



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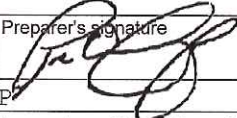
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ N/A

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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 ▶ 11/10/16

Print your name ▶ Rick F. 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		11/10/16		P00752199
	Firm's name ▶ Deloitte Tax LLP	Firm's EIN ▶ 86-1065772		Phone no. (203) 708-4536	
	Firm's address ▶ 695 East Main Street, Stamford, CT, 06902				

5.75% Notes Consent Fee

**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 June 3, 2015, July 18, 2016 and September 20, 2016, Overseas Shipholding Group, Inc. (the "Company"), International Seaways, Inc. ("the Borrower", formerly known as OSG International, Inc.), OIN Delaware LLC (the "Co-Borrower") and the lenders party ("the Lenders") amended the terms of the 5.75% Credit Agreement due 2019 (the "Loan") and the Borrower was required to pay the Lender consent fees.

**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 amendments as deemed exchanges of the original debt instrument for a new debt instrument. The deemed exchanges qualified as tax-free recapitalizations for U.S. federal income tax purposes. The deemed exchanges did not result in the recognition of gain or loss, except that gain may be recognized up to the amount of the consent fees. A U.S. Lender's tax basis in the new debt instrument will be the same as the Lender's tax basis in the old debt instruments, decreased by the amount of the consent fees received and increased by the amount of gain recognized by the U.S. Lender 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. Lender's tax basis in the new debt instruments will be the same as the Lender's tax basis in the old debt instruments, decreased by the amount of the Consent Fee received and increased by the amount of gain recognized by the Lender in respect of the deemed exchange.

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

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

Section 1001  
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 Fee.

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

N/A