

In re OSG SECURITIES LITIGATION	X	:	Civil Action No. 1:12-cv-07948-SAS
	:	:	
	:	:	<u>CLASS ACTION</u>
This Document Relates To:	:	:	
ALL ACTIONS.	:	:	
	X		

NOTICE OF PENDENCY AND PROPOSED PARTIAL SETTLEMENTS OF CLASS ACTION, MOTION FOR ATTORNEYS’ FEES AND SETTLEMENT FAIRNESS HEARING

TO: ALL PERSONS WHO OR WHICH PURCHASED OR OTHERWISE ACQUIRED OVERSEAS SHIPHOLDING GROUP, INC.’S (“OSG” OR THE “COMPANY”) 8.125% SENIOR NOTES DUE 2018 (THE “SENIOR NOTES”) PURSUANT AND/OR TRACEABLE TO OSG’S MARCH 2010 REGISTRATION STATEMENT AND PROSPECTUS SUPPLEMENT FOR THE SENIOR NOTES AND/OR OSG’S COMMON STOCK DURING THE PERIOD OCTOBER 29, 2007 THROUGH OCTOBER 19, 2012, INCLUSIVE

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE PARTIAL SETTLEMENTS DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE PROCEEDS OF THE SETTLEMENTS, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) **POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE DECEMBER 2, 2015.**

This Notice of Pendency and Proposed Partial Settlements of Class Action, Motion for Attorneys’ Fees and Settlement Fairness Hearing (“Notice”) has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and Orders of the United States District Court for the Southern District of New York (the “Court”). The purpose of this Notice is to inform you of the pendency of this class action and the proposed partial settlements (the “Partial Settlements”) of the action entitled *In re OSG Securities Litigation*, Civil Action No. 1:12-cv-07948-SAS (the “Action”) and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of each of the settlements comprising the Partial Settlements as well as counsel’s application for fees, costs, and expenses, including reimbursement to Lead Plaintiffs for their time and expenses incurred in representing the Class. This Notice describes the rights you may have in connection with your participation in the Partial Settlements, what steps you may take in relation to the Partial Settlements and this class action, and, alternatively, what steps you must take if you wish to be excluded from the Partial Settlements and this Action.

Unless otherwise stated, all terms used in this Notice shall have the same meanings as set forth in the Stipulations of Settlement filed with the Court.

YOUR LEGAL RIGHTS AND OPTIONS IN THESE PARTIAL SETTLEMENTS	
SUBMIT A CLAIM FORM	The only way to get a payment. Proof of Claim forms must be <i>postmarked or submitted online on or before December 2, 2015.</i>
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Settling Defendants ¹ or any other Released Persons about the legal claims in this case. Exclusions must be <i>received on or before November 10, 2015.</i>
OBJECT	Write to the Court about why you do not like any or all of the partial settlements comprising the Partial Settlements, the Plan of Allocation, and/or the request for attorneys’ fees, costs, and expenses. You will still be a member of the Class. Objections must be <i>received by the Court and counsel on or before November 10, 2015.</i>
GO TO A HEARING	Ask to speak in Court about the fairness of the Partial Settlements or any portion thereof. Requests to speak must be <i>received by the Court and counsel on or before November 10, 2015.</i>
DO NOTHING	Get no payment. Give up your rights.

SUMMARY OF THIS NOTICE

¹ The Settling Defendants are: Alan R. Batkin, Thomas B. Coleman, Charles A. Fribourg, Stanley Komaroff, Solomon N. Merkin, Joel I. Picket, Ariel Recanati, Oudi Recanati, Thomas F. Robards, Jean-Paul Vettier, Michael J. Zimmerman, Morten Arntzen, and Myles R. Itkin (collectively, the “Individual Defendants”); Citigroup Global Markets Inc., Deutsche Bank Securities Inc., DNB Markets, Inc. (f/k/a DnB NOR Markets, Inc.), Goldman, Sachs & Co., HSBC Securities (USA) Inc., ING Financial Markets LLC, and Morgan Stanley & Co. LLC (f/k/a Morgan Stanley & Co. Incorporated) (collectively, the “Underwriter Defendants”); and PricewaterhouseCoopers LLP (“PwC”).

