

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

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

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

CLEARY GOTTLIEB STEEN & HAMILTON LLP

James L. Bromley (*admitted pro hac vice*)
Luke A. Barefoot (*admitted pro hac vice*)
Jane VanLare (*admitted pro hac vice*)
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000
Facsimile: (212) 225-3999

- and -

MORRIS NICHOLS, ARSHT & TUNNELL LLP

Derek C. Abbott (No. 3376)
Daniel B. Butz (No. 4227)
William M. Alleman, Jr. (No. 5449)
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19801
Telephone: (302) 658-9200
Facsimile: (302) 658-3989

Counsel for the Debtors and Debtors in Possession

Dated: March 7, 2014

TABLE OF CONTENTS

	Page
ARTICLE I DEFINED TERMS AND RULES OF INTERPRETATION	2
1.1 Defined Terms.....	2
1.2 Exhibits to the Plan.....	18
1.3 Rules of Interpretation and Computation of Time.....	18
ARTICLE II CLASSIFICATION OF CLAIMS AND OLD EQUITY INTERESTS.....	19
2.1 Unclassified Claims Against All Debtors.....	20
2.2 Classification of Claims Against All Debtors and Old Equity Interests in OSG.....	20
ARTICLE III TREATMENT OF CLAIMS AND EQUITY INTERESTS	21
3.1 Unclassified Claims.....	21
3.2 Treatment of Claims.....	23
3.3 Special Provision Regarding Unimpaired Claims	27
ARTICLE IV ACCEPTANCE OR REJECTION OF THE PLAN.....	28
4.1 Impaired Classes of Claims Entitled to Vote.....	28
4.2 Acceptance by an Impaired Class	28
4.3 Presumed Acceptances by Unimpaired Classes.....	28
4.4 Presumed Citizenship.....	28
4.5 Elimination of Vacant Classes; Deemed Acceptance by Non-Voting Classes.....	28
4.6 Conversion or Dismissal of Certain of the Chapter 11 Cases.....	29
4.7 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.....	29
ARTICLE V MEANS FOR IMPLEMENTATION OF THE PLAN	29
5.1 General Settlement of Claims and Interests.....	29
5.2 Corporate Existence.....	29
5.3 Reconciliation of IRS Claims	29
5.4 Issuance of the Plan Securities.....	30
5.5 Transfer Restrictions.....	30
5.6 Issuance of the Reorganized OSG Jones Act Warrants.....	30
5.7 Payment of Consenting Lender Fees and Expenses.....	31
5.8 [Intentionally removed].....	31
5.9 Post-Confirmation Property Sales.....	31
5.10 Letter of Credit	31
5.11 Effectuating Documents; Further Transactions	31
5.12 Liquidation of Certain Debtors	32
5.13 Restructuring Transactions	32
5.14 Exit Financing	33

TABLE OF CONTENTS

(continued)

	Page
5.15 Secured Vessels.....	33
5.16 Revesting of Assets.....	33
5.17 Guarantees.....	33
5.18 Closing of the Chapter 11 Cases.....	33
5.19 Corporate Governance, Directors, and Officers.....	34
5.20 Cancellation of Notes, Instruments and Debentures.....	34
5.21 Exemption from Registration.....	34
5.22 Intercompany Claims and Intercompany Equity Interests.....	35
5.23 Intercompany Account Settlement.....	35
ARTICLE VI RIGHTS OFFERING.....	36
6.1 Rights Exercise Form.....	36
6.2 Issuance of Subscription Rights.....	36
6.3 Transfer Restriction.....	37
6.4 Subscription Period and Mailing.....	37
6.5 Exercise of Subscription Rights.....	37
6.6 Subscription Commitment Procedures.....	39
6.7 Issuance of Rights Offering Shares and Rights Offering Warrants.....	39
ARTICLE VII PROVISIONS GOVERNING DISTRIBUTIONS.....	39
7.1 Distributions for Claims Allowed as of the Effective Date.....	39
7.2 Postpetition Interest on Claims Against Debtors.....	40
7.3 Disbursing Agent.....	40
7.4 Delivery of Distributions and Undeliverable or Unclaimed Distributions.....	40
7.5 Distribution Record Date.....	41
7.6 Cash Payments.....	42
7.7 Limitation on Recovery.....	42
7.8 Withholding and Reporting Requirements.....	42
7.9 Setoffs.....	43
7.10 No Fractional Shares or Warrants.....	43
7.11 Hart-Scott-Rodino Compliance.....	43
ARTICLE VIII TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	43
8.1 Assumption, Rejection and Assignment of Executory Contracts and Unexpired Leases.....	43
8.2 Cure of Defaults of Assumed Executory Contracts and Unexpired Leases.....	44
8.3 Objections to Rejection, Assumption, Assignment or Cure.....	45
8.4 Reservation of Rights.....	46
8.5 Compensation and Benefit Programs.....	47

TABLE OF CONTENTS
(continued)

	Page
8.6 Preexisting Obligations to the Debtors Under Rejected Contracts.....	48
8.7 Subsequent Modifications, Amendments, Supplements or Restatements.....	48
ARTICLE IX PROCEDURES FOR RESOLVING DISPUTED CLAIMS.....	49
9.1 Resolution of Disputed Claims.....	49
9.2 No Distributions Pending Allowance	49
9.3 Distributions on Account of Disputed Claims Once They Are Allowed	49
9.4 Estimation of Claims.....	49
9.5 Disputed Claims Reserve.....	50
9.6 No Amendments to Claims.....	51
9.7 No Late-Filed Claims.....	51
ARTICLE X CONFIRMATION AND CONSUMMATION OF THE PLAN.....	52
10.1 Conditions to Confirmation	52
10.2 Conditions to Effective Date	52
10.3 Waiver of Conditions.....	53
10.4 Notice of Effective Date	53
10.5 Consequences of Non-Occurrence of Effective Date	53
ARTICLE XI EFFECT OF PLAN CONFIRMATION.....	54
11.1 Binding Effect; Plan Binds All Holders of Claims and Equity Interests.....	54
11.2 Revesting of Assets.....	54
11.3 Releases and Related Injunctions.....	54
11.4 Discharge of Claims	56
11.5 Preservation of Rights of Action.....	57
11.6 Exculpation and Limitation of Liability	57
11.7 Injunction.....	58
11.8 Term of Bankruptcy Injunction or Stays	58
11.9 Termination of Subordination Rights and Settlement of Related Claims.....	59
ARTICLE XII RETENTION OF JURISDICTION.....	59
ARTICLE XIII MISCELLANEOUS PROVISIONS.....	61
13.1 Effectuating Documents and Further Transactions	61
13.2 Authority to Act	61
13.3 Insurance Preservation.....	61
13.4 Exemption from Transfer Taxes	61
13.5 Bar Dates for Administrative Expense Claims	62
13.6 Administrative Claims Reserve	62
13.7 Payment of Statutory Fees	63

TABLE OF CONTENTS

(continued)

	Page
13.8 Amendment or Modification of the Plan	63
13.9 Severability of Plan Provisions	63
13.10 Successors and Assigns	63
13.11 Subordinated Claims	64
13.12 Revocation, Withdrawal, or Non-Consummation	64
13.13 Notice.....	64
13.14 Governing Law.....	66
13.15 Tax Reporting and Compliance.....	66
13.16 Fees and Expenses.....	66
13.17 No Admissions	66
13.18 Dissolution of Committee	66
13.19 Filing of Additional Documents.....	67

PLAN EXHIBITS

- Exhibit A Amended and Restated Certificate of Incorporation and By-Laws of Reorganized OSG
- Exhibit B List of Officers and Directors of Reorganized Debtors
- Exhibit C Executory Contracts and Unexpired Leases Rejected by the Debtors
- Exhibit D Admiralty Lien Claims
- Exhibit E Personal Injury Claims
- Exhibit F Rights Offering Procedures
- Exhibit G Executory Contracts and Unexpired Leases Assumed and Assigned by the Debtors
- Exhibit H Liquidating Debtors
- Exhibit I Disputed Claims and Amounts Reserved for Disputed Claims
- Exhibit J Preserved Causes of Action
- Exhibit K Form of Registration Rights Agreement
- Exhibit L Form of Notice of Proposed Sale, Transfer, Assignment or Pledge of Subscription Rights
- Exhibit M Form of Notice of Sale, Transfer, Assignment or Pledge of Subscription Rights

INTRODUCTION

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

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

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

ARTICLE I DEFINED TERMS AND RULES OF INTERPRETATION

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

1145 Cap has the meaning set forth in the Rights Offering Procedures.

7.500% Notes means those 7.5% unsecured notes due 2024 issued by OSG pursuant to that certain indenture, dated February 19, 2004, between OSG and the 7.500% Notes Trustee, having an outstanding principal balance as of the Petition Date of \$148,707,083.00.

7.500% Notes Claims means Claims arising under the 7.500% Notes, including, for the avoidance of doubt, any applicable overdue interest at the applicable contractual rates and the reasonable fees and expenses of the 7.500% Notes Trustee, including with respect to post-Effective Date distributions.

7.500% Notes Trustee means Wilmington Trust Company, as indenture trustee for the 7.500% Notes, or any duly appointed successor thereto.

8.125% Notes means those 8.125% unsecured notes due 2018 issued by OSG pursuant to that certain indenture, dated March 29, 2010, between OSG and the 8.125% Notes Trustee, having an outstanding principal balance as of the Petition Date of \$302,979,167.00.

8.125% Notes Claims means Claims arising under the 8.125% Notes, including, for the avoidance of doubt, any applicable overdue interest at the applicable contractual and default rates and the reasonable fees and expenses of the 8.125% Notes Trustee, including with respect to post-Effective Date distributions.

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

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

8.75% Debentures means those 8.75% unsecured debentures due 2013 issued by OSG pursuant to that certain indenture, dated December 1, 1993, between OSG and the 8.75% Debentures Trustee, having an outstanding principal balance as of the Petition Date of \$66,122,827.00.

8.75% Debentures Claims means Claims arising under the 8.75% Debentures, including, for the avoidance of doubt, any applicable overdue interest at the applicable contractual rates and the reasonable fees and expenses of the 8.75% Debentures Trustee, including with respect to post-Effective Date distributions.

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

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

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

Administrative and Disputed Claims Agent means Greylock Partners LLC.

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

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

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

Admiralty Lien Claims means those claims listed on Exhibit D attached hereto.

Affiliate has the meaning set forth in section 101(2) of the Bankruptcy Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CEXIM Claims means Claims arising under the CEXIM Loan Agreement.

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

CEXIM DIP Order means the Order (1) Approving Post-Petition Financing, (2) Granting Liens And Providing Superpriority Administrative Expense Claim Status Pursuant To 11 U.S.C. §§ 363 And 364, And (3) Modifying Automatic Stay Pursuant To 11 U.S.C. § 362, entered by the Bankruptcy Court on February 5, 2013 (D.I. 461).

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

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

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

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

Citizenship Affidavit means an affidavit of citizenship used to certify the status as a U.S. Citizen of a Holder of Claims or Equity Interests for purposes of distributions of Reorganized OSG Stock and Reorganized OSG Jones Act Warrants pursuant to the Plan.

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

Claims Agent means KCC.

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

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

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

Commitment Parties means the Credit Agreement Lenders party to the Equity Commitment Agreement.

Commitment Premium Shares and Warrants means Rights Offering Shares or Rights Offering Warrants issued in satisfaction of the Commitment Premium, as defined in the Equity Commitment Agreement.

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

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

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

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

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

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

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

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

Credit Agreement Claims means Claims arising under the Credit Agreement, which shall be Allowed in the aggregate amount of \$1,490,261,803, plus (i) interest at the contractual default rate and (ii) the reasonable fees and expenses of the Credit Agreement Agent and the Credit Agreement Lenders incurred through the Effective Date not previously paid by the Debtors pursuant to the Plan Support Agreement Approval Order, the Equity Commitment Agreement Approval Order, or as Allowed Administrative Expense Claims, including with respect to post-Effective Date distributions.

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

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

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

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

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

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

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

Disputed Claim means a Claim, or any portion thereof, that (i) has not been Scheduled by the Debtors or has been Scheduled at zero, or has been Scheduled as contingent, unliquidated, disputed or undetermined and for which, in each case, no proof of claim has been timely Filed, (ii) has been asserted in excess of the amount Scheduled or at a different priority than Scheduled, (iii) is the subject of a Filed objection or request for estimation and which objection or request for estimation has not been withdrawn or overruled by a Final Order, (iv) is a Subordinated Claim and/or (v) is otherwise disputed by the Debtors, including, without

limitation, those Claims listed on Exhibit I, which dispute has not been withdrawn, resolved or overruled by a Final Order.

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

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

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

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

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

DSF Claims means Claims arising under the DSF Loan Agreement.

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

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

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

DTC means The Depository Trust Company.

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

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

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

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

Equity Commitment means the obligation of the Commitment Parties severally and not jointly, to subscribe for and purchase, or cause one or more of their Affiliates to subscribe for and purchase, on the Effective Date, the Rights Offering Shares or Rights Offering Warrants in the Oversubscription Rights Offering in accordance with such Commitment Parties' equity commitment obligations set forth in the Equity Commitment Agreement.

Equity Commitment Agreement means that certain equity commitment agreement, dated as of February 28, 2014, by and among the Debtors and the Commitment Parties, filed as an exhibit to the Debtors' Motion for an Order Authorizing the Debtors' Entry Into and Performance Under an Equity Commitment Agreement (D.I. 2540), as amended from time to time in accordance with the terms thereof.

Equity Commitment Agreement Approval Order means the Order Granting Debtors' Motion for an Order (I) Authorizing the Debtors to (A) Enter Into and Perform Under the Equity Commitment Agreement Pursuant to a Proposed Plan of Reorganization, (B) Commence a Rights Offering, and (C) Pay Certain Related Fees and Expenses; and (II) Approving the Rights Offering Procedures (D.I. [__]).

Equity Interest means any equity interest or related proxy, in any of the Debtors represented by duly authorized, validly issued and outstanding shares of preferred stock or common stock, stock appreciation rights, membership interests, partnership interests, or any other instrument evidencing a present ownership interest, inchoate or otherwise, in any of the Debtors, or right to convert into such an equity interest or acquire any equity interest of the Debtors, whether or not transferable, or an option, warrant or right, contractual or otherwise, to acquire any such interest, which was in existence prior to or on the Petition Date.

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

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

Exhibit means an exhibit annexed to this Plan.

Exit Financing means the *New OSG Exit Facility* and the *New OSG Exit Revolver*.

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

Final Order means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for re-argument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for re-argument or rehearing are then pending; or as to which any right to appeal, petition for certiorari, reargue, or rehear has been waived in writing in form and substance satisfactory to the Debtors or the Reorganized Debtors; provided, however, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under

the Bankruptcy Rules, may be Filed with respect to such order shall not preclude such order from being a Final Order.

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

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

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

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

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

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

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

Initial Subscription Securities has the meaning set forth in the Equity Commitment Agreement.

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

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

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

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

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

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

KCC means Kurtzman Carson Consultants LLC.

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

LOC Collateral has the meaning set forth in Section 5.10 of this Plan.

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

MARAD means the United States Maritime Administration.

Management and Director Incentive Program means the management and director incentive program to be determined by the Reorganized OSG Board, in form and substance reasonably satisfactory to the Requisite Consenting Lenders, pursuant to which the Reorganized OSG Board may distribute to certain members of Reorganized OSG's senior management up to ten percent (10%) of the Reorganized OSG Stock on a fully diluted basis over the lifetime of the Plan.

New OSG Exit Facility means the secured term loan facility in principal amount of \$735 million to be entered into by the Reorganized Debtors as of and subject to the occurrence of the Effective Date in form and substance consistent with the Plan Support Agreement and reasonably satisfactory to the Requisite Consenting Lenders.

New OSG Exit Revolver means a secured revolving credit facility in principal amount of \$200 million to be entered into by the Reorganized Debtors as of and subject to the occurrence of the Effective Date in form and substance consistent with the Plan Support Agreement and reasonably satisfactory to the Requisite Consenting Lenders.

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

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

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

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

OBS means OSG Bulk Ships, Inc.

OIN means OSG International, Inc.

Old Equity Interests means all Equity Interests in OSG.

OSG means Overseas Shipholding Group, Inc.

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

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

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

Oversubscription Rights has the meaning set forth in the Rights Offering Procedures.

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

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

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

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

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

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

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

Plan Securities means securities to be issued pursuant to the Plan, including Reorganized OSG Stock, Reorganized OSG Jones Act Warrants (and the Reorganized OSG Stock issuable upon exercise thereof) and the Subscription Rights.

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

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

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

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

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

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

Pro Rata means, with respect to any Allowed Claim, the proportion that such Allowed Claim (in U.S. dollars or U.S. Dollar Equivalent) bears to the aggregate (in U.S. dollars or U.S. Dollar Equivalent) of all Allowed Claims in the applicable Class, provided, for the avoidance of doubt, that each Creditor that holds an Allowed Claim against multiple Debtors arising out of the same liability shall be entitled to a single recovery under the Plan on account of such collective Allowed Claims.

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

Professional Fees Bar Date means the Business Day which is sixty (60) days after the Effective Date or such other date as approved by order of the Bankruptcy Court.

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

Professional Liability Action means any claims asserted against Proskauer Rose LLP and certain individual defendants in connection with certain credit agreements and the tax consequences of those agreements under Section 956 of the Internal Revenue Code that are the subject of adversary proceeding 13-52492 (Bankr. D. Del.) or such other proceeding as may be commenced against Proskauer Rose LLP or its current or former partners or members by the Debtors.

PSA/ECA Professional Expenses means the Allowed reasonable fees and expenses of the Credit Agreement Agent, the Consenting Lenders and the Commitment Parties payable pursuant to the Plan Support Agreement and the Equity Commitment Agreement.

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

Registration Rights Agreement means the registration rights agreement providing for customary registration rights for the Reorganized OSG Stock and Reorganized OSG Jones Act Warrants (including any shares of Reorganized OSG Stock issued upon the exercise of Reorganized OSG Jones Act Warrants), covering registration of securities owned by affiliates of Reorganized OSG, to be effective on the Effective Date, binding on those parties as set forth in such agreement filed as Exhibit K, and in form and substance reasonably satisfactory to the Debtors and the Requisite Consenting Lenders.

Reinstated means (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Equity Interest entitles the Holder of such Claim or Equity Interest so as to leave such Claim or Equity Interest not Impaired or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim or Equity Interest to demand or receive accelerated payment of such Claim or Equity Interest after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim or Equity Interest as such maturity existed before such default; (iii) compensating the Holder of such Claim or Equity Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim or Equity Interest arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim or Equity Interest (other than the Debtor or an insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim or Equity Interest entitles the Holder.

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

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

Related Person means, with respect to any Person, such Person's predecessors, successors, assigns and present and former Affiliates (whether by operation of law or otherwise)

and for each of the foregoing: (a) each of their present or former directors and officers, and any Person claiming by or through them; and (b) each of their respective members, partners, equity-holders, officers, directors, employees, representatives, advisors, attorneys, notaries (pursuant to the laws of the United States and any other jurisdiction), auditors, agents and professionals, in each case acting in such capacity, and any Person claiming by or through any of them.

Release has the meaning set forth in Section 11.3 of this Plan.

Released Parties means (i) each of the Debtors, (ii) the Committee, (iii) the Credit Agreement Lenders, (iv) the Credit Agreement Agent, (v) the Notes Trustees, and (vi) each of the respective Related Persons of each of the foregoing.

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

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

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

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

Reorganized OSG Jones Act Warrants means warrants with an exercise price of U.S. \$0.01 issued by Reorganized OSG to those Holders of Claims and Old Equity Interests that are Foreign Holders but are otherwise entitled to receive Reorganized OSG Stock under the Plan, which shall be in form and substance reasonably satisfactory to the Requisite Consenting Lenders.

Reorganized OSG Stock means common stock issued by Reorganized OSG at par value \$0.01 per share, which shall be in form and substance reasonably satisfactory to the Requisite Consenting Lenders.

Requisite Commitment Parties has the meaning set forth in the Equity Commitment Agreement.

Requisite Consenting Lenders has the meaning set forth in the Plan Support Agreement.

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

Restructuring Transaction has the meaning set forth in Section 5.13 of this Plan.

Rights Exercise Form has the meaning set forth in Section 6.1 of this Plan.

Rights Offering means the Initial Rights Offering and the Oversubscription Rights Offering.

Rights Offering Agent means KCC.

Rights Offering Expiration Date has the meaning set forth in Section 6.1 of this Plan.

Rights Offering Procedures means the procedures required to be followed by the Credit Agreement Lenders to validly exercise their Subscription Rights, attached as Exhibit A to the Equity Commitment Agreement, the terms of which are approved by the Bankruptcy Court, which are subject to amendment in accordance with Section 6.5(c) hereof.

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

Rights Offering Shares means any shares of Reorganized OSG Stock that are the subject of the Rights Offering.

Rights Offering Warrants means any of the Reorganized OSG Jones Act Warrants that are the subject of the Rights Offering.

Satisfied Noteholder Claims means the 8.75% Debentures Claims.

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

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

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

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

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

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

Securities Act means the Securities Act of 1933, as amended.

Subordinated Claim means any Claim against any Debtor which is subordinated pursuant to section 510(b) or (c) of the Bankruptcy Code.

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

Subscription Commitment Percentage has the meaning set forth in the Rights Offering Procedures.

Subscription Rights means the rights granted to the Credit Agreement Lenders to purchase the Rights Offering Shares or Rights Offering Warrants, as the case may be, in the Initial Rights Offering and the Oversubscription Rights Offering, which rights shall include, for the avoidance of doubt and unless otherwise specified, the Oversubscription Rights.

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

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

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

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

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

U.S. Citizen means, in accordance with the meaning used in the Jones Act, (i) an individual who is a citizen of the United States; (ii) an association, trust, joint venture, or other entity if (x) each of its trustees or its members is a citizen of the United States, (y) at least 75% of the interest is owned by citizens of the United States, and (z) it is capable of holding title to a vessel under the laws of the United States or a State; (iii) a partnership if (x) each general partner

is a citizen of the United States; and (y) at least 75% of the interest in the partnership is owned by citizens of the United States; (iv) a corporation if (w) it is incorporated under the laws of the United States or a State, (x) its chief executive officer, by whatever title, and the chairman of its board of directors are citizens of the United States, (y) no more of its directors are noncitizens than a minority of the number necessary to constitute a quorum, and (z) at least 75% of the interest in the corporation is owned by citizens of the United States determined as follows: (1) title to at least 75% of the stock of the corporation is vested in citizens of the United States free from any trust or fiduciary obligation in favor of a person not a citizen of the United States; (2) at least 75% of the voting power in the corporation is vested in citizens of the United States; (3) there is no contract or understanding by which more than 25% of the voting power in the corporation may be exercised, directly or indirectly on behalf of a person not a citizen of the United States; and (4) there is no other means by which control of more than 25% of any interest in the corporation is given to or permitted to be exercised by a person not a citizen of the United States.

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

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

Voting Deadline means 4:00 p.m. (Pacific Time) on [May 15,] 2014.

Voting Record Date means [April 11,] 2014.

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

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

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

(b) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release or other agreement or document being in a particular form or on

particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

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

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

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

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

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

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

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

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

ARTICLE II CLASSIFICATION OF CLAIMS AND OLD EQUITY INTERESTS

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

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

2.1 Unclassified Claims Against All Debtors

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

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

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

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

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

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

D5	Other Unsecured Claims	Unimpaired	Deemed to Accept
E1	Subordinated Claims and Old Equity Interests in OSG	Impaired	Entitled to Vote

(a) **Unimpaired Classes of Claims** (deemed to have Accepted this Plan and, therefore, not entitled to vote on this Plan under section 1126(f) of the Bankruptcy Code).

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

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

- (x) Class D1: Class D1 consists of Credit Agreement Claims.
- (xi) Class E1: Class E1 consists of all Subordinated Claims and Old Equity Interests in OSG.

ARTICLE III TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.1 Unclassified Claims

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

(i) *Professional Fees.* All final fee applications for Professional Fee Claims for services rendered during or in connection with the Chapter 11 Cases shall be Filed with the Bankruptcy Court and served on the Administrative and Disputed Claims Agent and its

counsel, and the U.S. Trustee (844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Mark Kenney, Esq.) no later than the Professional Fees Bar Date. If the Administrative and Disputed Claims Agent and any Professional cannot agree on the amount of fees and expenses to be paid to such Professional, the reasonableness of any such fees and expenses shall be determined by the Bankruptcy Court. Holders of Professional Fees Claims that are required to File and serve applications for final allowance of their Professional Fees Claims and that do not File and serve such applications by the applicable deadline shall be forever barred from asserting such Professional Fees Claims against the Debtors, Reorganized Debtors or their respective properties, and such Professional Fees Claims shall be deemed discharged as of the Effective Date. Objections to any Professional Fees Claims must be Filed and served on Reorganized OSG and its counsel, the United States Trustee and the requesting party no later than fifteen (15) days (or such longer period as may be allowed by the Administrative and Disputed Claims Agent or by order of the Bankruptcy Court) after the date on which an application for final allowance of such Professional Fees Claims was Filed and served.

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

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

action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person.

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

3.2 Treatment of Claims

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

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

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

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

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

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

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

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

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

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

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class B1 Claim is Allowed on the Effective Date or otherwise the date on which such Class B1 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class B1 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of the Requisite Consenting Lenders: (x) Cash equal to the amount of such Allowed Class B1 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class B1 Claim shall have agreed upon in writing; or (z) such other treatment such that the applicable Allowed Class B1 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

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

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

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

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class B2 Claim is Allowed on the Effective Date or otherwise the date on which such Class B2 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class B2 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of the Requisite Consenting Lenders: (x) Cash equal to the amount of such Allowed Class B2 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class B2 Claim shall have agreed upon in writing; or (z) such other treatment such that the applicable Allowed Class B2 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

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

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

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

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class C1 Claim is Allowed on the Effective Date or otherwise the date on which such Class C1 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class C1 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of the Requisite Consenting Lenders: (x) Cash equal to the amount of such Allowed Class C1 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class C1 Claim shall have agreed upon in writing; or (z) such other treatment such that it will not be Impaired pursuant to section 1124 of the Bankruptcy Code.

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

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

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

(ii) *Treatment.* Class D1 Claims shall be Allowed in the aggregate amount of \$ 1,490,261,803, plus applicable contractual and default interest through the Effective Date, and fees and expenses of the Credit Agreement Agent and Credit Agreement Lenders, including with respect to post-Effective Date distributions. On, or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed Class D1 Claim shall receive, in full satisfaction, settlement, discharge and release of, its Allowed Class D1 Claim, (i) its *Pro Rata* share of all of the Reorganized OSG Equity issued pursuant to the Plan that is not otherwise distributed to Holders of Old Equity Interests and Subordinated Claims under the Plan, subject to dilution on account of the Management and Director Incentive Program, the Rights Offering, and the Commitment Premium Shares and Warrants, and (ii) the right to participate in the Rights Offering. The Reorganized OSG Equity to be distributed to each (x) Domestic Holder of an Allowed Class D1 Claim shall be in the form of Reorganized OSG Stock and (y) Foreign Holder of an Allowed Class D1 Claim shall be in the form of a combination of Reorganized OSG Stock and Reorganized OSG Jones Act Warrants, as necessary for Reorganized OSG to comply with the Jones Act. To the extent that any of the reasonable fees and expenses of the Credit Agreement Agent and Credit Agreement Lenders incurred through the Effective Date are not otherwise paid by the Debtors, such fees and expenses shall be paid in full in Cash on the Initial Distribution Date. The Allowed Class D1 Claims shall not be subject to any legal or equitable defenses, setoff or recoupment.

(iii) *Voting.* Class D1 Claims are Impaired and the Holders of Allowed Class D1 Claims as of the Voting Record Date are entitled to vote to Accept or reject the Plan.

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

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

(ii) *Treatment.* Class D2 Claims shall be Allowed in the aggregate amount of \$66,122,827.00, plus any applicable overdue interest at the applicable contractual rate and the reasonable fees and expenses of the 8.750% Debentures Trustee, including with respect to post-Effective Date distributions. On, or as soon as reasonably practicable after, the Initial Distribution Date, each Holder of an Allowed Class D2 Claim shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class D2 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of the Requisite Consenting Lenders: (x) Cash equal to the amount of such Allowed Class D2 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class D2 Claim shall have agreed upon in writing; or (z) such other treatment such

that the applicable Allowed Class D2 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code. The Allowed Class D2 Claims shall not be subject to any legal or equitable defenses, setoff or recoupment.

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

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

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

(ii) *Treatment.* Class D3 Claims shall be allowed in the aggregate amount of \$451,686,250.00, plus any applicable overdue interest at the applicable contractual and/or default rates and the reasonable fees and expenses of the 7.500% Notes Trustee and the 8.125% Notes Trustee, including with respect to post-Effective Date distributions. On, or as soon as reasonably practicable after, the Initial Distribution Date, each Holder of an Allowed Class D3 Claim shall be deemed Reinstated in full satisfaction, settlement, discharge and release of its Allowed Class D3 Claim, such that it will be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code. The Allowed Class D3 Claims shall not be subject to any legal or equitable defenses, setoff or recoupment.

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

(i) *Class D4: Charter Rejection Claims.*

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

(ii) *Treatment.* On, or as soon as reasonably practicable after, the Initial Distribution Date if such Class D4 Claim is Allowed on the Effective Date or otherwise the date on which such Class D4 Claim becomes Allowed, each Holder shall receive, in full satisfaction, settlement, discharge and release of its Allowed Class D4 Claim, at the election of the Administrative and Disputed Claims Agent with the consent of the Requisite Consenting Lenders: (x) Cash equal to the amount of such Allowed Class D4 Claim; (y) such other less favorable treatment as to which the Administrative and Disputed Claims Agent and the Holder of such Allowed Class D4 Claim shall have agreed upon in writing; or (z) such other treatment such that the applicable Allowed Class D4 Claim will be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

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

(j) Class D5: Other Unsecured Claims.

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

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

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

(k) Class E1: Subordinated Claims and Old Equity Interests in OSG.

(i) *Classification.* Class E1 consists of all Subordinated Claims and Old Equity Interests in OSG.

(ii) *Treatment.* Effective as of the Effective Date, on, or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed Class E1 Claim or Allowed Class E1 Old Equity Interest shall receive, in full satisfaction, settlement, discharge and release of, its Allowed Class E1 Claim or Allowed Class E1 Old Equity Interest, as the case may be, a pro rata share of Reorganized OSG Equity equal to \$61.4 million, subject to dilution on account of the Management and Director Incentive Program, the Rights Offering, and the Commitment Premium Shares and Warrants. The Reorganized OSG Equity to be distributed to each (x) Domestic Holder of an Allowed Class E1 Claim or Allowed Class E1 Old Equity Interest shall be in the form of Reorganized OSG Stock, and (y) Foreign Holder of an Allowed Class E1 Claim or Allowed Class E1 Old Equity Interest shall be in the form of a combination of Reorganized OSG Stock and Reorganized OSG Jones Act Warrants, as necessary for Reorganized OSG to comply with the Jones Act.

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

3.3 Special Provision Regarding Unimpaired Claims

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

**ARTICLE IV
ACCEPTANCE OR REJECTION OF THE PLAN**

4.1 Impaired Classes of Claims Entitled to Vote

Holders of Claims in Classes D1 and E1 are entitled to vote to Accept or reject this Plan as provided in such order as may be entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to Accept or reject the Plan, or any other order(s) of the Bankruptcy Court.

4.2 Acceptance by an Impaired Class

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

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

4.3 Presumed Acceptances by Unimpaired Classes

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

4.4 Presumed Citizenship

Any Holder of a Claim or Old Equity Interest that does not vote or does not indicate its citizenship on its Ballot (if applicable) will be presumed to be a Foreign Holder.

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

(a) Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from this Plan for purposes of voting to Accept or reject this Plan and for purposes of determining acceptance or rejection of this Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(b) If no votes to accept or reject the Plan are received with respect to a Class whose votes have been solicited under the Plan (other than a Class that is deemed eliminated pursuant to the foregoing Section 4.5(a)), such Class shall be deemed to have voted to Accept the Plan.

4.6 Conversion or Dismissal of Certain of the Chapter 11 Cases

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

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

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

ARTICLE V MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 General Settlement of Claims and Interests

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

5.2 Corporate Existence

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

5.3 Reconciliation of IRS Claims

Upon the entry of the Confirmation Order, all of the IRS Claims shall be Allowed in full, including postpetition interest due and owing pursuant to Section 7.2 of this Plan. The Plan shall constitute a good faith resolution between the Debtors and the Internal Revenue

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

5.4 Issuance of the Plan Securities

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

5.5 Transfer Restrictions

Reorganized OSG Stock and Reorganized OSG Jones Act Warrants may only be sold subject to transfer restrictions contained in Reorganized OSG's certificate of incorporation or bylaws, which transfer restrictions shall be designed to ensure compliance with the Jones Act (in the case of Reorganized OSG Stock) and applicable federal and state laws.

5.6 Issuance of the Reorganized OSG Jones Act Warrants

- (a) The issuance of the Reorganized OSG Jones Act Warrants is authorized without the need for any further corporate action.
- (b) The Reorganized OSG Jones Act Warrants shall have the following terms:
 - (1) the exercise price for the Reorganized OSG Jones Act Warrants shall be \$0.01 per share of Reorganized OSG Stock and shall be paid pursuant to a cashless exercise procedure;

(2) the Reorganized OSG Jones Act Warrants shall expire on the twenty-fifth anniversary of the date of the warrant agreement;

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

(4) the Reorganized OSG Jones Act Warrants shall be freely transferable to any person, party or entity subject to applicable securities laws; and

(5) the Reorganized OSG Jones Act Warrants shall include antidilution protection in the event of stock dividend, recapitalization, stock split or reclassification of Reorganized OSG Stock, and as otherwise set forth in the terms of such Reorganized OSG Jones Act Warrants.

5.7 Payment of Consenting Lender Fees and Expenses

The Debtors or Reorganized Debtors, as applicable, shall pay the PSA/ECA Professional Expenses after notice to the Committee.

5.8 [Intentionally removed]

5.9 Post-Confirmation Property Sales

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

5.10 Letter of Credit

OSG and OBS are party to a cash collateral agreement related to an arbitration proceeding, pursuant to which the Debtors deposited \$9,146,100 as cash collateral (the "LOC Collateral") in an account over which DNB Bank ASA ("DNB") has a control agreement and DNB issued a letter of credit ("LOC") guarantee to the arbitration counterparty. Promptly following the Effective Date, DNB shall return the LOC Collateral to OSG, with applicable interest. Promptly following receipt of the LOC Collateral, the Reorganized Debtors shall distribute Reorganized OSG Equity to DNB in the amount of the LOC Collateral at Plan value, which Reorganized OSG Equity (or the proceeds thereof) shall be held to secure obligations under the LOC. Once the LOC has terminated pursuant to its terms, DNB shall promptly return to the Reorganized Debtors the difference between any amounts drawn on the LOC and the Reorganized OSG Equity (or its proceeds) pledged as collateral.

5.11 Effectuating Documents; Further Transactions

(a) Each of the matters provided for by this Plan involving the corporate structure of the Debtors or corporate or related actions to be taken by or required of the

Reorganized Debtors, whether taken prior to or as of the Effective Date, shall be authorized without the need for any further corporate action or without any further action by the Debtors or the Reorganized Debtors, as applicable. Such actions may include (i) the appointment of the Reorganized OSG Board, (ii) the authorization, issuance and distribution of Reorganized OSG Stock, or Reorganized OSG Jones Act Warrants and any other securities to be authorized, issued and distributed pursuant to the Plan, and (iii) the consummation and implementation of the Exit Financing.

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

5.12 Liquidation of Certain Debtors

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

5.13 Restructuring Transactions

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

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

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

and having such other terms to which the applicable entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable law; (iv) pledging, granting of liens or security interests over, assuming or guarantying obligations or taking such similar actions as may be necessary to preserve the rights and collateral interests of the secured creditors of the Debtors and their subsidiaries at all times prior to the effectiveness and consummation of the Plan; and (v) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with such transactions.

