

OSG TERMS AND CONDITIONS FOR THE PURCHASE OF GOODS

1. INTERPRETATION

In these Terms and Conditions, the following words shall have the following meanings:

“The Contract”: The Purchase Order, these Terms and Conditions and, subject to Clause 2, the Seller’s acceptance of the Purchase Order.

“Formal Agreement”: a formal written agreement signed by OSG and the Seller.

“OSG”: OSG Ship Management, Inc., as specified as the “Purchaser” on the Purchase Order. Only the “Purchaser” specified on the Purchase Order shall be responsible for fulfilling OSG’s obligations under the Contract.

“The Purchase Order”: OSG’s purchase order referencing these Terms and Conditions (including the specifications of Goods set forth therein).

“The Goods”: Any goods agreed in the Contract to be purchased by OSG from the Seller (including any part or parts of them).

“The Seller”: the person, firm or company who accepts the Purchase Order.

2. APPLICATION OF TERMS AND CONDITIONS

2.1 In the absence of a Formal Agreement, these Terms and Conditions are the only terms upon which OSG is prepared to deal with the Seller and they, along with the Purchase Order, shall govern the Contract to the entire exclusion of all other terms and conditions. No terms or conditions endorsed upon, delivered with or contained in the Seller’s quotation, acknowledgement or acceptance of purchase order, specification or similar document will form part of the Contract or have any legal effect and the Seller waives any right that it otherwise may have to rely on such terms and conditions.

2.2 In the event that OSG and the Seller enter into a Formal Agreement, such Formal Agreement shall take precedence over these Terms and Conditions in the event of conflict. Otherwise, these Terms and Conditions shall apply.

3. WARRANTY

3.1 The Goods ordered herein shall be of the best quality, material and workmanship, unused and in new condition obtained from the original equipment maker or their approved suppliers or agents (except as otherwise provided in the Purchase Order), free from defects in material, design and/or workmanship including free of asbestos and of the latest production and shall conform to the latest applicable specifications and drawings. When delivered, the Goods must where applicable be accompanied by an appropriate certificate of conformity signed by the Seller’s designated quality officer.

Asbestos Free Declarations shall be provided by the supplier for all materials referenced in the Appendix listed in MSC.1/Circ.1426 Unified Interpretation of SOLAS regulation II-1/3-5.

3.2 The Seller recognizes that the Goods are to be supplied for use in a marine environment and warrants that they will conform with any class or other regulations that may be applicable. Specifically, items falling under the categories of Lifesaving appliances, Marine pollution prevention systems, Fire protection systems, Navigation equipment and Radio-communications equipment must be US Coast Guard approved, or in compliance with the amended Marine Equipment Directive 2002/75/EC and also having the USCG approval number and “wheel” mark on them.

3.3 If the Goods are defective or do not conform with the provisions of Clauses 3.1 and 3.2 in any respect, OSG may at its sole option either (a) terminate the Contract pursuant to Clause 5 and return the Goods or (b) inform the Seller of the defect or nonconformity, in which case the Seller shall immediately at its own expense (including any transportation costs to and from the place where replacement or repair will take place) repair or replace the defective or nonconforming Goods or take such other action as is necessary to ensure conformity of the Goods with the provisions of Clauses 3.1 and 3.2.

3.4 The Goods shall be delivered within the time stated in the Purchase Order, subject to Clause 9, or as subsequently agreed in writing between the parties, failing which OSG may at its sole option terminate the Contract pursuant to Clause 5.

3.5 The Seller shall guarantee the performance of the Goods in accordance with specifications for a period of one year from the date of delivery or for the usual period applicable to such goods in the normal course of the Seller’s trade, if longer than one year.

3.6 If the Seller fails to replace promptly or repair the Goods which are required to be replaced or repaired pursuant to Clause 3.3, OSG may, without prejudice to any rights it may have in law or in equity or otherwise under these Terms and Conditions, terminate the Contract pursuant to Clause 5 and where appropriate replace or repair such Goods and charge to the Seller the additional costs incurred.