Statement of Class Recovery

Pursuant to the Partial Settlements described herein, a minimum \$31,250,000 settlement fund has been established. This settlement fund (the "Settlement Fund") consists of: (i) \$10,500,000 to be paid by the Individual Defendants; (ii) \$4,000,000 to be paid by the Underwriter Defendants; (iii) \$1,750,000 to be paid by PwC; and (iv) a minimum of \$15,000,000 from the settlement of Class Members' claims in the bankruptcy court, which also includes a contingent right to 15% of the net proceeds of OSG's professional liability action against Proskauer Rose LLP and certain individual defendants (the "Bankruptcy Court Settlement").² Lead Plaintiffs estimate that there were approximately 26.3 million shares of OSG common stock which may have been damaged during the Class Period and 226,000 damaged Senior Notes; therefore the average recovery under the Partial Settlements is roughly \$0.13 per common damaged share and \$56.00 per \$1,000 in Senior Notes, before deduction of any taxes on the income thereof, notice and administration costs and the attorneys' fees, costs, and expenses as determined by the Court. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Loss as compared to the total Recognized Losses of all Class Members who submit acceptable Proofs of Claim. An individual Class Member may receive more or less than this estimated average amount depending on the number of claims submitted, when during the Class Period a Class Member purchased or acquired OSG common stock or the Senior Notes, the purchase price paid, and whether those shares or Senior Notes were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received. See Plan of Allocation as set forth at pages 10-12 below for more information on your Recognized Loss.

Statement of Potential Outcome of Case

Lead Plaintiffs and the Settling Defendants do not agree on whether Lead Plaintiffs would have prevailed on the merits of their claims against the Settling Defendants, nor do they agree on the average amount of damages per OSG common share or Senior Notes that would be recoverable if the Lead Plaintiffs prevailed on each claim alleged. Among other things, the Settling Defendants deny that: (i) they violated the federal securities laws; (ii) they made false or misleading statements; or (iii) damages were suffered by members of the Class as a result of their alleged conduct.

Statement of Attorneys' Fees, Costs, and Expenses Sought

Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed thirty percent (30%) of the Settlement Fund, plus costs and expenses not to exceed \$400,000, plus interest earned on both amounts at the same rate as earned by the Settlement Fund. Since the Action's inception, Lead Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees. In addition, Lead Plaintiffs may seek reimbursement of up to \$10,000 each for their time and expenses incurred in representing the Class. The requested fees, costs, and expenses amount to an average of approximately \$0.04 per damaged common share and \$18.00 per Senior Note. The average cost per damaged share will vary depending on the number of acceptable Proofs of Claim submitted.

Further Information

For further information regarding the Action, this Notice or to review the Stipulations of Settlement for the various settlements comprising the Partial Settlements, please contact the Claims Administrator toll-free at 1-877-236-9485, or www.osgsecuritieslitigation.com.

You may also contact representatives of counsel for the Class: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900, www.rgrdlaw.com.

Please Do Not Call the Court or the Settling Defendants with Questions About the Partial Settlements.

² The Bankruptcy Court Settlement, less fees and expenses, will also be distributed to Class Members who submit valid claims as a result of a settlement reached on behalf of the Class in OSG's bankruptcy proceedings. That settlement was approved by the bankruptcy court in July 2014 and is being distributed pursuant to the Plan of Allocation set forth herein. The specific terms of the Bankruptcy Court Settlement provide for Class Members to receive: (i) \$7 million in cash, which has already been paid; (ii) 15% of the net proceeds of the debtors' professional liability action against Proskauer Rose LLP and certain individual defendants (the "Professional Liability Action"); (iii) \$5 million in cash, payable by a reorganized OSG upon resolution of the Professional Liability Action; (iv) \$3 million in cash, payable by a reorganized OSG on the first anniversary of the effective date of the Amended Equity Plan; (v) proceeds of any of the debtors' residual interests in certain director and officer insurance policies; and (vi) any remaining cash in a \$2 million reserve, after accounting for satisfaction or resolution of other subordinated claims.

Reasons for the Partial Settlements

Lead Plaintiffs' principal reason for the Partial Settlements is the substantial immediate cash benefit to be provided to the Class without the risk or delays inherent in further litigation. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. The Settling Defendants deny all allegations of wrongdoing or liability whatsoever and are entering into the Partial Settlements solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or acquired OSG common stock during the period from October 29, 2007, through and including October 19, 2012 ("Class Period"); or purchased or acquired the Senior Notes.

The Court directed that this Notice be sent to Class Members because they have a right to know about the Partial Settlements of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Partial Settlements. If the Court approves the Partial Settlements and after objections and appeals, if any, are resolved, the Claims Administrator appointed by the Court will make the payments provided for in the Partial Settlements.

