORATION

By: \_\_\_\_\_  
Title: Senior Vice President,  
Treasurer & Comptroller

Address for Notices:  
666 Third Avenue  
New York, New York 10017

Telecopier No.: (212) 578-1832  
Telephone No.: (212) 578-1839  
Attention: Secretary

FRONT PRESIDENT INC.

By: \_\_\_\_\_  
Title: Senior Vice President,  
Treasurer & Comptroller

Address for Notices:  
666 Third Avenue  
New York, New York 10017

Telecopier No.: (212) 578-1832  
Telephone No.: (212) 578-1839  
Attention: Secretary

MAPLE TANKER CORPORATION

By: \_\_\_\_\_  
Title: Senior Vice President,  
Treasurer & Comptroller

Address for Notices:  
666 Third Avenue  
New York, New York 10017

Telecopier No.: (212) 578-1832  
Telephone No.: (212) 578-1839  
Attention: Secretary

**OAK TANKER CORPORATION**

By: \_\_\_\_\_  
Title: Senior Vice President,  
Treasurer & Comptroller

Address for Notices:  
666 Third Avenue  
New York, New York 10017

Telecopier No.: (212) 578-1832  
Telephone No.: (212) 578-1839  
Attention: Secretary

The Lender

**OSG INTERNATIONAL, INC.**

By: \_\_\_\_\_  
Title: Senior Vice President,  
and Secretary

Address for Notices:  
666 Third Avenue  
New York, New York 10017

Telecopier No.: (212) 578-1991  
Telephone No.: (212) 578-1870  
Attention: Secretary



**PROMISSORY NOTE**

Up to \$ \_\_\_\_\_, 20\_\_

New York, New York

FOR VALUE RECEIVED, [NAME OF BORROWER]., a New York corporation (the “Note Borrower”), hereby promises to pay to OSG INTERNATIONAL, INC., (the “Lender”), at its principal offices in New York, New York the principal sum of up to \_\_\_\_\_ DOLLARS (or such lesser amount as shall equal the aggregate unpaid principal amount of the Loans made by the Lender to all Borrowers under the Agreement), in lawful money of the United States of America and in immediately available funds, on the date or dates provided in or pursuant to the Agreement, to pay interest on the unpaid principal amount of each such Loan, at such office, in like money and funds, for the period commencing on the date of such Loan until such Loan shall be paid in full, at the rates per annum and on the dates provided in the Agreement and to pay any and all other sums required under the Agreement to be paid, at such office, in like money and funds on the dates provided in the Agreement.

The date, amount and interest rate of each Loan made by the Lender to the Note Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books (which shall be the sole source of reference for the determination of the amounts owed to the Lender at any point in time) and, prior to any transfer of this Note, endorsed by the Lender on the schedule attached hereto or any continuation thereof.

This Note is the Note referred to in that certain Debtor in Possession Loan Agreement (as modified and supplemented and in effect from time to time, the “Agreement”) dated as of [\_\_\_\_\_], 2013, by and among the Note Borrower, the other Borrowers party thereto and the Lender and evidences Loans made by the Lender thereunder. Capitalized terms used in this Note have the respective meanings assigned to them in the Agreement.

The Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein.

The Note Borrower’s obligations under this Note are secured under the terms of the Security Documents and the Final Order.

Except as permitted by Section 8.05 of the Agreement, this Note may not be assigned by the Lender to any other Person.

This Note shall be governed by, and construed in accordance with, the law of the State of New York.

[NAME OF BORROWER]

By: \_\_\_\_\_  
Title: Senior Vice President  
Treasurer & Comptroller

## SCHEDULE OF LOAN PAYMENTS

This Note evidences Loans made or continued under the within described Agreement to the Note Borrower, on the dates, in the principal amounts and bearing interest at the rates set forth below, subject to the payments of interest as set forth below:

<u>Date</u> Made or Continued	<u>Principal</u> Amount of Loan	<u>Interest Rate</u>	<u>Interest</u> Amount Paid or PIK	<u>Unpaid</u> Principal Amount	<u>Notation</u> Made by
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**Exhibit B**

## PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT (this "Agreement") dated as of January [ ], 2013, is entered into between DELTA AFRAMAX CORPORATION, a corporation organized under the laws of the Marshall Islands ("Delta" and a "Grantor"); EPSILON AFRAMAX CORPORATION, a corporation organized under the laws of the Marshall Islands ("Epsilon" and a "Grantor"); FRONT PRESIDENT INC., a corporation organized under the laws of the Marshall Islands ("Front" and a "Grantor"); MAPLE TANKER CORPORATION, a corporation organized under the laws of the Marshall Islands ("Maple" and a "Grantor"); and OAK TANKER CORPORATION, a corporation organized under the laws of the Marshall Islands ("Oak" and a "Grantor", and collectively, with Delta, Epsilon, Front and Maple, the "Grantors"), and OSG INTERNATIONAL, INC., a corporation organized under the laws of the Marshall Islands (the "Secured Party").

### R E C I T A L S

WHEREAS, the Grantors and the Secured Party are parties to the Debtor in Possession Loan Agreement, dated as of the date hereof, (as amended, restated, or otherwise modified from time to time, the "DIP Loan Agreement"), pursuant to which the Secured Party has agreed to make certain revolving loans to the Grantors; and

WHEREAS, the obligation of the Secured Party to extend such credit is conditioned upon, among other things, the execution and delivery by each Grantor of a Security Agreement in the form hereof pursuant to which such Grantor grants a security interest in the Collateral (as defined below), to the Secured Party to secure the Secured Obligations (as defined below);

NOW, THEREFORE, in consideration of any loan, advance or other financial accommodation heretofore or hereafter made to the Grantors under or pursuant to the DIP Loan Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### Section 1.     Definitions.

Capitalized terms used in this Agreement and not otherwise defined herein will have the meanings assigned to them in the DIP Loan Agreement. All terms defined in the UCC (as defined herein) and not defined in this Agreement or in the DIP Loan Agreement have the meanings specified therein. The term "Instrument" shall have the meaning specified in Article 9 of the UCC. As used in this Agreement, the following terms have the respective meanings set forth below:

"Account" means (i) any "Account" as such term is defined in the UCC, (ii) to the extent not already included in (i), any claims of, or amounts payable to, a Grantor for or in relation to the use or operation of the Vessel listed opposite such Grantor's name on Schedule A hereto, including freight, hire and passage moneys, money payable to such Grantor for the provision of services by or from such Vessel or under any charter commitment, requisition for hire compensation, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach and payments for termination or variation of any charter commitment, and (iii) to the extent not already included in (i), any policies and contracts of insurance and all entries in a protection and indemnity or war risks or other mutual insurance association in respect of or in connection with such Grantor's Vessel.

"Agreement" means this Security Agreement.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Delaware.

"Collateral" has the meaning assigned to such term in Section 2.

“CEXIM” shall mean The Export-Import Bank of China.

“CEXIM Cash Collateral Order” shall mean that certain Final Order Pursuant to Debtors’ Motion for Interim and Final Orders under 11 U.S.C. §§ 105, 361, 363 and Fed. R. Bankr. P. 4001, (I) Authorizing Debtors to Use Cash Collateral, (II) Granting Adequate Protection, and (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(b), entered by the Bankruptcy Court on January 24, 2013.

“CEXIM Loan Documents” means (i) the Loan Agreement, dated as of August 10, 2009, between Delta, Epsilon, Front, Maple and Oak, collectively as Borrowers, and The Export-Import Bank of China, as the Lender, as amended by the Loan Agreement Amendment Agreement dated as of September 18, 2009 and the Loan Agreement Amendment Agreement dated as of December 28, 2011 (as further amended, restated, supplemented or otherwise modified from time to time) and (ii) all other loan and security documents executed in connection therewith.

“Deposit Account” means (i) any “Deposit Account” as such term is defined in the UCC and (ii) to the extent not included in (i), the Deposit Accounts specified in Schedule B hereto.

“Equipment” means (i) any “Equipment” as such term is defined in the UCC and (ii) to the extent not included in (i), any Vessel.

