UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re OSG SECURITIES LITIGATION	Civil Action No. 1:12-cv-07948-SAS
This Document Relates To: ALL ACTIONS.	CLASS ACTION DECLARATION OF DAVID A. ROSENFELD IN SUPPORT OF LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENTS AND PLAN OF ALLOCATION AND LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND REIMBURSEMENT OF LEAD PLAINTIFFS' EXPENSES

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I, DAVID A. ROSENFELD, declare as follows:

1. I am a member of the New York Bar admitted to practice before this Court and a member of the law firm of Robbins Geller Rudman & Dowd LLP ("Robbins Geller" or "Lead Counsel"), the Court-appointed Lead Counsel for Plaintiffs in the above-captioned action (the "Action").[1] I have been actively involved in the prosecution of this Action, am familiar with its proceedings, and have personal knowledge of the matters set forth herein based upon my supervision of, and participation in, all material aspects of the Action.[2]

2. I submit this Declaration, pursuant to Rule 23 of the Federal Rules of Civil Procedure, in support of: (a) Plaintiffs' request for final approval of the Stipulations, which provide for cash settlements in this Action totaling $16.25 million on behalf of the Class[3] (the "Settlement Amount"), which, together with the $15.426 million cash settlement of the Class' claim in the Bankruptcy Court (the "Bankruptcy Court Settlement"), provide a cash benefit to the Class of a minimum of $31.676 million (the "Settlement Fund"); (b) Plaintiffs' request for final approval of the proposed Plan of Allocation of the Settlement Amount; (c) Plaintiffs' request for final approval of the proposed Plan

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[1] Lead Plaintiffs in this Action, Stichting Pensioenfonds DSM Nederland ("DSM"), Indiana Treasurer of State ("Indiana Treasurer"), and Lloyd Crawford, are referred to herein as "Plaintiffs."

[2] Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Stipulations of Settlement (Dkt. Nos. 232-234) (the "Stipulations" or "Settlements").

[3] Pursuant to this Court's preliminary approval orders (Dkt. Nos. 235-237), the Class is defined as:

> [A]ll Persons and entities who or which purchased or otherwise acquired (a) Overseas Shipholding Group, Inc's ("OSG") 8.125% Senior Notes Due 2018 (the "Senior Notes"), pursuant 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 (the "Class Period").

The preliminary approval orders also define those Persons and entities who are excluded from the Class.

of Allocation of the Bankruptcy Court Settlement;[4] and (d) Lead Counsel's application for attorneys' fees and expenses.

I. SUMMARY OF LITIGATION AND REASONS FOR SETTLEMENT

3. This Action was brought against the Individual Defendants, the Underwriter Defendants, and PwC (collectively, "Settling Defendants")[5] on behalf of the Class for violations of §§11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") (15 U.S.C. §§77k, 77l(a)(2), and 77o), §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. §§78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5). This case was vigorously litigated from its commencement on October 25, 2012, through achievement of the proposed settlement agreements on July 21, July 31, and August 4, 2015.

4. Plaintiffs allege that, from 2000 through 2011, OSG entered into $4.5 billion of credit agreements for which OSG's foreign subsidiaries were jointly and severally liable. This joint-and-several liability arrangement resulted in OSG International, Inc. ("OIN"), OSG's wholly-owned subsidiary, guaranteeing the loans to OSG. Consequently, pursuant to Section 956 of Subpart F of the Internal Revenue Code ("Section 956"), the accumulated earnings from OSG's foreign shipping income were deemed to have been distributed to OSG and were therefore subject to U.S. income

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[4] In addition to the Settlement Amount, Class Members received a minimum of $15.426 million from the settlement of Class Members' claims against non-party Overseas Shipholding Group, Inc. ("OSG" or the "Company") in the Bankruptcy Court Settlement, and a contingent right to 15% of the net proceeds of OSG's professional liability action against Proskauer Rose LLP ("Proskauer") and certain individual defendants. The Bankruptcy Court Settlement was approved by the Bankruptcy Court in July 2014. *See In re Overseas Shipholding Group, Inc.*, No. 12-bk-20000 (MFW) (Bankr. Del.) (Dkt. Nos. 3253, 3663, and 3683). The Bankruptcy Court Settlement, less fees, expenses, and taxes, will be distributed pursuant to the proposed Plan of Allocation.