This Notice explains the class action lawsuit, the Partial Settlements, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Southern District of New York, and the case is known as *In re OSG Securities Litigation*, Civil Action No. 1:12-cv-07948-SAS. The case has been assigned to the Honorable Shira A. Scheindlin. The pension funds and individual representing the Class are the "Lead Plaintiffs," and the companies and individuals they sued and who have now settled are called the Settling Defendants.

2. What is this lawsuit about?

This litigation was commenced on October 24, 2012. Lead Plaintiffs alleged that there were untrue and misleading statements made in the Registration Statement OSG filed in connection with its sale of \$300 million of Senior Notes to the public on March 24, 2010, and false and misleading statements made during the Class Period by defendants Arntzen and Itkin. These alleged statements included specific representations concerning, among other things, the Company's income taxes; accounting policies; controls and procedures; internal controls over financial reporting; tax benefits purportedly received by the Company; guidance on future tax benefits; how financial statements were prepared in conformity with Generally Accepted Accounting Principles; and guidance on future results.

On November 14, 2012, OSG and its affiliated debtors filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

The parties have engaged in extensive motion practice and deposition and document discovery, and on November 20, 2014, attended a formal mediation session before the Honorable Layn R. Phillips (Ret.), a retired United States District Court Judge. Following that mediation, and after arm's-length negotiations, the Settling Parties reached their agreements-in-principle to resolve the Action on the terms set forth herein.

Settling Defendants deny each and all of the claims and contentions of wrongdoing alleged by Lead Plaintiffs in the litigation. Settling Defendants contend that they did not make any materially false or misleading statements, they disclosed all material information required to be disclosed by the federal securities laws and any alleged misstatements or omissions were not made with the requisite intent or knowledge of wrongdoing. Settling Defendants also contend that any losses suffered by members of the Class were not caused by any false or misleading statements by Settling Defendants and/or were caused by intervening events. The Settling Defendants also maintain that they have meritorious defenses to all claims that were raised or could have been raised in the Action.

3. Why is this a class action?

In a class action, one or more people called the plaintiff sues on behalf of people who have similar claims. All of the people with similar claims are referred to as a class or class members. One court resolves the issues for all class members, except for those who exclude themselves from the class.

4. Why are there settlements?

The Court has not decided in favor of the Settling Defendants or of the Class. Instead, the Settling Parties agreed to the settlements comprising the Partial Settlements to avoid the distraction, costs and risks of further litigation, and Lead Plaintiffs agreed to the settlements comprising the Partial Settlements in order to ensure that Class Members will receive

compensation. Continuing to litigate the case against the Settling Defendants would require all parties to expend substantial resources. If the Action continued against the Settling Defendants, fact discovery would be extremely expensive, each party would likely engage expert witnesses, and Lead Plaintiffs believe much of the proof would be highly technical, making the outcome of any trial unpredictable. Lead Plaintiffs and Lead Counsel believe the Partial Settlements are in the best interest of all Class Members in light of the real possibility that continued litigation could result in no recovery at all.

The Settling Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Settling Defendants have agreed to the Partial Settlements solely to eliminate the burden and expense of continued litigation. Accordingly, the Partial Settlements may not be construed as an admission of any wrongdoing by the Settling Defendants.

The proposed Settlement Amount is based on proposals made to the parties by Judge Phillips, who mediated this case. His recommendation was based on his neutral evaluation of the case and the risks facing all parties at that point in time. He made his recommendation based on his review and consideration of all of the orders issued to date in the case, the evidence and arguments offered by all parties, and the substantial risks to all parties that the future litigation landscape presented. Judge Phillips is of the opinion that: “the proposed Partial Settlements are the result of vigorous arms’ length negotiations by the Parties.” Moreover, based on his extensive discussions with all parties and their counsel and the information made available to him both before and during the mediation sessions, his opinion is that “the settlements were negotiated in good faith and are fair and reasonable.” He has indicated that he “strongly support[s] the approval of the Partial Settlements in all respects.”

WHO IS IN THE PARTIAL SETTLEMENTS

To see if you will get money from the Partial Settlements, you first have to decide if you are a Class Member.