“Final DIP Order” means an order of the Bankruptcy Court entered in the Chapter 11 Cases after a final hearing under Bankruptcy Rule 4001 approving this Agreement and the other DIP Facility Documents and authorizing the incurrence by the Borrowers of permanent post-petition secured and superpriority indebtedness in accordance, in form and substance satisfactory to the Lender in its sole discretion.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Lien” includes any pledge, hypothecation, assignment, lien, charge, claim, security interest, option, preference, priority or other preferential arrangement of any kind or nature whatsoever.

“DIP Facility Documents” shall mean, collectively, this Agreement, the Notes and the DIP Loan Agreement.

“DIP Loan Agreement” has the meaning assigned to such term in the recitals of this Agreement.

“Note” shall mean the promissory note provided for by the DIP Loan Agreement.

“Replacement Liens” has the meaning assigned to such term in the CEXIM Cash Collateral Order.

“Secured Obligations” means (a) the due and punctual payment of the principal and interest on the loans, when and as due (whether at stated maturity, by acceleration or otherwise), and all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise, of the Grantors to the Secured Party under the DIP Loan Agreement and the Notes, (b) the due and punctual performance, when and as due, of all covenants, agreements, obligations and liabilities of the Grantors to the Secured Party under the DIP Loan Agreement and the Notes and (c) all obligations of each Grantor under this Agreement.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York.

“Vessel” means each vessel listed in Schedule A hereto, which is registered in the name of the relevant Grantor, and any other vessel acquired by a Grantor after the date hereof.

Section 2. Security Interest. (a) As collateral security for the prompt payment and performance in full when due of the Secured Obligations, each Grantor hereby grants to the Secured Party a security interest in all of such Grantor’s right, title and interest in the following property, whether now owned by such Grantor or hereafter acquired and whether now existing or hereafter coming into existence (all being collectively referred to in this Agreement as “Collateral”):

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Deposit Accounts and any amounts contained therein;
- (iv) all Documents;
- (v) all Equipment;
- (vi) all General Intangibles, including all Payment Intangibles;
- (vii) all Goods;
- (viii) all Instruments;
- (ix) all Inventory;
- (x) all Investment Property;
- (xi) all Supporting Obligations;
- (xii) all books and records pertaining to the Collateral; and

(xiii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all supporting obligations, collateral security and guarantees given by any person with respect to any of the foregoing;

PROVIDED, HOWEVER, that (i) any of the foregoing shall be included in Collateral only to the extent such asset secures any obligation under the CEXIM Loan Documents or under the CEXIM Cash Collateral Order and (ii) the security interest in the Collateral created hereby shall be pari passu with the liens granted by the Grantors to secure any obligations under the CEXIM Loan Documents and the CEXIM Cash Collateral Order in accordance with the CEXIM Cash Collateral Order and the Final DIP Order.

(b) Each Grantor hereby irrevocably authorizes the Secured Party to file in any relevant jurisdiction any financing statements with respect to the Collateral or any part thereof and amendments thereto that (i) indicate the Collateral as all assets of such Grantor or words of similar effect as being of an equal or lesser scope or with greater detail, and (ii) contain the information required by Article 9 of the UCC or the analogous legislation of each applicable jurisdiction for the filing of any financing statement or amendment.

(c) The security interest granted hereunder is granted as security only and shall not subject the Secured Party to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

Section 3. Representations and Warranties. Each Grantor represents and warrants to the Secured Party as of the date hereof, which representations and warranties will be deemed repeated on each day on which such Grantor delivers Collateral hereunder:

(a) Duly Organized. Such Grantor has been duly organized and is validly existing and in good standing under the laws of the jurisdiction of its organization, with, subject to the entry by the Bankruptcy Court of the Final DIP Order, power and authority to execute, deliver and perform its obligations under this Agreement, including all documents executed in connection herewith.