[5] This Action was also brought against defendant EY. On May 29, 2015, the Court granted EY's motion for summary judgment (Dkt. Nos. 223, 224), and Plaintiffs subsequently appealed (Dkt. No. 228). On or about September 2, 2015, Plaintiffs and EY filed a stipulation withdrawing Plaintiffs' appeal pursuant to Fed. R. App. P. 42 (Dkt. No. 240).

taxation, subjecting the Company to an enormous tax liability – in the amount of $463 million – that was not reported at the time. As a result, and as OSG has now acknowledged, there were material misstatements in OSG's previously issued financial statements for each of the twelve calendar years in the twelve-year period ended December 31, 2011, and for the first two quarters of 2012.[6] Plaintiffs allege that these risks were consciously recognized internally, and/or recklessly and/or negligently disregarded by the Settling Defendants at the time that each Settling Defendant made public statements to Class Members.

5. Plaintiffs contend that these actions caused OSG's Senior Notes and common stock to trade at artificially inflated prices, thereby causing economic harm to Class Members when the risks and conditions concealed by the Settling Defendants' misrepresentations and omissions, or the economic consequences thereof, became publicly known. Plaintiffs allege that the foregoing misrepresentations concealed material risks to the Company's business, which were revealed as a result of, *inter alia*, OSG's October 22, 2012 announcement that the Audit Committee of OSG's Board of Directors had concluded that the Company's previously issued financial statements for at least the three years ended December 31, 2011, and associated interim periods, and for the fiscal quarters ended March 31 and June 30, 2012, should no longer be relied upon.

6. The Settlements were not achieved until Plaintiffs, *inter alia*:

[6] The descriptions contained herein of the facts and events giving rise to this Action are based on the declarant's knowledge of this Action, including the evidence produced in discovery and other sources of information believed to be accurate. The declarant does not have personal knowledge of the conduct of OSG's business. For a more detailed description of the facts giving rise to this Action, *see* the Consolidated Amended Complaint for Violations of the Federal Securities Laws (Dkt. No. 78) ("CAC") and the Third Consolidated Amended Complaint for Violations of the Federal Securities Laws (Dkt. No. 140) ("TAC"), Plaintiffs' briefs in opposition to the motions to dismiss and for summary judgment (Dkt Nos. 105, 132, 147, and 204), and the Court's Orders on those motions (Dkt. Nos. 113,155, and 223).

(a) Investigated the facts and transactions giving rise to this Action to develop the detailed factual allegations necessary to comply with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), and drafted and filed three amended complaints;

(b) Engaged in extensive legal and factual analysis to successfully oppose Defendants' numerous motions to dismiss;

(c) Filed a claim in OSG's bankruptcy proceeding and successfully negotiated a creative resolution of that claim that provides a substantial cash benefit to Class Members, as well as a contingent right to a portion of the proceeds of OSG's lawsuit against Proskauer;

(d) Completed more than one year of fact discovery, including reviewing and analyzing more than 1,062,000 pages of documentary evidence produced by Defendants and more than 1,094,000 pages of documentary evidence produced by third parties, taking and/or defending ten fact witness depositions, engaging in extensive meet-and-confers with Defendants over discovery disputes and the production of evidence, and filing one pre-motion request to compel the production of evidence;

(e) Identified and retained experts to consult on issues of income taxation, accounting, materiality, loss causation, and damages, and worked with those experts to analyze case issues and evidence; and

(f) Participated in a private mediation to settle this matter, and continually assessed the risks of prevailing at trial, potential appellate issues that might arise thereafter, and the timing and ability of the Class to collect on a final judgment, if obtained.