5. How do I know if I am part of the Partial Settlements?

The Court directed that everyone who fits this description is a Class Member: ***all Persons who or which purchased or otherwise acquired (a) OSG’s 8.125% Senior Notes Due 2018 (the “Senior Notes”) pursuant and/or traceable to OSG’s March 2010 registration statement and prospectus supplement for the Senior Notes; and/or (b) OSG’s common stock during and inclusive of the period October 29, 2007 through October 19, 2012, except those Persons and entities that are excluded, as described below.***

6. Are there exceptions to being included?

Excluded from the Class are the Settling Defendants, G. Allen Andreas (“Andreas”) and their respective successors and assigns; past and current officers, directors, partners or employees of OSG and the Underwriter Defendants and PwC and Ernst and Young LLP during the Class Period; members of the immediate families of the Individual Defendants and Andreas, the legal representatives, heirs, successors, or assigns of the Individual Defendants, and Andreas, and any entity in which any of the above excluded Persons have or had a majority ownership interest. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class in accordance with the requirements set by the Court and this Notice.

If one of your mutual funds owned OSG common stock or Senior Notes, that alone does not make you a Class Member. You are a Class Member only if you directly purchased or acquired OSG common stock during the Class Period or OSG Senior Notes pursuant and/or traceable to OSG’s March 2010 Registration Statement and Prospectus Supplement. Contact your broker to see if you purchased or acquired OSG common stock or the Senior Notes.

If you sold OSG common stock or the Senior Notes during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you ***purchased or acquired*** OSG common stock or Senior Notes, as described above.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 1-877-236-9485, or you can fill out and return the Proof of Claim form enclosed with this Notice package, to see if you qualify.

THE BENEFITS OF THE PARTIAL SETTLEMENTS – WHAT YOU GET

8. What do the Partial Settlements provide?

In exchange for the release of the Released Claims against each of the Settling Defendants (defined above) as well as dismissal of the Action as against the Settling Defendants, the Settling Defendants have agreed that payments of a

total of \$16,250,000 will be made by the Settling Defendants (or on their behalf) to be divided, after taxes, fees, and expenses, *pro rata* among all Class Members who send in a valid Proof of Claim form. This amount is in addition to the minimum of \$15,000,000, less fees and expenses, obtained in the Bankruptcy Court Settlement.

9. How much will my payment be?

Your share of the fund will depend on several things, including, how many Class Members submit timely and valid Proof of Claim forms, the total Recognized Losses represented by the valid Proof of Claim forms that Class Members send in, the number of shares of OSG common stock or the amount of Senior Notes you purchased or acquired, how much you paid, when you purchased or acquired, and if you sold your securities and for how much.

By following the instructions in the Plan of Allocation, you can calculate what is called your Recognized Loss. It is unlikely that you will get a payment for all of your Recognized Loss. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Loss divided by the total of everyone's Recognized Losses. See the Plan of Allocation at pages 10-12 hereof for more information on your Recognized Loss.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must submit a Proof of Claim form. A Proof of Claim form is enclosed with this Notice or it may be downloaded at www.osgsecuritieslitigation.com. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail or submit it online so that it is **postmarked or received no later than December 2, 2015**. The claim form may be submitted online at www.osgsecuritieslitigation.com.

11. When would I get my payment?

The Court will hold a Settlement Hearing on **December 1, 2015**, to decide whether to approve the Partial Settlements. If the Court approves the Partial Settlements or any portion thereof after that, there might be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up to get a payment or to stay in the Class?

Unless you exclude yourself, you will remain a Class Member, and that means that, if the Partial Settlements are approved, you will give up all "Released Claims" (as defined below), including "Unknown Claims" (as defined below), against the various "Released Persons" (as defined below):

- "Released Claims" with respect to the Individual Defendants Stipulation means any and all claims, rights, remedies, demands, liabilities and causes of action of every nature and description (including but not limited to any claims for damages, punitive damages, compensation, restitution, disgorgement, rescission, interest, injunctive relief, attorneys' fees, expert or consulting fees, obligations, debts, losses, and any other costs, expenses or liabilities of any kind or nature whatsoever), whether legal, statutory or equitable in nature to the fullest extent the law permits their release in this Action, whether known or "Unknown Claims" (as defined below), whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiffs, or any other Class Member (a) alleged in any complaint filed or sought to be filed in the Action or (b) could have asserted in any forum or proceeding that (i) arise out of or are based upon or are related to, directly or indirectly, the facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions, which were or could have been alleged by any member of the Class in the Action, and that (ii) arise out of the purchase or acquisition, holding, sale or disposition of the Senior Notes or OSG common stock purchased or acquired during the Class Period by Lead Plaintiffs or any member of the Class, provided however, that the Released Claims shall not include the right to enforce the Individual Defendants Stipulation.
- "Released Claims" with respect to the PwC Stipulation means any and all claims, rights, remedies, demands, liabilities and causes of action of every nature and description (including but not limited to any claims for damages, punitive damages, compensation, restitution, disgorgement, rescission, interest, injunctive relief, attorneys' fees, expert or consulting fees, obligations, debts, losses, and any other costs, expenses or liabilities of any kind or nature whatsoever), whether legal, statutory or equitable in nature to the fullest extent the law permits their release in this Action, whether known or "Unknown Claims" (as defined below), whether arising under federal, state, common or foreign law, whether class or individual in nature, that Lead Plaintiffs, or any other Class Member (a) alleged in any complaint filed or sought to be