(b) Power; Authority; Consent. Subject to the entry by the Bankruptcy Court of the Final DIP Order, such Grantor has the power and authority to grant a security interest in the Collateral in the manner hereby done or contemplated and will defend its title or interest thereto or therein against any and all Liens (other than (A) the security interest granted hereunder, (B) any security interest granted in accordance with the terms of the DIP Loan Agreement, (C) any security interests granted or required to be granted under the CEXIM Loan Documents, (D) any security interests granted or required to be granted in accordance with the CEXIM Cash Collateral Order or (E) any Liens that arise by operation of law), however arising, of all Persons whomsoever.

(c) No Litigation. No unstayed litigation or administrative proceeding of or before any court, tribunal or governmental body is currently pending, or to its knowledge threatened, against such Grantor or any of its properties or with respect to this Agreement which, if decided adversely, would have a reasonable likelihood of resulting in a material adverse effect on the transactions contemplated by this Agreement.

(d) Grantor's Name, Legal Status and Location. (i) such Grantor's exact legal name is that indicated in the introductory statement to this Agreement and is the exact name as it appears in such Grantor's organizational documents as filed with such Grantor's jurisdiction of organization and on the signature page hereof, (ii) such Grantor is an organization of the type and is organized solely in the jurisdiction set forth in the introductory statement to this Agreement, and (iii) the address of such Grantor's office for notice purposes is c/o OSG Ship Management, Inc., 666 Third Avenue, New York, NY 10017.

(e) Ownership and Liens. Except for (A) the security interest granted hereunder, (B) any security interest granted in accordance with the terms of the DIP Loan Agreement, (C) any security interests granted or required to be granted under the CEXIM Loan Documents and (D) any security interest granted or required to be granted in accordance with the CEXIM Cash Collateral Order, such Grantor (i) is the sole legal and beneficial owner of the Collateral in which a security interest is granted by it hereunder, (ii) holds the same free and clear of all Liens (other than any such Liens that arise by operation of law), and (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, such Collateral, other than pursuant hereto.

Section 4. Further Assurances.

(a) Each Grantor agrees that from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver all further mortgages, instruments and documents, and take all further action that may be necessary or reasonably desirable, or that the Secured Party may request, or that may be required under the Final DIP Order, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing,

each Grantor will: (i) execute and record such mortgages, instruments or notices, as may be necessary or reasonably desirable, or as the Secured Party may request, in order to perfect and preserve the security interests granted or purported to be granted hereby, including by executing and recording, in accordance with the laws of the Republic of the Marshall Islands, a Marshall Islands mortgage in form and substance satisfactory to the Secured Party with respect to the Vessel opposite such Grantor's name on Schedule A hereto; provided, however, such Marshall Islands mortgage shall be pari passu with the liens granted to CEXIM in the CEXIM Prepetition Collateral and the Replacement Liens granted to CEXIM pursuant to the CEXIM Cash Collateral Order; and (ii) appear in and defend any action or proceeding that may affect such Grantor's title to or the Secured Party's security interest in the Collateral.

(b) Each Grantor hereby authorizes the Secured Party to file one or more financing statements that comply with Section 2(b) of this Agreement or continuation statements, and amendments thereto, or any documents of similar import, relative to all or any part of the Collateral.

Section 5. Covenants of the Grantors.

(a) Change in Grantor's Name, Legal Status and Location. Each Grantor agrees to furnish to the Secured Party at least 15 days prior written notice of any of the following: (i) a change in such Grantor's legal name from that indicated in the introductory statement to this Agreement and in such Grantor's organizational documents as filed with such Grantor's jurisdiction of organization; (ii) a change in such Grantor's organizational legal entity designation from that indicated in the introductory statement to this Agreement; (iii) a change in such Grantor's jurisdiction of organization from that indicated in the introductory statement to this Agreement, (iv) a change in the location of such Grantor's office for notice purposes from that indicated in Section 3(d) hereof or (v) a change in its organizational identification number. Each Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or other applicable law in any applicable jurisdiction that are required in order for the Secured Party to continue at all times following such change to have a valid, legal and perfected, security interest in the Collateral.

(b) No Other Filings. Without the prior written consent of the Secured Party, no Grantor shall, after the date hereof, file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Secured Party is not named as the sole secured party, other than any financing statements or like instruments required and authorized to be filed under the CEXIM Loan Documents and the CEXIM Cash Collateral Order.