7. The Settlements were negotiated following a formal settlement mediation conducted with the assistance and oversight of the Honorable Layn R. Phillips (Ret.), a respected mediator with substantial experience in mediating claims arising under the federal securities laws. The parties

attended a mediation with Judge Phillips on November 20, 2014, in California. In advance of the mediation, Plaintiffs and Settling Defendants prepared comprehensive mediation briefs, supported by evidentiary materials, and vigorously advanced and defended their positions. Plaintiffs reached a settlement agreement with one defendant immediately following the mediation, but kept Judge Phillips apprised of developments in the case that ultimately facilitated further negotiations between additional parties. Through careful and detailed consideration of the parties' positions as articulated at these sessions, and follow-up communications thereafter, Judge Phillips assisted the parties in negotiating the proposed Settlements of this Action that are now before the Court for approval.[7]

8. The proposed Settlements are the result of hard-fought and contentious litigation pursued by zealous advocates on both sides, and take into consideration the significant risks specific to the case. They were negotiated by experienced counsel for Plaintiffs and Settling Defendants with a solid understanding of both the strengths and weaknesses of their respective positions.

9. Lead Counsel and Plaintiffs believe that these Settlements represent an excellent result for the Class. Based upon their factual discovery, investigation, research, analysis, and motion practice, Plaintiffs believe that their case has significant merit, but also recognize there were significant risks of litigation and trial, which had to be carefully evaluated in determining what course (*i.e.*, whether to settle and on what terms, or to continue to litigate through a trial on the merits and inevitable appeals process) was in the best interests of the Class. As set forth in further detail below, the specific circumstances involved here presented many risks and uncertainties as to Plaintiffs' ability to prevail if the case proceeded further in litigation and to trial. Even if Plaintiffs were to win at trial, the risk of a years-long appeals process, during which time the Class would be

[7] The $16.25 million is allocated as follows: Individual Defendants: $10.5 million; Underwriter Defendants: $4 million; PwC: $1.75 million.

denied any recovery, and the Individual Defendants' liability insurance policy would be greatly diminished, if not fully exhausted, also was taken into account in evaluating the proposed Settlements.

10. Plaintiffs' perseverance through three years of litigation resulted in the discovery of substantial evidence in support of the alleged claims. Plaintiffs believed that discovery had revealed evidence sufficient to sustain a jury verdict in Plaintiffs' favor, including evidence that would demonstrate that: (i) Settling Defendants knew and/or recklessly and/or negligently disregarded that OSG's joint-and-several liability arrangement with OIN on billions of dollars of credit agreements served as a deemed distribution by OIN to OSG that was subject to U.S. income taxation; and (ii) the October 22, 2012 announcement, among others, that caused the stock price decline that injured Class Members was the direct and proximate result of the manifestation of business conditions and risks that were unknown to the market, and which had been fraudulently and/or negligently concealed from investors.

11. Despite the strength of the evidence developed in discovery, there were substantial risks to Plaintiffs' ability to certify the Class and obtain, protect, and recover on a favorable judgment at trial. In response to Plaintiffs' anticipated motion for class certification, Settling Defendants presumably would have argued that Plaintiffs failed to meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, that OSG's common stock and Senior Notes did not trade in an efficient market, and that Settling Defendants' false and misleading statements did not impact the price of OSG's common stock and/or Senior Notes.

12. In addition, Settling Defendants vigorously contested each of Plaintiffs' allegations, and planned to marshal evidence at summary judgment and/or trial that they hoped would prove that, *inter alia*, their statements were true to the best of their knowledge; the risks had all been disclosed

before their statements were made; if violations of the securities laws occurred, other defendants or non-parties were also liable in an equal or greater proportion; and if violations of the securities laws occurred, they had not caused any recoverable damages to the Class. At the time the agreements to settle were reached there was substantial uncertainty over the outcome of these factual disputes.