filed in the Litigation or (b) could have asserted in any forum or proceeding that (i) arise out of or are based upon or are related to, directly or indirectly, the facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, or omissions, which were or could have been alleged by any member of the Class in the Litigation, and that (ii) arise out of the purchase or acquisition, holding, sale or disposition of any OSG securities, including the Senior Notes or common stock, purchased or acquired during the Class Period by Lead Plaintiffs or any member of the Class, provided however, that the Released Claims shall not include the right to enforce the PwC Stipulation.

- “Released Claims” with respect to the Underwriter Defendants Stipulation means any and all claims (including “Unknown Claims” as defined below) against the Underwriter Defendants and their Related Underwriter Defendant Persons, arising out of, relating to, or in connection with both (i) the facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, or omissions which were or could have been alleged in the Litigation, and (ii) the purchase or acquisition, holding, sale or disposition of all securities issued by OSG, including, but not limited to, the Senior Notes or common stock, during the Class Period.
- “Released Persons” means each and all of the Released Individual Defendant Parties, the Released PwC Parties, and the Released Underwriter Defendant Parties.
- “Defendants’ Claims” means all Individual Defendants’ Claims, PwC’s Claims, and Settled Underwriter Defendants’ Claims.
- “Unknown Claims” with respect to the Released Persons means (a) any Released Claims that Lead Plaintiffs or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons, which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision(s), with respect to the Partial Settlements; and (b) any Defendants’ Claims that any Settling Defendant does not know or suspect to exist in his, her or its favor at the time of the release of the Lead Plaintiffs, Class Members and Plaintiffs’ Counsel, which, if known by him, her or it, might have affected his, her or its settlement with and release of the Lead Plaintiffs, Class Members and Plaintiffs’ Counsel, or might have affected his, her or its decision(s) with respect to the Partial Settlements. With respect to any and all Released Claims and Defendants’ Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and the Settling Defendants shall expressly waive, and each of the Class Members and the Settling Defendants shall be deemed to have, and by operation of the Final Judgments and Orders of Dismissal with Prejudice shall have, expressly waived any and all provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true related to the subject matter of the Released Claims, but Lead Plaintiffs shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgments and Orders of Dismissal with Prejudice shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Similarly, the Settling Defendants may hereafter discover facts in addition to or different from those that any of them now knows or believes to be true related to the subject matter of the Defendants’ Claims, but each Settling Defendant shall expressly and, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgments and Orders of Dismissal with Prejudice shall have, fully, finally, and forever settled and released any and all Defendants’ Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without

malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties acknowledge, and Lead Plaintiffs, the Class Members, and the Settling Defendants shall be deemed by operation of the Final Judgments and Orders of Dismissal with Prejudice to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Defendants’ Claims was separately bargained for and is a key element of the Partial Settlements of which these releases are a part.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE PARTIAL SETTLEMENTS

If you do not want a payment from the Partial Settlements, and you want to keep the right to sue the Settling Defendants and their respective Released Persons, on your own, about the legal issues in this case, then you must take steps to remove yourself from the Partial Settlements. This is called excluding yourself – or is sometimes referred to as “opting out.”

The Individual Defendants, Underwriter Defendants, and PwC have the right to terminate the Partial Settlements as they relate to them if valid requests for exclusion are received from Persons entitled to be members of the Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and the Individual Defendants, Underwriter Defendants, or PwC, respectively.