(a) Other Liens. Each Grantor shall advise the Secured Party promptly, in reasonable detail, of any Lien of which it has knowledge (other than (A) the security interest granted hereunder, (B) any security interest granted in accordance with the terms of the DIP Loan Agreement, and (C) any security interests granted or required to be granted under the CEXIM Loan Documents or the CEXIM Cash Collateral Order) on any Collateral that would adversely affect, in any material respect, the ability of the Secured Party to exercise any of its remedies hereunder.



Section 6. Remedies. The Secured Party will have (i) all of the rights and remedies of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights and remedies are asserted), (ii) all of the rights and remedies of a holder of a preferred mortgage lien under the laws of the Republic of the Marshall Islands and (iii) such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies under this Agreement may be asserted. Notwithstanding the foregoing, the Secured Party shall not take any action in respect of its rights described herein absent the prior written consent of CEXIM or an order of the Bankruptcy Court, in accordance with the Final DIP Order.

Section 7. Application of Proceeds.

(a) Subject to the terms of the DIP Loan Agreement and the Final DIP Order, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, as well as any Collateral consisting of cash, will be applied by the Secured Party:

(i) First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Secured Party, including the fees and expenses of its agents and counsel, and all expenses incurred and advances made by the Secured Party in connection therewith;

(ii) Next, to the payment in full of the Secured Obligations in such order as the Secured Party will determine in its sole discretion; and

(iii) Finally, to the payment to the Grantors or as the Bankruptcy Court may direct, of any surplus then remaining.

(b) If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 6 are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Grantor will remain liable for any deficiency.

Section 8. Attorney-in-Fact. Each Grantor hereby appoints the Secured Party as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Secured Party's discretion to take any action and to execute any instrument that the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement. This appointment as attorney-in-fact is irrevocable until this Agreement has terminated.

Section 9. Reimbursement of the Secured Party; Indemnification of the Secured Party.

(a) The Grantors agree to pay to the Secured Party the amount of any and all reasonable expenses, including reasonable fees, other charges and disbursements of its counsel and of any experts or agents, that the Secured Party may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral in accordance with the terms hereof, (iii) the exercise or enforcement of any of the rights of the Secured Party hereunder or (iv) the failure by any Grantor to perform or observe any of the provisions hereof applicable to it.

(b) Without limitation of its indemnification obligations under the DIP Loan Agreement, each Grantor agrees to indemnify the Secured Party and any agents of the Secured Party (each, an "Indemnitee" and together, the "Indemnitees") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, other charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in

any way connected with, or as a result of the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby.

(c) Any amounts payable as provided hereunder will be additional Secured Obligations secured hereunder. The provisions of this Section 9 will remain operative and in full force and effect regardless of the termination of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Secured Obligations, the invalidity or unenforceability of any term or provision of this Agreement or the DIP Loan Agreement or any investigation made by or on behalf of the Secured Party. All amounts due under this Section 9 will be payable in accordance with the Final DIP Order and will bear interest at the rate specified in Section 3.02 of the DIP Loan Agreement.

Section 10. Responsibilities of the Secured Party.

(a) Other than the exercise of reasonable care in the custody and preservation of the Collateral, the Secured Party will have no additional duties with respect to any Collateral, including with respect to any matter or proceedings arising out of or relating to the Collateral. The Secured Party will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property.

(b) In exercising or refraining from exercising its rights hereunder, the Secured Party will not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any agent or bailee selected by the Secured Party in good faith.

(c) The Secured Party may consult with legal counsel, and will be fully protected in taking, or omitting to take, any action in good faith reliance thereon.

(d) Neither the Secured Party nor any of its directors, officers, employees, agents or counsel will be liable for any action lawfully taken or omitted to be taken by it or them hereunder or in connection herewith, except for their own gross negligence or willful misconduct, and the Secured Party will not be liable for any error of judgment made by it in good faith.

Section 11. Termination; Release; Reinstatement.