13. Even if Plaintiffs succeeded in establishing liability, there were significant risks that could reduce the amount of damages in the event that Plaintiffs prevailed on some, but not all, of their alleged claims. For example, a finding that statements at some points in the Class Period were not misleading or not made with scienter could have shortened the Class Period, eliminating claims for some Class Members and reducing the overall amount of damages recoverable in this proceeding. Damages were also subject to reduction if the jury determined that the October 12, 16, 17, and 22, 2012 stock price declines did not result entirely from risks or conditions that had been fraudulently concealed from investors. While Plaintiffs believe they had substantial responses to these and other arguments Settling Defendants intended to offer at trial, were the jury to credit any or all of them, the damages recoverable at trial could have been significantly reduced or eliminated altogether.

14. Plaintiffs anticipated a battle of the experts on these issues at trial. Each side would have retained experts who would offer competing testimony regarding the information that was available to and relied upon by market analysts and investors, the reasons for the price movement in OSG's securities, and the existence and amount of damages suffered by members of the Class. Even though Plaintiffs had retained or planned to retain experts who are among the most respected in these fields, there could be no guarantee that Plaintiffs would prevail on the issues of their testimony, as Defendants would have also hired respected experts to counter Plaintiffs' experts' theories. Indeed, the trial of this case could hinge on the testimony of experts, which presents a substantial risk of a

party prevailing not on the merits but because of the jury's impression of one party's expert or experts.

15. Plaintiffs also faced the risk that potential sources of recovery from the Individual Defendants would diminish through the course of trial. The settlement recovery for the claims against OSG's directors (under the Securities Act) and OSG's former CEO and CFO (under the Exchange Act) is being funded entirely by Individual Defendants' directors' and officers' liability insurance, which is a finite source of recovery that has continued to diminish throughout the litigation. The rate at which such insurance diminishes would increase tremendously leading up to, during, and after a long, complex trial and inevitable post-trial motions and appeal. Therefore, the risk that the Individual Defendants' directors' and officers' liability insurance would be significantly diminished (if not fully exhausted) if this case would be taken to trial had considerable consequences in terms of the amount of recovery for the Class, even assuming liability was proven.

16. There was also significant risk of delay in providing Class Members with compensation for the harm caused by Settling Defendants' wrongdoing. Post-trial proceedings, including proceedings attendant to the determination of damages, could have delayed recovery on any favorable judgment obtained at trial. In addition, there was a substantial risk that Settling Defendants would appeal any verdict achieved in Plaintiffs' favor. The appeals process could span years, during which time the Class would receive no recovery. Any appeal would also create the risk of reversal, in which case the Class would receive nothing after having prevailed on the claims at trial.

17. All of these factors, together with the other factors discussed herein, were considered by Plaintiffs and Lead Counsel in concluding that the proposal to settle the Action for $16.25 million on the terms set forth in the Stipulations, together with the substantial recovery negotiated for the

Class in the bankruptcy proceeding, provided fair, reasonable, and adequate consideration in light of the risks and uncertainties of trial. In reaching the determination to settle, Lead Counsel, in consultation with Plaintiffs, evaluated the documentary evidence, deposition testimony, and legal authority supporting Plaintiffs' allegations against that which Defendants believed undercut Plaintiffs' claims. On balance, considering all the circumstances and risks both sides faced at trial, in addition to the Class' ability to collect on a final judgment, Lead Counsel and Plaintiffs came to the conclusion that settlement on the terms agreed upon provided fair, reasonable, and adequate consideration for the claims alleged and was in the best interests of the Class.

18. The Settlements confer a substantial benefit on the Class and eliminate the significant risks of class certification, summary judgment, *Daubert* and *in limine* challenges, as well as the risks inherent at trial and in post-trial proceedings and appeals, the outcome of which was far from certain.

19. Lead Counsel have, as described below, vigorously prosecuted this Action on a wholly-contingent basis for three years and advanced or incurred significant litigation expenses. Lead Counsel have long borne the risk of an unfavorable result. We have not received any compensation for our substantial effort; nor have we been paid for our expenses.