13. How do I get out of the proposed Partial Settlements?

To exclude yourself from the Class, you must send a letter by First-Class Mail stating that you “request exclusion from the Class in the *Overseas Shipholding Group Securities Litigation*.” Your letter must include the date(s), price(s), and number(s) of all purchases, acquisitions, and sales of OSG common stock during the Class Period and/or Senior Notes pursuant and/or traceable to the March 2010 Registration Statement and Prospectus Supplement. In addition, you must include your name, address, telephone number, and your signature. You must submit your exclusion request so that it is **received no later than November 10, 2015** to:

Overseas Shipholding Group Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you ask to be excluded, you will not get any payment, and you cannot object to the Partial Settlements. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Settling Defendants and their respective Released Persons in the future.

14. If I do not exclude myself, can I sue the Settling Defendants and their respective Released Persons for the same thing later?

No. Unless you exclude yourself, you give up any rights you may have to sue the Settling Defendants and their respective Released Persons for any and all Released Claims. If you have a pending lawsuit against the Released Persons speak to your lawyer in that case immediately. You must exclude yourself from this Action to continue your own lawsuit. Remember, the exclusion deadline is **November 10, 2015**.

15. If I exclude myself, can I get money from the Partial Settlements?

No. If you exclude yourself, you may not send in a Proof of Claim to ask for any money. But you may have the right to sue or be part of a different lawsuit against the Settling Defendants and their respective Released Persons.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court ordered that the law firm of Robbins Geller Rudman & Dowd LLP represent the Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel will move the Court for an award of attorneys’ fees in an amount not greater than thirty percent (30%) of the Settlement Fund and for expenses and costs in an amount not to exceed \$400,000 in connection with the litigation, plus interest on such fees, costs, and expenses at the same rate earned by the Settlement Fund. Lead Counsel’s

application for an award of fees and expenses consists of the fees and expenses of Lead Counsel and additional Plaintiffs' Counsel, Pomerantz LLP and Lowenstein Sandler LLP. These law firms performed work on behalf of the Class and will submit declarations to the Court documenting their time and expenses in support of Lead Counsel's application. In addition, Lead Plaintiffs may seek reimbursement of up to \$10,000 each for their time and expenses incurred in representing the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund.

OBJECTING TO THE PARTIAL SETTLEMENTS

18. How do I tell the Court that I object to the proposed Partial Settlements?

If you are a Class Member, you can object to the Partial Settlements or any portion thereof, the proposed Plan of Allocation, the amount of reimbursement sought by Lead Plaintiffs, and/or Lead Counsel's fee, cost, and expense application. The Court's evaluation of the fairness, reasonableness and adequacy of each of the three partial settlements that the Class has reached with the Underwriter Defendants, PwC and the Individual Defendants shall be conducted separately. Accordingly, any order of the Court that disapproves or requires a material modification of the terms of any of the three partial settlements will not necessarily result in the disapproval of another partial settlement. Class members may accordingly object to fewer than all of the partial settlements. You can write to the Court setting out your objection. The Court will consider your views. To object, you must send a signed letter saying that you object to all or part of the Partial Settlements in the *Overseas Shipholding Group Securities Litigation*. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of OSG common stock or Senior Notes you purchased or acquired and sold during the Class Period, identify the portion of the Partial Settlements to which you are objecting, and state the reasons why you object to the proposed Partial Settlements or portions thereof. Your objection must be filed with the Court and mailed or delivered to each of the following addresses such that it is **received no later than November 10, 2015**:

COURT

Clerk of the Court
United States District Court
Southern District of New York
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, NY 10007

LEAD COUNSEL

Ellen Gusikoff Stewart
ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

SETTLING DEFENDANTS' COUNSEL

Adam S. Hakki
Elizabeth J. Stewart
SHEARMAN & STERLING LLP
599 Lexington Avenue
New York, NY 10022-6069

Richard A. Rosen
PAUL, WEISS, RIFKIND,
WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019-6064

Scott B. Schreiber
ARNOLD & PORTER LLP
399 Park Avenue
New York, NY 10022-4690

David H. Kistenbroker
DECHERT LLP
1095 Avenue of the Americas
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19. What is the difference between objecting and excluding myself?

Objecting is simply telling the Court that you do not like something about any or all of the Partial Settlements. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Partial Settlements. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed Partial Settlements?