(a) This Agreement and the security interests granted hereby will terminate when all the Secured Obligations have been indefeasibly paid in full and the Secured Party has no further commitment to lend under the DIP Loan Agreement.

(b) Upon any sale or other transfer by Grantor of any Collateral that occurs in accordance with the Final DIP Order, or, upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to the DIP Loan Agreement, the security interest in such Collateral will be automatically released.

(c) In connection with any termination or release pursuant to this Section 11, the Secured Party will execute and deliver to each Grantor, at each such Grantor's sole expense, all documents that such Grantor will reasonably request to evidence such termination or release, in each case without recourse, representations or warranties of any kind.

Section 12. Miscellaneous.

(a) Notices. All notices and other communications provided for herein shall be made in accordance with Section 8.02 of the DIP Loan Agreement.

(b) No Waiver; Cumulative Remedies. No failure by the Secured Party to exercise, and no delay by the Secured Party in exercising, any right, remedy, power or privilege hereunder will operate as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by applicable law.

(c) Amendments, Etc. No amendment or waiver of any provision of this Agreement and no consent to any departure by any Grantor therefrom, will be effective unless in writing signed by the Secured Party and each Grantor, provided that no amendment, waiver or consent to departure that is materially adverse to CEXIM's rights under the CEXIM Cash Collateral Order or Final DIP Order shall be made without CEXIM's prior written consent or as otherwise directed by the Court, and each such waiver or consent will be effective only in the specific instance and for the specific purpose for which given.

(d) Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the respective successors and assigns of each Grantor and the Secured Party (provided, however, that no Grantor will assign or transfer its rights or obligations under this Agreement without the prior written consent of the Secured Party).

(e) Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts, all of which taken together will constitute one and the same instrument and either of the parties hereto may execute this Agreement by signing any such counterpart; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signatures are physically attached to the same document. Delivery of an executed counterpart of this Agreement by telefacsimile will be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also will deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart will not affect the validity, enforceability, or binding effect hereof.

(f) **GOVERNING LAW.** THIS AGREEMENT WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAWS PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

(g) Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement will not be affected or impaired thereby and (ii) the parties will endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

[REMAINING SPACE INTENTIONALLY LEFT BLANK;  
SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

DELTA AFRAMAX CORPORATION, as a Grantor

By: \_\_\_\_\_  
Name: Lois Zabrocky  
Title: Vice President

EPSILON AFRAMAX CORPORATION, as a Grantor

By: \_\_\_\_\_  
Name: Lois Zabrocky  
Title: Vice President

FRONT PRESIDENT, INC., as a Grantor

By: \_\_\_\_\_  
Name: James I. Edelson  
Title: Secretary

MAPLE TANKER CORPORATION, as a Grantor

By: \_\_\_\_\_  
Name: James I. Edelson  
Title: Secretary

OAK TANKER CORPORATION, as a Grantor

By: \_\_\_\_\_  
Name: James I. Edelson  
Title: Secretary

OSG INTERNATIONAL, INC., as the Secured Party

By: \_\_\_\_\_  
Name: James I. Edelson  
Title: Vice President

Schedule A  
Vessels

<b>Grantor (Vessel Owner)</b>	<b>Vessel Name</b>	<b>Flag Registry</b>	<b>Official No.</b>
Delta	Overseas Yellowstone	Marshall Islands	3322
Epsilon	Overseas Yosemite	Marshall Islands	3450
Front	Overseas Everest	Marshall Islands	3712
Maple	Overseas McKinley	Marshall Islands	4111
Oak	Overseas Kilimanjaro	Marshall Islands	4159

Schedule B  
Deposit Accounts

<b>Grantor (Account Name)</b>	<b>Account Number</b>	<b>Account Bank</b>	<b>Currency</b>
Delta	000176729	HSBC Bank USA, National Association	U.S. Dollars
Epsilon	000176737	HSBC Bank USA, National Association	U.S. Dollars
Front	000176745	HSBC Bank USA, National Association	U.S. Dollars
Maple	000176753	HSBC Bank USA, National Association	U.S. Dollars
Oak	000176761	HSBC Bank USA, National Association	U.S. Dollars