4. INDEMNITY

The Seller shall indemnify and hold harmless OSG in full against all direct, indirect or consequential liabilities, loss, damages, injury, costs and expenses (including legal and other professional fees and expenses incurred or paid by OSG) as a result of or in connection with: (a) The Goods failing to conform with the provisions of Clauses 3.1 and 3.2; (b) The Goods failing to be delivered on time pursuant to Clause 3.4; (c) An infringement or alleged infringement of any intellectual property rights caused by the use, manufacture or supply of the Goods; (d) any claim made against OSG for damages (including costs and expenses) made by OSG’s employees as agents or by any third party to the extent that such damage was caused by, relates to or arises from the Goods as a consequence of a direct or indirect breach or negligent performance or failure or delay in performance of the terms of the Contract by the Seller.

5. DEFAULT

If the Seller fails to deliver the Goods in conformance with the provisions of Clauses 3.1 and 3.2, or fails to deliver the Goods on time pursuant to Clause 3.4, or if the Seller becomes bankrupt or insolvent, ceases or threatens to cease to carry on its business or otherwise fails to comply with its obligations under the

Contract, OSG may by written notice to the Contractor terminate with immediate effect the whole or any part of the Contract at no cost to OSG. Thereafter, OSG may procure or otherwise obtain the Goods from a third party, and the Seller shall be liable to OSG for any excess costs for such items. The Seller shall continue to provide any Goods ordered to the extent not cancelled hereunder.

6. ENVIRONMENTAL PROTECTION

OSG and its affiliates operate to a quality, safety, and environmental management system consistent with internationally accepted standards, and as a carrier of environmentally sensitive cargoes. The OSG group of companies has committed itself to implement and maintain environmental management system (EMS) within its office headquarters and onboard the vessels it manages. OSG and its affiliates promote the adoption of environmental principles by suppliers and contractors acting on behalf of the company, encouraging improvements, and where appropriate, requiring improvements in their practices. Accordingly, the Seller agrees to take all consideration and care with regard to environmental issues for all Goods supplied by the Seller hereunder. Specifically, the Seller agrees to comply with the following OSG requirements: The Seller shall: review and evaluate all products for their material content and their compliance with required environmental objectives; instill in all personnel environmental protection awareness; ensure that an organized approach is used to identify environmental concerns and that adequate support and resources are provided to implement prompt corrective action; and reduce where practicable all packaging and replace environmentally sensitive packaging with environmentally friendly packaging. Furthermore, the Seller shall: label any items in accordance with the provisions of applicable hazardous materials regulations; and provide OSG with all necessary product information, especially with respect to product composition and shelf/service life (e.g., safety data sheets, processing advice, labeling regulations, assembly instructions, workers' protection measures, etc.), including any amendments to the foregoing; and comply with all applicable laws, rules, regulations, ordinances and requirements of all governmental bodies which are applicable to the Contract.

7. PACKING AND SHIPMENT

7.1 Unless otherwise specified, all items are to be packed in accordance with good commercial practice and marked to assure safe arrival at the specified destination.

7.2 A complete packing list shall be enclosed with all Goods. Seller shall mark containers or packages with necessary lifting, loading and shipping information, including the OSG Purchase Order number, Purchase Order line number, stock number/part number and quantity, dates of shipment and the names and addresses of consignor and consignee. Bills of lading shall include the Purchase Order number.

7.3 Where Goods are to be delivered on pallets, europallets should be used at no additional cost to OSG.

7.4 Since the Goods are generally destined for seagoing vessels, which may delay their immediate inspection, the Seller agrees to accept claims for (a) overages, (b) shortages, or (c) defective, nonconforming or erroneous Goods (assuming) if they are submitted within four (4) weeks from the date of delivery of the Goods to the requested destination (or later, if such defect, nonconformance or error is not apparent at the time of inspection).

8. ISPS CODE COMPLIANCE

8.1 Compliance with the provisions of this clause 8 is required to comply with the ISPS Code.

8.2 All deliveries must be communicated to the vessel for which the Goods were purchased prior to the delivery being made. Each individual parcel/package/pallet must be labeled externally with the Purchase Order number and a list of the contents, which must be visible and clear to read.

8.3 Any parcels/packages/pallets delivered to a vessel owned or operated by OSG or its affiliates without prior delivery notification will be refused.

8.4 Any persons visiting the vessel shall be required to give the Master and agents for the vessel prior notification and must carry photographic identification with them.

9. TIMELY PERFORMANCE

9.1 Time is of the essence in the performance of the Contract.

9.2 If the Seller becomes aware of difficulty or delay in delivering the Goods, the Seller shall timely notify OSG, in writing, giving pertinent details. The said notification shall not change the Seller's obligations under Clause 3.4.

10. CANCELLATION AT OSG'S REQUEST

In the event OSG determines that the Goods are no longer required, the Seller undertakes to use its best endeavors to cancel the supply of the Goods on terms as favorable to OSG as can be granted or obtained.

11. PAYMENT - RISK

11.1 The price quoted for the Goods shall include the cost of delivery to the destination requested by OSG unless the parties otherwise agree.

11.2 Risk of loss or damage to the Goods shall pass to OSG from the Seller on delivery to the destination requested by OSG.

11.3 Within thirty (30) days after the Goods are delivered to the requested destination, the Seller shall issue the original invoice to the OSG accounting department at the address for OSG stated in the Purchase Order quoting the Purchase Order number, describing the items supplied, together with the proof of dispatch. The invoice shall be issued in the currency of the Purchase Order.

11.4 OSG shall pay the net invoice amount and the charges of its own bank in connection with the payment, and no other charges, within sixty (60) days from receipt of the invoice. OSG shall consider earlier payment if agreement can be reached on a specific discount or rebate on the invoiced amount.

12. NO ASSIGNMENT

The Seller may not assign or sub-contract the performance of the Contract without the written consent of OSG.

13. SAFETY ON BOARD VESSELS

The Seller and/or its agents, employees or sub-contractors shall comply with the instructions of the Master while on board a vessel owned or operated by OSG or its affiliate and shall follow all applicable safety requirements.

14. DISPUTES THIS CLAUSE

14.1 The Contract shall be governed by and constructed in accordance with the laws of the State of Florida and the federal laws of the United States, as applicable, and any dispute arising out of or in connection with it shall be referred to arbitration in Florida in accordance with this clause 14.1. The arbitration shall be conducted in accordance with the rules and procedures of the Society of Maritime Arbitrators Inc. (SMA) current at the time when the arbitration proceedings are commenced. The reference shall be to three arbitrators, one to be appointed by each of the parties hereto and the third by the two so chosen, and their decision or that of any two of them shall be final and binding. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement. Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator. In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the parties may agree, exclusive of interest on the sum claimed, costs of the arbitration, and legal expenses) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the SMA current at the time when the arbitration proceedings are commenced.

15. BUSINESS ETHICS

Gifts or other incentives to OSG employees are strictly prohibited. If the Seller breaches this clause, OSG reserves the right to terminate the Contract without any liability to the Seller and exclude the Seller from its list of potential suppliers for future purchases. In providing the Goods under the Contract, the Seller shall comply with OSG's Anti-Bribery and Corruption Policy (as a Third Party or otherwise) and OGG's Code of Business Conduct and Ethics, both as they may be amended, which polices are set forth on OSG's website, www.osg.com, under Investor Relations, Corporate Governance.

16. CONFIDENTIALITY

The Seller undertakes (a) to keep confidential any information, knowledge and materials (e.g., technical and other data, measured values, techniques, business experience, business secrets, know-how, drawings and other documentation) (hereinafter referred to as "Information") received from or disclosed in any other way by OSG or an affiliate of OSG, (b) not to disclose such Information to third parties and (c) not to use such Information for any purpose other than executing and performing its responsibilities under the Contract. The Seller undertakes to return all Information delivered to it in a tangible form (e.g., documents, samples, specimens, or the like) without undue delay upon OSG's request without retaining any copies or notes. In addition, the Seller undertakes to delete its own notes, compilations and evaluations containing Information without undue delay upon OSG's request and to confirm that it has done this to OSG in writing. OSG shall continue to have ownership and all intellectual property rights relating to OSG's Information.

17. NOTICES

Notices required by the Contract to be given by the Seller or OSG to the other shall be in writing and shall be deemed effective when served personally, delivered by courier service (with proof of delivery), or successfully transmitted by fax (with confirmation of receipt addressed to the intended recipient at the address stated on the face of the Purchase Order or at such other address(es) as such party may later specify in writing).