The Court will hold a Settlement Hearing **at 2:30 p.m. on Tuesday, December 1, 2015**, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007 in Courtroom 15C. At the hearing the Court will consider whether the Partial Settlements are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Lead Counsel. After the Settlement Hearing, the Court will decide whether to approve the Partial Settlements. We do not know how long these decisions will take. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to attend the hearing, you should check with Lead Counsel beforehand to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Partial Settlements or any portion thereof, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see question 18 above) a statement saying that it is your "Notice of Intention to Appear in the *Overseas Shipholding Group Securities Litigation*." Persons who intend to object to the Partial Settlements or any portion thereof, the Plan of Allocation, and/or the application for an award of attorneys' fees, costs, and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you exclude yourself.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from the Partial Settlements. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Released Persons about the legal issues in this case, ever again.

GETTING MORE INFORMATION

24. Are there more details about the proposed Partial Settlements?

This Notice summarizes the Partial Settlements. More details are in the Stipulation of Settlement with PwC, the Stipulation of Settlement with the Individual Defendants, and the Stipulation of Settlement with the Underwriter Defendants and in the Stipulation Resolving Anticipated Objections to the Debtors' Proposed Plan of Reorganization (collectively, the "Settlement Agreements"). You can get copies of these documents and obtain answers to common questions regarding the Partial Settlements by contacting the Claims Administrator toll-free at 1-877-236-9485. A copy of the Settlement Agreements are also available on the Settlement website at www.osgsecuritieslitigation.com.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the Settlement Agreements, to the pleadings in support of the Partial Settlements, to the Orders entered by the Court and to the other papers filed in the Action, which will be posted on the Settlement website at www.osgsecuritieslitigation.com, and which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007, during regular business hours. For a fee, all papers filed in this Action are available at www.pacer.gov.

**PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG
CLASS MEMBERS**

The Settlement Fund, less all taxes, approved costs, fees, and expenses (the “Net Settlement Fund”) shall be distributed to Class Members who submit timely and valid Proof of Claim forms to the Claims Administrator (“Authorized Claimants”).

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Loss” calculated using the Court-approved Plan of Allocation. The Recognized Loss formula (below) is not intended to estimate the amount a Class Member might have been able to recover after a trial; nor to estimate the amount that will be paid to Authorized Claimants pursuant to the Partial Settlements. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. The Court may approve the Plan of Allocation, or modify it, without additional notice to the Class. Any order modifying the Plan of Allocation will be posted on the Settlement website at www.osgsecuritieslitigation.com.

The Plan of Allocation was created with the assistance of a consulting damages expert who analyzed the movement of OSG’s common stock and Senior Notes after the alleged disclosures.

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants. Furthermore, the Net Settlement Fund shall be distributed based on the respective proportion of the aggregate funds provided by the Settling Defendants to settle the common stock claims and/or the Senior Note claims. Specifically, the \$4,000,000 paid by the Underwriter Defendants, \$1,750,000 paid by PwC, and \$6,900,000 from the Individual Defendants are exclusively being paid for the benefit of the purchasers of the Senior Notes (less all taxes, approved costs, fees, and expenses) and will not be allocated at all to the purchasers of OSG’s common stock. Taking into account the burden of proof for the different claims, \$3,600,000 of the settlement proceeds received from the Individual Defendants will be allocated to the claims against defendants on behalf of the purchasers of OSG’s common stock. The funds received or to be received from the Bankruptcy Court Settlement, which are intended to settle both common stock and Senior Note *purchaser* claims, will be divided **between both sets of purchasers using** a ratio of 45% and 55%, respectively. In the event additional funds are contributed to settle the remaining outstanding and unsettled claims for the benefit of both purchasers of the Senior Notes and purchasers of OSG’s common stock, the distribution to Authorized Claimants shall be determined in a similar matter. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00 the claim per share is \$0.00.

Common Stock Claims

CUSIP: 690368105

For shares of OSG common stock purchased or acquired on or between October 29, 2007 through October 19, 2012, the claim per share shall be as follows:

- a) If sold on or between October 29, 2007 through October 19, 2012, the claim per share shall be the lesser of (i) the inflation in Table A at time of purchase less the inflation in Table A at time of sale, and (ii) the difference between the purchase price and the sales price; and
- b) If retained at the close of trading on October 19, 2012, or if sold thereafter, the claim per share shall be the lesser of (i) the inflation in Table A at time of purchase, and (ii) the difference between the purchase price and the sales price.

