

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.

Blank lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See Attached.

Blank lines for providing information regarding resulting loss recognition.

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

Blank lines for providing other information necessary to implement the adjustment.

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 ▶ *[Signature]* Date ▶ 12/19/16

Print your name ▶ **Rick F. Oricchio** Title ▶ **SVP & CFO**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	P. O'Grady	<i>[Signature]</i>	12/17/16		P00752199
	Firm's name ▶ Deloitte Tax LLP	Firm's EIN ▶ 86-1055772		Phone no. (203) 708-4536	
	Firm's address ▶ 695 East Main Street, Stamford, CT 06902				

OVERSEAS SHIPHOLDING GROUP, INC.

Distribution of International Seaways, Inc. Common Stock

Part I

10. CUSIP number

Class A Common Stock – 69036R806, 69036R889, and 69036R863

Class A Warrants – 69036R129, 69036R137, and 69036R145

Part II

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 November 30, 2016, OSG Shipholding Group, Inc. ("OSG") distributed 100 percent of the shares of International Seaways, Inc. ("INSW") to shareholders and warrant holders (collectively, "equityholders"). OSG shareholders received 0.3333 shares of INSW common stock for every one share of OSG common stock held at 5:00 p.m. on November 18, 2016, the record date for the spin-off. OSG warrant holders received 0.3333 shares of INSW common stock for every one share of OSG common stock they would have received if they exercised those warrants immediately prior to the distribution date (or approximately 0.06332 INSW shares per warrant). OSG shareholders and warrant holders received cash in lieu of any fractional shares.

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 distribution was in excess of OSG's current and accumulated earnings and profits and will not be treated as a dividend. Rather, the distribution will reduce the adjusted basis of the holder's OSG equity (but not below zero).

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

The distribution of INSW stock has been valued at \$12.72 per INSW share based upon the average trading price of INSW for the seven-day period subsequent to the distribution. The adjusted basis of the equityholders' OSG stock and/or warrants is decreased (but not below zero) by the amount of the distribution.

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

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

Internal Revenue Code Section 301 and 316.

18. Can any resulting loss be recognized?

No loss should be recognized from the distribution.

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

The information provided above will be included on the equityholder's 2016 Form 1099-DIV in Box 3. For further information, see Form 10 filed with the SEC on November 9, 2016.