5.14 Exit Financing

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

5.15 Secured Vessels

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

5.16 Revesting of Assets

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

5.17 Guarantees

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

5.18 Closing of the Chapter 11 Cases

When all Disputed Claims against any Debtor or Reorganized Debtor either have become Allowed or have been disallowed by Final Order, and no contested matter remains

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

5.19 Corporate Governance, Directors, and Officers

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

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

(c) *Directors of Reorganized Debtors.* The Reorganized OSG Board shall have seven (7) members acceptable to the Requisite Consenting Lenders, who shall be nominated by the Chief Restructuring Officer, approved by the existing directors of OSG, and listed in Exhibit B. No member of the current board of directors or any person affiliated therewith shall be appointed to be a director of Reorganized OSG. The members of the Reorganized OSG Board shall have staggered terms and shall meet the requirements of the Jones Act. Members of the boards of directors of Debtors other than Reorganized OSG shall be as listed on Exhibit B and shall be acceptable to the Requisite Consenting Lenders. The initial term of each class, as well as the identity of the directors serving in each class, shall be provided in the Plan Supplement.

5.20 Cancellation of Notes, Instruments and Debentures

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

5.21 Exemption from Registration

To the extent that the Plan Securities constitute "securities," as defined in section 2(a)(1) of the Securities Act, and except with respect to any Entity that is an underwriter as

defined in section X.C.3. of the Disclosure Statement, the issuance of the Plan Securities, including any Rights Offering Shares and Rights Offering Warrants issued in the Initial Rights Offering and the Oversubscription Rights Offering, shall be exempt from registration under U.S. state and U.S. federal securities laws pursuant to section 1145 of the Bankruptcy Code, Section 4(a)(2) of the Securities Act (“Section 4(a)(2)”) and/or other available exemptions from registration under the Securities Act and state securities laws, as applicable. Issuances of Reorganized OSG Stock in connection with any exercise of Reorganized OSG Jones Act Warrants, which exercises shall be made on a cashless basis, will be exempt from Securities Act registration pursuant to section 1145 of the Bankruptcy Code, Section 3(a)(9) of the Securities Act, or another available exemption from registration under the Securities Act and state securities laws, as applicable.

On the Effective Date, Reorganized OSG shall enter into and deliver the Registration Rights Agreement in substantially the form included as Exhibit K to the Plan. The Registration Rights Agreement shall be deemed to be valid, binding, and enforceable in accordance with its terms on those parties set forth in each such agreement filed as Exhibit K to the Plan.

Without limiting the effect of section 1145 of the Bankruptcy Code, all documents, agreements and instruments entered into and delivered on or as of the Effective Date contemplated by or in furtherance of this Plan, and any other agreement or document related to or entered into in connection with same, shall become, and shall remain, effective and binding in accordance with their respective terms and conditions upon the parties thereto, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any Person or Entity (other than as expressly required by such applicable agreement).

5.22 Intercompany Claims and Intercompany Equity Interests

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

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

5.23 Intercompany Account Settlement

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

ARTICLE VI RIGHTS OFFERING

6.1 Rights Exercise Form

In accordance with the terms of the Rights Offering Procedures, the Debtors will cause to be delivered a form (the “Rights Exercise Form”) to each Eligible Participant in order to determine which Eligible Participants elect to exercise their Subscription Rights. In order to exercise its Subscription Rights, each Eligible Participant must, in accordance with the terms set forth in the Rights Exercise Form, validly complete and return a Rights Exercise Form by the date specified (the “Rights Offering Expiration Date”). Only Eligible Participants shall be permitted to participate in the Rights Offering.

6.2 Issuance of Subscription Rights

Each Eligible Participant shall have the right, but not the obligation, to participate in the Initial Rights Offering and the Oversubscription Rights Offering as set forth herein and in the Rights Offering Procedures. Each Eligible Participant that elects to exercise Subscription Rights in accordance with the terms of the Rights Offering, that completes an affidavit of citizenship and is reasonably deemed a U.S. Citizen by OSG shall receive Rights Offering Shares in exchange for the exercise of its Subscription Rights. In the Initial Rights Offering, each Eligible Participant will be entitled to subscribe for the number of Rights Offering Securities equal to the product (rounded down to the nearest whole share or warrant) of: (a) the Subscription Commitment Percentage of such Holder, multiplied by (b) the total number of Rights Offering Securities.

To the extent there are Unsubscribed Securities in the Initial Rights Offering, each Eligible Participant, based on such Eligible Participant’s Subscription Commitment Percentage, will be entitled to subscribe for any number of Rights Offering Securities, provided that the total number of Rights Offering Securities that each Eligible Participant may receive in the Oversubscription Rights Offering will not exceed the 1145 Cap. Further, if Eligible Participants, as a whole, elect to exercise more Oversubscription Rights than, when taken together with all validly exercised and paid for Initial Rights, exceed the Rights Offering Securities, then the amount of Oversubscription Rights Offering Securities to be purchased by each Eligible Participant exercising rights in the Oversubscription Rights Offering will be reduced proportionately to the extent of such aggregate over-election based on the number of Rights Offering Securities such Eligible Participant is entitled to receive in the Initial Rights Offering.

Each Eligible Participant that elects to exercise Subscription Rights in accordance with the terms of the Rights Offering and is unable or fails to timely complete an affidavit of citizenship, or is reasonably deemed to be a non-U.S. Citizen by OSG, shall receive: (i) Rights Offering Shares in exchange for the exercise of its Subscription Rights if Foreign Eligible Participants elect to purchase in the aggregate Rights Offering Securities that account for less than 23% of all of the Rights Offering Securities to be purchased pursuant to the Rights Offering, or (ii) if Foreign Eligible Participants elect to purchase in the aggregate Rights Offering Securities that account for 23% or more of all of the Rights Offering Securities to be purchased pursuant to the Rights Offering, (A) a number of Rights Offering Shares equal to the product

determined by multiplying (I) 23% of the total number of Rights Offering Shares issued pursuant to the Rights Offering by (II) a fraction, (x) the numerator of which is the number of Rights Offering Securities such Foreign Eligible Participant elects to purchase in accordance with the terms of the Rights Offering and (y) the denominator of which is the aggregate number of Rights Offering Securities that all Foreign Eligible Participants elect to purchase in accordance with the terms of the Rights Offering, and (B) Rights Offering Warrants equal to the number of Rights Offering Securities that such Foreign Eligible Participant elects to purchase in accordance with the terms of the Rights Offering minus the number of Rights Offering Shares issued to such Foreign Eligible Participant pursuant to subclause (A) above, in exchange for the exercise of its Subscription Rights.

6.3 Transfer Restriction

Except as provided in the Equity Commitment Agreement, the Subscription Rights issued to each Eligible Participant will be severable from such Eligible Participant's Allowed Credit Agreement Claim and may be separately sold, transferred, assigned or pledged to other Eligible Participants as of the subscription date for the Rights Offering (so long as neither the sale, transfer, assignment or pledge of such Subscription Rights nor the subsequent exercise of such Subscription Rights will require registration under the Securities Act), in whole or in part with the consent of the Debtors, such consent not to be unreasonably withheld.

Each Eligible Participant shall provide notice to the Debtors of any proposed sale, transfer, assignment, or pledge of Subscription Rights using the form of proposed notice attached to this Plan as Exhibit L. The Debtors shall return such notice indicating their consent or non-consent within five business days of receipt. Upon closing such sale, transfer, assignment, or pledge, the applicable buyer transferee, assignee, or pledgee shall provide notice to KCC in accordance with the form attached to this Plan as Exhibit M. No such sale, transfer, assignment, or pledge will be recorded or given effect for purposes of distribution unless notice is received by KCC on or before the Rights Offering Expiration Date.

The obligations of the parties to the Equity Commitment Agreement shall be transferable consistent with the terms of the Equity Commitment Agreement.

6.4 Subscription Period and Mailing

The Rights Offering shall commence for each Eligible Participant on the day upon which the Rights Exercise Form is first mailed or made available to Eligible Participants and shall expire on the Rights Offering Expiration Date, unless extended by the Debtors, with the consent of the Requisite Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed). Eligible Participants will be mailed Rights Exercise Forms together with instructions for the proper completion, due execution, and timely delivery of such Rights Exercise Forms, as well as instructions for payment.

6.5 Exercise of Subscription Rights

(a) To exercise its Subscription Rights, an Eligible Participant that is not a Commitment Party must: (i) return a validly completed Rights Exercise Form to the Rights

Offering Agent so that such Rights Exercise Form is actually received by the Rights Offering Agent on or before the Rights Offering Expiration Date and (ii) pay to the Rights Offering Agent on or before the Rights Offering Expiration Date the Purchase Price multiplied by the number of Rights Offering Securities such Eligible Participant has elected to purchase pursuant to its Subscription Rights, in accordance with the wire instructions set forth on the Rights Exercise Form.

(b) Each Commitment Party must: (i) return a validly completed Rights Exercise Form to the Rights Offering Agent so that such Rights Exercise Form is actually received by the Rights Offering Agent on or before the Rights Offering Expiration Date, (ii) on or before the Rights Offering Expiration Date, pay to the Rights Offering Agent the Purchase Price multiplied by the number of Rights Offering Securities such Eligible Participant has elected to purchase pursuant to its Subscription Rights in the Initial Rights Offering, and (iii) within the Commitment Party Funding Time (as defined in the Rights Exercise Form), pay to the Rights Offering Agent the Purchase Price multiplied by the number of Rights Offering Securities such Commitment Party is obligated to purchase pursuant to its Oversubscription Rights, in each case in accordance with the wire instructions set forth on the Rights Exercise Form.

(c) If the Rights Offering Agent for any reason does not receive on or prior to the Rights Offering Expiration Date from an Eligible Participant a validly completed Rights Exercise Form and immediately available funds as set forth in this Article and in the Rights Exercise Form, such Eligible Participant shall be deemed to have relinquished and waived its right to participate in the Rights Offering. The Debtors shall not be obligated to honor any purported exercise of Subscription Rights received by the Rights Offering Agent after the Rights Offering Expiration Date, regardless of when the documents relating to such exercise were sent. Once the Eligible Participant has validly exercised its Subscription Rights, such exercise will not be permitted to be revoked, rescinded, or modified, unless the Rights Offering is not consummated by August 31, 2014.

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

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

6.6 Subscription Commitment Procedures

The Commitment Parties shall be obligated to consummate their Subscription Commitment with respect to Unsubscribed Securities on the terms and subject to the conditions set forth in the Equity Commitment Agreement. The Commitment Parties shall receive (i) a fee allocated among the Commitment Parties, as provided in the Equity Commitment Agreement paid promptly following the Effective Date, at each Commitment Party's option, either in the form of (x) shares of Reorganized OSG Equity equal to 5% of the aggregate amount raised in the Rights Offering or (y) the cash equivalent thereof and (ii) the reimbursement of all applicable reasonable documented fees and expenses. Those Commitment Parties that do not comply with Jones Act citizenship requirements will receive a combination of Reorganized OSG Stock to the extent permissible and Reorganized OSG Jones Act Warrants, as determined by the Debtors with the consent of the Commitment Parties and the Credit Agreement Agent, in compliance with the Jones Act.

6.7 Issuance of Rights Offering Shares and Rights Offering Warrants

(a) Under the Rights Offering, Rights Offering Shares and Rights Offering Warrants purchased by Eligible Participants shall be issued on the Effective Date and distributed on the Effective Date or as soon as practicable thereafter.

(b) Any payment made by an Eligible Participant shall be refunded as soon as practicable (1) upon termination of the Equity Commitment Agreement, or (2) if such Eligible Participant has made an overpayment, in an amount equal to such overpayment.

ARTICLE VII PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distributions for Claims Allowed as of the Effective Date

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

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

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

7.2 Postpetition Interest on Claims Against Debtors

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

7.3 Disbursing Agent

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

7.4 Delivery of Distributions and Undeliverable or Unclaimed Distributions

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

(i) Unless otherwise agreed to between the Debtors or the Reorganized Debtors, as applicable, and the Holder of an Allowed Claim, the Debtors shall make distributions to the Holders of Allowed Claims in the same manner and to the same addresses as such payments are made in the ordinary course of the Debtors’ businesses, unless another address is listed on the Holder’s proof of claim form, in which case such address will be used; provided, however, that, to the extent any distributions are made on account of the PSA/ECA Professional Expenses, they shall be made to the Credit Agreement Agent.

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

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

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

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

(i) *Holding of Undeliverable, Unnegotiated and Unclaimed Distributions.* If the distribution to any Holder of an Allowed Claim is returned to the Disbursing Agent as undeliverable or is otherwise unclaimed or not negotiated, no further distributions shall be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then current address.

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

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

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

7.5 Distribution Record Date

On the Distribution Record Date, the Claims Register shall be closed and the Disbursing Agent shall be authorized and entitled to recognize only those Holders listed on the Claims Register as of the close of business on the Distribution Record Date. Notwithstanding

the foregoing, if a Claim or Equity Interest is transferred less than 20 days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only to the extent practical and in any event only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

7.6 Cash Payments

Payments made pursuant to this Plan shall be made by the Disbursing Agent in Cash and by (i) checks drawn on or (ii) wire transfer from a domestic bank selected by the Disbursing Agent. Any Cash distributions required under the Plan to foreign Creditors may be made, at the option of the Disbursing Agent, by such means as are necessary or customary in a particular foreign jurisdiction. Any check issued by the Disbursing Agent shall be null and void if not negotiated within ninety (90) days. Any Cash distributions required under the Plan in respect of Allowed Notes Claims shall be paid by the Disbursing Agent to the applicable trustees by federal funds wire transfer on the Initial Distribution Date.

7.7 Limitation on Recovery

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

7.8 Withholding and Reporting Requirements

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

distributed pursuant to this Plan shall, pending the implementation of such arrangements, be treated as an unclaimed distribution pursuant to Section 7.4(b) of this Plan.

7.9 Setoffs

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

7.10 No Fractional Shares or Warrants

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

7.11 Hart-Scott-Rodino Compliance

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

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

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

(a) On the Effective Date, all executory contracts and unexpired leases of the Debtors will be deemed assumed, in accordance with and subject to the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such executory contracts and unexpired leases are (i) identified on Exhibit C to be filed with the Plan Supplement as Rejected Contracts and not removed from such exhibit prior to the Effective Date, (ii) previously rejected by order of the Bankruptcy Court, or (iii) the subject of a motion to reject filed with the Bankruptcy Court on or before the Effective Date.

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

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

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

(e) Without amending or altering any prior order of the Bankruptcy Court approving the assumption, assignment or rejection of any executory contracts and unexpired leases, entry of the Confirmation Order shall constitute approval of the assumptions, assignments and rejections as applicable, provided herein, pursuant to sections 365(a), 365(f) and 1123 of the Bankruptcy Code. To the extent any provision in any executory contracts and unexpired leases assumed or assigned pursuant to this Plan (including, without limitation, any “change of control” provision) conditions, restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the applicable assumption or assignment of such executory contract or unexpired lease, or that terminates or modifies such executory contract or unexpired lease or allows the counterparty to such executory contract or lease to terminate, modify, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon any such assumption or assignment, then such provision shall be deemed void and of no force or effect such that the transactions contemplated by this Plan shall not entitle the non-debtor party thereto to terminate or modify such executory contract or unexpired lease or to exercise any other default-related rights with respect thereto. Confirmation of the Plan and consummation of the transactions contemplated thereby shall not constitute a change of control under any executory contract or unexpired lease assumed by the Debtors on or prior to the Effective Date.

8.2 Cure of Defaults of Assumed Executory Contracts and Unexpired Leases

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

(b) In the event of a dispute pertaining to assumption, assignment, or the Cure Amount set forth in the Cure Notice, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the resolution of the dispute in accordance with Section 8.3 of this Plan. Pending the resolution of such dispute, the executory contract or unexpired lease at issue shall be deemed conditionally assumed by the relevant Reorganized Debtor unless otherwise ordered by the Bankruptcy Court. To the extent that any Person fails to timely File an objection to the assumption, assumption and assignment, or the Cure Amount listed in the Cure Notice or otherwise as set forth in Section 8.3 hereof, such Person is deemed to have consented to such Cure Amounts and the assumption or assumption and assignment of such executory contracts or unexpired leases pursuant to this Plan. The Cure Amounts set forth in the Cure Notice shall be final and binding on all non-debtor parties (including any successors and

designees) to such executory contracts or unexpired leases set forth in the Cure Notice, and shall not be subject to further dispute or audit based on performance prior to the time of assumption, irrespective of the terms and conditions of such executory contract or unexpired lease. Each counterparty to an assumed or assumed and assigned executory contract or unexpired lease, whether entered before or after the Petition Date, shall be forever barred, estopped, and permanently enjoined from (i) asserting against any Reorganized Debtor, or its property, any default existing as of the Effective Date or any counterclaim, defense, setoff or any other interest asserted or assertable against the Debtors; and (ii) imposing or charging against any Reorganized Debtor any accelerations, assignment fees, increases or any other fees as a result of any assumption or assignment pursuant to this Plan.

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

8.3 Objections to Rejection, Assumption, Assignment or Cure

Except as provided by Section 8.4 of this Plan regarding amendments to Exhibit C and Exhibit G, responses or objections (each a "Treatment Objection"), if any, to the (i) rejection, including any applicable rejection damages as listed on Exhibit C, (ii) assumption, (iii) assumption and assignment of Assigned Contracts as listed on Exhibit G, or (iv) any Cure Amount related to any contracts or leases to be assumed or assumed and assigned under the Plan as identified on the Cure Notice, shall be Filed, together with proof of service, with the Clerk of the United States Bankruptcy Court, District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, and served such that the responses or objections are actually received no later than **4:00 p.m. (ET) on [May 15], 2014** (the "Confirmation Objection Deadline") by each of the following parties:

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

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

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

(d) counsel to the Credit Agreement Agent, Milbank, Tweed, Hadley & McCloy LLP, One Chase Manhattan Plaza, New York, NY 10005, Attention: Dennis F. Dunne, Esq. and Samuel A. Khalil, Esq.

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

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

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

8.4 Reservation of Rights

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

the date that is five (5) calendar days before the Confirmation Hearing, shall have until the Confirmation Hearing to file a Treatment Objection. The counterparty to any executory contracts or unexpired leases first listed on or removed from Exhibit C, or Exhibit G, as applicable, on or after the date of the Confirmation Hearing, shall have ten (10) calendar days from the service of such amended Exhibit to file a Treatment Objection.

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

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

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

8.5 Compensation and Benefit Programs

(a) Reorganized OSG shall administer the Management and Director Incentive Program. The Reorganized OSG Board shall determine the initial grants under the Management and Director Incentive Program, which shall be in form and substance reasonably satisfactory to the Requisite Consenting Lenders.

(b) Except as otherwise expressly provided in this Plan, including the limitations set forth herein with respect to the Management and Director Incentive Program, on and after the Effective Date, subject to any Final Order, the Reorganized Debtors shall have the sole discretion to (1) amend, adopt, assume, and/or honor, in the ordinary course of business or as otherwise provided for herein, any contracts, agreements, policies, programs, and plans for, among other things, compensation, pursuant to the terms thereof or hereof, including any incentive plan, as applicable, including health care benefits, disability benefits, deferred compensation benefits, savings, severance benefits, retirement benefits, welfare benefits, workers’ compensation benefits, life insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of any of the Debtors who served in such capacity from and after the Petition Date, and (2) honor, in the ordinary course of business, any

accrued vacation time arising prior to the Petition Date for employees employed as of the Effective Date.

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

(d) Collective bargaining agreements shall be treated as executory contracts under the Plan and shall be assumed on the Effective Date.

8.6 Preexisting Obligations to the Debtors Under Rejected Contracts

Rejection of any Rejected Contract pursuant to the Plan shall not constitute a termination of pre-existing obligations owed to the applicable Debtor(s) under such Rejected Contract. In particular, notwithstanding any nonbankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable, from counterparties to any Rejected Contract.

8.7 Subsequent Modifications, Amendments, Supplements or Restatements.

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

against any of the Debtors, and (iv) do not entitle any entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition executory contracts or unexpired leases and subsequent modifications, amendments, supplements or restatements.

ARTICLE IX PROCEDURES FOR RESOLVING DISPUTED CLAIMS

9.1 Resolution of Disputed Claims

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtors and the Administrative and Disputed Claims Agent shall have the exclusive right to make and File objections to Claims (other than Administrative Expense Claims and Professional Fees Claims to which other parties may object as set forth in Section 3.1 and Section 13.5 of this Plan) and shall serve a copy of each objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than ninety (90) days after the Effective Date (the “Claims Objection Deadline”) or such later date as is established by the filing of a notice by the Reorganized Debtors prior to the expiration of the then current Claims Objection Deadline. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the Holder thereof if service is effected in any of the following manners: (a) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (b) by first class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified in the proof of claim or interest or any attachment thereto; or (c) by first class mail, postage prepaid, on any counsel that has appeared on the Holder’s behalf in the Chapter 11 Cases. The Reorganized Debtors and the Administrative and Disputed Claims Agent shall be authorized to, and shall, resolve all Disputed Claims by withdrawing or settling such objections thereto or by litigating to Final Order in the Bankruptcy Court the validity, nature and/or amount thereof.

9.2 No Distributions Pending Allowance

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

9.3 Distributions on Account of Disputed Claims Once They Are Allowed

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

9.4 Estimation of Claims

The Debtors or the Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent Claim, unliquidated Claim or Disputed Claim

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

9.5 Disputed Claims Reserve

(a) On the Effective Date, the Administrative and Disputed Claims Agent shall hold in the Disputed Claims Reserve the amount of Cash and Reorganized OSG Equity that the Reorganized Debtors determine, in consultation with the Committee, would likely have been distributed to the Holders of all Disputed Claims if such Disputed Claims had been Allowed on the Effective Date. The amount of such Disputed Claims is to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (c) the amount otherwise agreed to by the Debtors or the Reorganized Debtors, as applicable, in consultation with the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are unliquidated or contingent and/or for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash equal to the amount reasonably determined by the Debtors or Reorganized Debtors.

(b) The Administrative and Disputed Claims Agent may, at the direction of the Debtors or the Reorganized Debtors, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, and net of taxes calculated at the applicable combined highest marginal tax rates imposed on a corporation resident in New York for federal, state and local tax purposes on the amount of all such earnings recognized by the Debtors or Reorganized Debtors for federal, state or local tax purposes) to be distributed on the Distribution Dates, as required by the Plan. The Administrative and Disputed Claims Agent shall hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such distributions are made or such obligations arise. To the extent that dividends are issued on the Reorganized OSG Stock that the Administrative and Disputed Claims Agent holds in reserve, the Administrative and Disputed Claims Agent will also distribute such dividends in accordance with this Section 9.5 when distributions are made on Disputed Claims.

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

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

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

9.6 No Amendments to Claims

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

9.7 No Late-Filed Claims

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

All Claims filed after the applicable Bar Date and for which no Final Order has been entered by the Bankruptcy Court determining that such Claims were timely filed shall be disallowed and expunged without any further action required by the Debtors, the Reorganized Debtors or the Bankruptcy Court. Any Distribution on account of such Claims shall be limited

to the amount, if any, listed in the applicable Schedules as undisputed, noncontingent and liquidated. The Debtors or the Reorganized Debtors have no obligation to review or respond to any Claim filed after the applicable Bar Date unless: (y) the filer has obtained an order from the Bankruptcy Court authorizing it to file such Claim after the Bar Date; or (z) the Reorganized Debtors have consented to the filing of such Claim in writing.

**ARTICLE X
CONFIRMATION AND CONSUMMATION OF THE PLAN**

10.1 Conditions to Confirmation

It shall be a condition precedent to the confirmation of this Plan that (i) each of the Plan, Disclosure Statement, and Plan Supplement (including, with respect to any amendments, modifications, supplements and exhibits thereto related to the foregoing) shall be in form and substance reasonably satisfactory to the Debtors, the Requisite Consenting Lenders and the Credit Agreement Agent; (ii) the Confirmation Order shall have been entered and not stayed, and shall be in form and substance reasonably satisfactory to the Requisite Consenting Lenders and the Credit Agreement Agent; and (iii) all governmental or other approvals required to effectuate the terms of this Plan shall have been obtained, including any approvals with respect to the Jones Act businesses.

10.2 Conditions to Effective Date

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

- (a) the Confirmation Order (including any amendment or modification thereof) shall (i) have been entered by the Bankruptcy Court in form and substance reasonably satisfactory to the Debtors and the Requisite Consenting Lenders, and (ii) not have been stayed, vacated or set aside;
- (b) all actions, documents, certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable government units in accordance with applicable law;
- (c) all of the conditions precedent for effectiveness of the Exit Financing shall have been satisfied or waived in accordance with the terms thereof;
- (d) payment in Cash of all PSA/ECA Professional Expenses incurred through such date that is ten (10) Business Days prior to the Effective Date;
- (e) notice of the projected Effective Date shall have been provided to the Committee, the Consenting Lenders, and the Credit Agreement Agent, or their respective counsel, no later than five (5) Business Days prior to the projected Effective Date;

(f) receipt of approval of the United States Coast Guard and MARAD of Reorganized OSG Stock and Reorganized OSG Jones Act Warrants, in a form reasonably acceptable to the Debtors and the Requisite Consenting Lenders; and

(g) Reorganized OSG shall have entered into and delivered the Registration Rights Agreement in substantially the form included in the Plan Supplement.

10.3 Waiver of Conditions

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

10.4 Notice of Effective Date

Upon satisfaction of all the conditions to the Effective Date set forth in Section 10.2, or if waivable, waiver pursuant to Section 10.3, or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall File with the Bankruptcy Court the “Notice of Effective Date” in a form reasonably acceptable to the Reorganized Debtors in their sole discretion, which notice shall constitute appropriate and adequate notice that this Plan has become effective; provided, however, that the Debtors shall have no obligation to notify any Person other than counsel to the Committee, the Consenting Lenders and the Credit Agreement Agent of such fact. The Plan shall be deemed to be effective as of 12:01 a.m., prevailing Eastern Standard Time, on the date of such filing. A courtesy copy of the Notice of Effective Date may be sent by United States mail, postage prepaid (or at the Debtors’ option, by courier or facsimile) to those Persons who have Filed with the Bankruptcy Court requests for notices pursuant to Bankruptcy Rule 2002.

10.5 Consequences of Non-Occurrence of Effective Date

If, following the entry of the Confirmation Order, the Effective Date does not occur on or before August 31, 2014, or such later date as is agreed upon in writing by the Debtors and the Requisite Consenting Lenders, then the Confirmation Order will be deemed vacated by the Bankruptcy Court without further notice or order. If the Confirmation Order is vacated pursuant to this Section, (a) the Debtors shall File a notice to this effect with the Bankruptcy Court, (b) this Plan shall be null and void in all respects, (c) any settlement of Claims provided for hereby shall be null and void without further order of the Bankruptcy Court, and (d) the time within which the Debtors may assume, assume and assign or reject all executory contracts and unexpired leases shall be extended for a period of sixty (60) days after the date the Confirmation Order is vacated; provided, however, that the Debtors retain their rights to seek further extensions of such deadline in accordance with, and subject to, section 365 of the

Bankruptcy Code, and nothing contained in the Plan or Disclosure Statement shall (x) constitute a waiver or release of any Claims, Equity Interests, or Causes of Action, (y) prejudice in any manner the rights of any Debtor or any other Entity or (z) constitute an admission, acknowledgement, offer or undertaking of any sort by any Debtor or any other Entity.

ARTICLE XI EFFECT OF PLAN CONFIRMATION

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

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

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

11.2 Revesting of Assets.

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

11.3 Releases and Related Injunctions

(a) ***Releases by the Debtors.*** As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including: (i) the settlement, release, and compromise of debt and all other good and valuable consideration paid pursuant hereto; and (ii) the services of the Debtors' present and former officers, directors, managers, and advisors in facilitating the expedient implementation of the restructuring transactions contemplated hereby, each of the Debtors, the Reorganized Debtors, and any Person or Entity seeking to exercise the rights of the Debtors' Estates,

including, without limitation, any successor to the Debtors or any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, the Committee and all Related Persons, and the Notes Trustees shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, remedies, rights, Causes of Action (including Avoidance and Other Actions), rights of setoff and liabilities whatsoever (including any derivative claims asserted on behalf of the Debtors) in connection with or in any way relating to the Debtors, the Chapter 11 Cases, the Disclosure Statement, or the Plan (other than the rights of the Debtors, or the Reorganized Debtors to enforce the obligations under the Confirmation Order and the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; provided, however, that nothing in this Section 11.3(a) of the Plan:

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

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

(iii) shall release any of the Causes of Actions preserved under this Plan, including the Professional Liability Action.

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

(b) *Releases by Holders of Claims and Equity Interests.* Notwithstanding anything contained herein to the contrary, as of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Holders of Claims against and Equity Interests in the Debtors and the Reorganized Debtors who: (i) either vote to

Accept the Plan or are presumed to have voted for the Plan under section 1126(f) of the Bankruptcy Code, or (ii) are entitled to vote to Accept or reject the Plan and reject the plan or abstain from voting and do not mark their ballots to indicate their refusal to grant the releases provided in this sub-paragraph shall be deemed to forever release, waive, and discharge each of the Released Parties from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action (including Avoidance and Other Actions), rights of setoff and liabilities whatsoever (including any derivative claims asserted on behalf of the Debtors) in connection with or in any way relating to the Debtors, the conduct of the Debtors' businesses, the Chapter 11 Cases, the Disclosure Statement, or the Plan (other than the rights of the Debtors, the Reorganized Debtors, or a Creditor holding an Allowed Claim to enforce the obligations under the Confirmation Order and the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, whether for tort, contract, violation of federal or state securities law or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; provided, however, that nothing in this Section 11.3(b) of the Plan shall operate as a release, waiver or discharge of any Causes of Action or liabilities unknown to such Holder as of the Petition Date arising out of gross negligence, willful misconduct, fraud or criminal acts of any such Released Party; and provided further, however, that nothing in this Section 11.3(b) of the Plan shall operate as a release waiver or discharge of any Causes of Action or claims for contribution or proportionate fault that any party other than the Debtors who is a named defendant in the OSG Securities Class Action may have against any other person other than the Debtors that arises from or is related to the liability claims asserted against them in that action.

11.4 Discharge of Claims

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by this Plan or the Confirmation Order: (1) all consideration distributed under this Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Old Equity Interests and all Claims of any kind or nature whatsoever against the Debtors or any of their assets or properties and regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Old Equity Interests or Claims; (2) the Plan shall bind all Holders of Claims and Equity Interests, notwithstanding whether any such Holders failed to vote to Accept or reject the Plan or voted to reject the Plan; and (3) all Persons and Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, the Reorganized Debtors, their successors and assigns, and their assets and properties any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. Except as otherwise expressly provided by this Plan or the Confirmation Order, upon the Effective Date, the Debtors shall be deemed discharged and released under and to the fullest extent provided under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims of any kind or nature whatsoever, including, without limitation, demands and liabilities that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code.

11.5 Preservation of Rights of Action

(a) Except as otherwise provided in this Plan, the Confirmation Order or in any document, instrument, release or other agreement entered into in connection with this Plan or approved by order of the Bankruptcy Court, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including the Professional Liability Action, the Avoidance and Other Actions, and any actions specifically enumerated on Exhibit J to this Plan, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date; provided that no Causes of Action released pursuant to Section 11.3(a) of this Plan against the Released Parties shall vest in the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against them.** The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

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

11.6 Exculpation and Limitation of Liability

For purposes of the Plan, "Exculpated Parties" means (i) each of the Debtors, non-Debtor Affiliates, Reorganized Debtors, and all of their respective Affiliates, (ii) the Committee, (iii) the Credit Agreement Agent, (iv) the Credit Agreement Lenders and (v) with respect to the foregoing, each of their respective officers, directors, employees, representatives, advisors, attorneys, notaries (pursuant to the laws of the United States and any other jurisdiction), auditors, agents and professionals, in each case acting in such capacity on or any time after the Petition Date, and any person claiming by or through any of them but *excluding* defendants in the Professional Liability Action and any other Causes of Action preserved by the Debtors.

On the Effective Date, the Exculpated Parties shall neither have nor incur any liability to any Holder of Claim or Equity Interest, the Debtors, the Reorganized Debtors, or any other party-in-interest, or any of their Related Persons for any prepetition

or postpetition act or omission in connection with, relating to, or arising out of the Chapter 11 Cases, the formulation, negotiation, or implementation of the Disclosure Statement or this Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan or the administration of the Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts; provided, however, that (i) the foregoing is not intended to limit or otherwise impact any defense of qualified immunity that may be available under applicable law; (ii) each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her, or its duties pursuant to, or in connection with, the Plan; and (iii) the foregoing exculpation shall not be deemed to release, affect, or limit any of the rights and obligations of the Exculpated Parties from, or exculpate the Exculpated Parties with respect to, any of the Exculpated Parties' obligations or covenants arising pursuant to the Plan or the Confirmation Order.

11.7 Injunction

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

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

11.8 Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code,

or otherwise, shall be lifted and of no further force or effect—being replaced, to the extent applicable, by the injunctions, discharges, releases and exculpations of this Article XI.

11.9 Termination of Subordination Rights and Settlement of Related Claims

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

ARTICLE XII RETENTION OF JURISDICTION

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

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

agreements or documents created in connection with this Plan, the Disclosure Statement or the Confirmation Order;

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

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

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

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

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

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

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

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

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

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

(p) enter orders closing the Chapter 11 Cases.

ARTICLE XIII MISCELLANEOUS PROVISIONS

13.1 Effectuating Documents and Further Transactions

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

13.2 Authority to Act

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

13.3 Insurance Preservation

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

13.4 Exemption from Transfer Taxes

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

of or in connection with this Plan.

13.5 Bar Dates for Administrative Expense Claims

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

13.6 Administrative Claims Reserve

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

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

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

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

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

13.7 Payment of Statutory Fees

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

13.8 Amendment or Modification of the Plan

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

13.9 Severability of Plan Provisions

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

13.10 Successors and Assigns

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

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

13.11 Subordinated Claims

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

13.12 Revocation, Withdrawal, or Non-Consummation

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

13.13 Notice

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

If to any Debtor:

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

If to Reorganized OSG:

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

If to the counsel to the Credit Agreement Agent:

Milbank, Tweed, Hadley & McCloy LLP
One Chase Manhattan Plaza
New York, NY 10005
Attn: Samuel Khalil

If to the Committee, prior to its dissolution:

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

If to the United States Trustee:

Office of the United States Trustee for the District of Delaware
844 King Street, Suite 2207
Lockbox 35
Wilmington, DE 19801
Attn: Mark Kenney

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

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

-and-

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

13.14 Governing Law

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

13.15 Tax Reporting and Compliance

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

13.16 Fees and Expenses

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

13.17 No Admissions

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

13.18 Dissolution of Committee

The Committee appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code shall be dissolved on the Effective Date and its members shall be released

from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code without need for a further order of the Bankruptcy Court; provided, however that obligations arising under confidentiality agreements, joint interest agreements and protective orders, if any, entered during the Chapter 11 Cases shall remain in full force and effect according to their terms; provided further that the Committee shall continue to prepare and prosecute fee applications filed in compliance with this Plan. The Debtors and the Reorganized Debtors shall have no obligation to pay or reimburse any fees of any official or unofficial committee of creditors incurred after the Effective Date except with regard to the preparation and prosecution of fee applications.

13.19 Filing of Additional Documents

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

[The Remainder of This Page is Intentionally Left Blank.]

Dated: March 7, 2014
New York, New York

Respectfully Submitted,

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

By: 
Name: John J. Ray, III
Title: Chief Restructuring Officer

James Bromley
Luke Barefoot
Jane VanLare
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000

- and -

Derek C. Abbott (No. 3376)
Daniel B. Butz (No. 4227)
William M. Alleman, Jr. (No. 5449)
Morris Nichols, Arsht & Tunnell LLP
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19801
Telephone: (302) 658-9200
Facsimile: (302) 658-3989

Counsel for the Debtors and Debtors-in-Possession