TABLE A

Period		Inflation
Begin	End	
10/29/07	10/11/12	\$4.96
10/12/12	10/15/12	\$4.26
10/16/12	10/16/12	\$2.91
10/17/12	10/19/12	\$2.50

Claims for the March 2010 Public Offering of Senior Notes

CUSIP: 690368AH8

Initial Public Offering Price: \$985.63 per Senior Note

Closing price on the date the lawsuit was filed³: \$305.00 per Senior Note

For Senior Notes purchased or acquired ***pursuant to, and traceable to, the Company's offering prospectus dated March 24, 2010***, and

- 1) sold prior to October 16, 2012, the claim per Senior Note is zero.
- 2) sold on or between October 16, 2012 through March 20, 2013, the claim per Senior Note is the lesser of (i) the purchase price less the sales price, and (ii) \$985.63 less \$305.00.
- 3) retained at the close of trading on March 20, 2013, the claim per Senior Note is zero.

In the event a Class Member has more than one purchase, acquisition or sale of OSG common stock or Senior Notes during the Class Period, all purchases, acquisitions and sales within the Class Period shall be matched on a First-In, First-Out ("FIFO") basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases or acquisitions in chronological order, beginning with the earliest purchase or acquisition made during the Class Period.

A purchase, acquisition or sale of OSG common stock or Senior Notes shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. All purchase, acquisition and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise or operation of law of OSG common stock or Senior Notes during the Class Period shall not be deemed a purchase, acquisition or sale of OSG common stock or Senior Notes for the calculation of a claimant's Recognized Loss nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such shares or notes unless specifically provided in the instrument of gift or assignment. The receipt of OSG common stock or Senior Notes during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase, acquisition or sale of OSG common stock or Senior Notes.

To the extent a claimant had a gain from his, her, or its overall transactions in OSG common stock or Senior Notes during the Class Period, the value of the claim will be zero. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of shares. The date of a "short sale" is deemed to be the date of sale of shares. In accordance with the Plan of Allocation, however, the Recognized Loss on "short sales" is zero. In the event that a claimant has an opening short position in OSG common stock, the earliest Class Period purchases or acquisitions shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero. The Claims Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants. No distribution shall be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00. As is customary in plans of allocation for securities class action settlements, a *de minimis* threshold is set in order to preserve the overall Settlement Fund from the costs of claims that are likely to exceed the value of those claims. It has been determined by counsel for the Parties that \$10.00 is a reasonable *de minimis* threshold. An Authorized Claimant that falls into this category may request to be excluded from this Action as described in questions 13 through 15 of this Notice or otherwise be bound by the Partial Settlements despite receiving no payment.

Class Members who do not submit acceptable Proofs of Claim will not share in the Net Settlement Fund. The Partial Settlements and the Final Judgments and Orders of Dismissal with Prejudice dismissing this Action against the Settling Defendants will nevertheless bind Class Members who do not submit a request for exclusion and/or submit an acceptable Proof of Claim.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class Members and the claims administration process, to decide the issue by submitting a written request.

The Settling Defendants, their respective counsel, and their respective Released Persons will have no responsibility or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund,

³ First Class Action Complaint for Violations of the Federal Securities Laws filed on October 24, 2012.

the Plan of Allocation or the payment of any claim. Lead Plaintiffs and Lead Counsel, likewise, will have no liability for their reasonable efforts to execute, administer, and distribute the Partial Settlements.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Partial Settlements. If any funds remain in the Net Settlement Fund by reason of un-cashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund after at least six (6) months after the initial distribution of such funds shall be used: (a) first, to pay any amounts mistakenly omitted from the initial disbursement; (b) second, to pay any additional settlement administration fees, costs, and expenses, including those of Lead Counsel as may be approved by the Court; and (c) finally, to make a second distribution to claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. These redistributions shall be repeated, if economically feasible, until the balance remaining in the Net Settlement Fund is *de minimis*, and such remaining balance shall then be distributed to a non-sectarian, not-for-profit organization identified by Lead Counsel.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or acquired OSG common stock (CUSIP: 690368105) or Senior Notes (CUSIP: 690368AH8) during the Class Period for the beneficial interest of an individual or organization other than yourself, the Court has directed that, WITHIN TEN (10) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such securities during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within ten (10) days mail the Notice and Proof of Claim form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), upon such mailing, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the names and addresses for any future mailings to Class Members. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Overseas Shipholding Group Securities Litigation

Claims Administrator

c/o Gilardi & Co. LLC

P.O. Box 8040

San Rafael, CA 94912-8040

(1-877-236-9485)

www.osgsecuritieslitigation.com

Dated: August 12, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK