



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached

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18 Can any resulting loss be recognized? ▶ See attached

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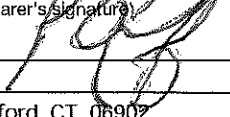
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶  Date ▶ 2/1/16

Print your name ▶ Rick Oricchio Title ▶ SVP & CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	P. O'Grady		<u>1/25/16</u>		P00752199
	Firm's name ▶ Deloitte Tax LLP			Firm's EIN ▶	86-1065772
	Firm's address ▶ 695 East Main Street, Stamford, CT, 06902			Phone no.	(203) 708 - 4536

## 7.5% Notes Bond Tender and Consent Payment

**14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.**

On December 2, 2015, Overseas Shipholding Group, Inc. (the "Company") offered (the "Tender Offer") to purchase for cash any and all of its outstanding 7.5% Senior Notes due 2024 (the "Notes") from the holders of such Notes (the "Holders"). The Company also solicited (the "Consent Solicitation") consents ("Consents") from the Holders of the Notes to a proposed amendment with respect to the Notes. Holders were given the option to participate in both the Tender Offer and Consent Solicitation or solely the Consent Solicitation. Holders who validly tendered his or her Notes received the total compensation amount, which was the sum of (i) the Tender Offer consideration, and (ii) a consent payment of \$30.00 per \$1,000 principal amount of Notes with respect to which Consents are accepted for payment (the "Consent Payment").

**15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.**

The Company intends to treat the receipt of the Consent Payment as resulting in a deemed exchange of the original debt instrument for a new debt instrument. The deemed exchange qualified as a tax-free recapitalization for U.S. federal income tax purposes. The deemed exchange did not result in the recognition of gain or loss, except that gain may be recognized up to the amount of the Consent Payment. A U.S. Holder's tax basis in the new debt instrument will be the same as the U.S. Holder's tax basis in the old debt instruments, decreased by the amount of the Consent Payment received and increased by the amount of gain recognized by the U.S. Holder in respect of the deemed exchange.

**16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.**

A U.S. Holder's tax basis in the new debt instruments will be the same as the U.S. Holder's tax basis in the old debt instruments, decreased by the amount of the Consent Payment received and increased by the amount of gain recognized by the U.S. Holder in respect of the deemed exchange.

Each Holder should consult with his or her tax advisor with respect to the basis in this transaction based on his or her specific facts.

**17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.**

Section 1001.1(g)

Section 368

Section 356

**18. Can any resulting loss be recognized?**

The deemed exchange will not result in the recognition of gain or loss, except that gain may be recognized up to the amount of the Consent Payment.

**19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

See "OVERSEAS SHIPHOLDING GROUP, INC. Offer to Purchase Any and All of its Outstanding 7.50% Senior Notes due 2024 (the "Notes") (CUSIP: 690368AG0; ISIN: US690368AG06) and Solicitation of Consents to Proposed Amendments to the Indenture Governing the Notes" provided to Holders of the Notes for additional information.