20. The fee application for 30% of the Settlement Fund is fair both to the Class and Lead Counsel, has been approved by the Plaintiffs, and warrants this Court's approval. This fee request is within the range of fees frequently awarded in these types of actions and is justified in light of the substantial benefits conferred on the Class, the risks undertaken, the quality of representation, and the nature and extent of legal services performed.

21. Plaintiffs' Counsel should be awarded their expenses in the aggregate of $338,918.76, all of which were reasonably and necessarily incurred in prosecuting the Action. As set forth in more detail in my accompanying declaration in support of the fee and expense award, this amount

includes the fees and expenses for: (a) investigators, consultants, and experts whose services Lead Counsel required in the successful prosecution, analysis, and resolution of this case; (b) stenographic and videographer services for ten days of depositions; (c) travel and lodging for Lead Counsel to attend depositions and the mediation session; (d) conducting factual and legal research; (e) photocopying, imaging, and printing thousands of pages of documents; (f) litigation database costs for hosting, cataloging, and facilitating the review and analysis of more than 2 million pages of documents; and (g) participating in the private mediations that led to the proposed Settlements of this Action.

22. Plaintiffs should also be awarded compensation for the time they spent pursuing recovery for the Class in the Action. As detailed in the Declarations of Ger Van Neer, Jillean Battle, and Lloyd Crawford, filed contemporaneously herewith, each of the Plaintiffs actively monitored and participated in the prosecution of this lawsuit, including by reviewing briefs and discussing the merits of the case, producing documents in discovery to obtain certification of the Class, and actively participating in discussions leading to the proposed Settlements. The requested awards of $10,000 for DSM, $7,250 for Indiana Treasurer, and $9,000 for Lloyd Crawford are reasonable and were necessary to the successful prosecution of the Action.

23. Each of the requested expenses was necessary to plead Plaintiffs' claims with particularity, certify the Class, conduct discovery, respond to summary judgment and other pretrial motions, prepare this case for trial, and obtain a settlement on the terms proposed.

II. PROCEDURAL HISTORY

24. Lead Counsel and other counsel for Plaintiffs, including bankruptcy counsel, undertook significant efforts on behalf of the Class, expending more than 12,900 hours of time during the course of this Action. The time expended was both reasonable and necessary in light of

the complexity of this Action, the number and nature of the factual and legal disputes between the parties, the amount in controversy, the necessity of litigating issues in the Bankruptcy Court, and the zealous defense mounted by the skilled advocates retained by Settling Defendants.

25. Significant time was expended in developing and pleading the claims on behalf of the Class and in defeating Defendants' numerous motions to dismiss. After the TAC was upheld, significant additional time was required to identify, locate, obtain, and review documentary evidence bearing on Plaintiffs' claims. The amount of time needed to prosecute this Action increased significantly once depositions commenced, as extensive efforts were undertaken to identify witnesses for deposition, analyze and select exhibits to be used to elicit testimony, and prepare for and conduct examinations.

26. Set forth below is a detailed description of each of the significant stages of the case and a summary of the work that was needed to assure that the claims of the Class were developed in a manner sufficient for them to survive to the next stage and, ultimately, for trial.

A. Pleading and Motion to Dismiss

27. Beginning in October 2012, three securities class action complaints were filed in this Court on behalf of purchasers of OSG common stock and/or the Senior Notes. On February 1, 2013, the Court entered an Order: (i) consolidating the related securities actions; (ii) appointing DSM, Indiana Treasurer, and Mr. Crawford as Lead Plaintiffs; and (iii) appointing Robbins Geller as Lead Counsel to represent the class. Dkt. No. 64.

28. In order to meet the stringent pleading requirements of the PSLRA, 15 U.S.C. §78u-4, Lead Counsel at the outset of this Action conducted an extensive analysis of publicly available information about OSG and its industry, including information contained in the Company's press releases and filings with the Securities and Exchange Commission ("SEC"), in transcripts of OSG's

quarterly conference calls and investor presentations, and in numerous analyst reports, media articles, and other publications about the Company, its business, and the industry in which it operates.

29. A forensic accountant employed by Lead Counsel conducted extensive analysis of the Company's financial statements and researched the applicable accounting standards that applied to its business to help Lead Counsel develop detailed allegations regarding OSG's violations of Generally Accepted Accounting Principles ("GAAP").

30. Private investigators employed by Lead Counsel, with extensive careers in law enforcement, helped locate, contact, and interview former OSG employees about the facts, transactions, and occurrences giving rise to the Action. Lead Counsel worked closely with the investigators to identify investigative targets, focus investigative efforts on core factual issues and disputes in the case, review investigative summaries, identify areas in need of further investigation, evaluate factual information, and formulate allegations for pleading. The investigators conducted interviews with former OSG employees who were willing to speak in detail about their employment at OSG. The information obtained from these interviews assisted Plaintiffs in drafting a complaint that met the pleading standards established by the PSLRA. *See* TAC, ¶¶140-146, 292-298.

31. Based on this extensive analysis of information, on March 12, 2013, Plaintiffs filed the CAC. Dkt. No. 78. The CAC was brought against the Individual Defendants, the Underwriter Defendants, PwC, and EY. The CAC alleged violations of: (i) Section 11 of the Securities Act, 15 U.S.C. §77k, against all Defendants; (ii) Section 12(a)(2) of the Securities Act, 15 U.S.C. §77l(a)(2), against the Individual Defendants and the Underwriter Defendants; (iii) Section 15 of the Securities Act, 15 U.S.C. §77o, against the Individual Defendants; and (iv) Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC,

17 C.F.R. §240.10b-5, against OSG's CEO Morten Arntzen ("Arntzen") and CFO Myles Itkin ("Itkin"), on behalf of a class of all purchasers of OSG securities between March 1, 2010 and October 19, 2012, inclusive, and who were damaged thereby.

32. On April 19 and May 23, 2013, Defendants moved to dismiss the CAC. Dkt. Nos. 88, 89, 96, 104. Defendants argued, among other things, that Plaintiffs failed to plead falsity, scienter, and loss causation in the manner required by the PSLRA.

33. After analysis of Defendants' four separate briefs, and after conducting substantial additional legal research and analysis, Plaintiffs filed their omnibus brief in opposition to the motions on May 30, 2013. Dkt. No. 105. Plaintiffs demonstrated that the CAC adequately identified the statements alleged to be false and misleading, alleged loss causation, and was supported by alleged facts giving rise to a strong inference of scienter.

34. On June 13, 2013, Defendants filed reply briefs in further support of their respective motions to dismiss. Dkt. Nos. 107, 109-111.

35. On September 10, 2013, the Court denied Defendants' motions to dismiss Plaintiffs' claims pursuant to Sections 11, 15, and 12(a)(2) of the Securities Act, and granted Arntzen and Itkin's motion to dismiss Plaintiffs' claims pursuant to Sections 10(b) and 20(a) of the Exchange Act, with leave to amend. Dkt. No. 113.

36. On October 10, 2013, Plaintiffs filed the Second Consolidated Amended Complaint ("SAC"), amending their Section 10(b) claims against Arntzen and Itkin. Dkt. No. 117.[8] On November 12, 2013, Arntzen and Itkin filed a motion to dismiss the SAC, Dkt. No. 126, which

[8] Prior to filing the SAC, Plaintiffs filed a Stipulation of Voluntary Dismissal dismissing, without prejudice, their claims against G. Allen Andreas III, one of the individual defendants. Dkt. No. 115.

Plaintiffs opposed. Dkt. No. 132. On January 6, 2014, Arntzen and Itkin filed a reply brief in further support of their motion to dismiss. Dkt. No. 134.

37. On January 28, 2014, Plaintiffs filed a letter with the Court requesting to amend the SAC to add factual allegations from OSG's legal malpractice lawsuit against Proskauer, Dkt. No. 135, which Arntzen and Itkin opposed. Dkt. No. 136. On February 7, 2014, the Court granted Plaintiffs' request to amend the SAC. Dkt. 137. On February 18, 2014, Plaintiffs filed the TAC, amending their Section 10(b) claims against Arntzen and Itkin. Dkt. No. 140. On February 25, 2014, Arntzen and Itkin filed a response to the TAC, Dkt. No. 142, and on March 4, 2014, Plaintiffs filed an opposition brief to Arntzen and Itkin's response. Dkt. No. 147. On April 28, 2014, the Court denied Arntzen and Itkin's motion to dismiss. Dkt. No. 155.

38. On November 11 and 12, 2013, Defendants filed Answers to the SAC in which they denied all of Plaintiffs' substantive allegations and asserted numerous affirmative defenses. Dkt. Nos. 122-124, 128-131. On March 7 and 11, 2014, and May 12, 2014, Defendants filed Answers to the TAC in which they denied all of Plaintiffs' substantive allegations and asserted numerous affirmative defenses. Dkt. Nos. 148-154, 157-158.

B. Class Certification

39. On June 27, 2014, Defendants served discovery requests and interrogatories to determine whether there was a basis for opposing Plaintiffs' anticipated motion to certify this Action as a class action under Fed. R. Civ. P. 23.

40. Defendants' 30 document requests and 13 interrogatories sought from Plaintiffs, among other things, documents and information related to: (i) their general investment history, including trading records, account statements, and investment strategies; (ii) their investment strategy in the shipping industry; (iii) their agreements and communications with investment

advisors; (iv) any communication with OSG, its directors, officers, employees, and agents; (v) their trades in OSG securities, including trading records and account statements; (vi) their investment decisions concerning trades in OSG securities; (vii) analyst reports and media articles concerning OSG; (viii) other litigation in which they were or had been involved, including all testimony provided in other actions and all documents related to any other securities litigation; (ix) their agreements with Plaintiffs' Counsel; and (x) the allegations in the TAC.

41. Substantial efforts were required by Plaintiffs and Lead Counsel to respond to these requests. On July 31, 2014, Plaintiffs served their written responses and objections to Defendants' discovery requests, and on the same date, Plaintiffs began producing trading records, brokerage statements, account statements, and investment management agreements.

C. Fact Discovery

42. Plaintiffs vigorously pursued fact discovery for nearly a year, from May 2014 through March 2015. During this time, Lead Counsel substantially reviewed and analyzed more than 152,000 documents (constituting more than one million pages) from Defendants and more than 167,000 documents (constituting more than one million pages) from 20 third parties. Lead Counsel also conducted or defended ten fact witness depositions.

43. Upon review of Defendants' productions, and consistent with their zealous advocacy on behalf of the Class, Plaintiffs believed they had a sufficient basis to adequately allege fraud claims against EY and PwC. On October 20, 2014, Plaintiffs filed a motion seeking a pre-motion conference granting Plaintiffs leave to file the Proposed Fourth Consolidated Amended Complaint ("PFAC"), seeking to add claims against EY and PwC pursuant to Section 10(b) of the Exchange Act. Dkt. Nos. 173-174. EY and PwC opposed Plaintiffs' motion, Dkt. Nos. 180-181, and on November 3 and 11, 2014, the Court held pre-motion conferences. On November 19 and 25-26,

2014, Plaintiffs, EY, and PwC filed letters responding to questions posed by the Court during the November 11 conference. Dkt. Nos. 184, 186-187. On November 28, 2014, the Court denied Plaintiffs leave to file the PFAC. Dkt. No. 188.

44. Lead Counsel's discovery efforts enabled the Class to marshal the support necessary to prepare for trial, as well as to obtain a settlement on terms that were fair, reasonable, and adequate to the Class.

45. After obtaining relevant discovery, Lead Counsel faced the monumental task of reviewing, organizing, and analyzing the production in the time permitted to effectively prepare for depositions, summary judgment, expert reports, and trial. Given the nature of the claims at issue in the Action, much of the important information was buried in PowerPoint presentations, internal reports, and e-mails. Technical issues with the material produced, and numerous versions of some reports, made the task of locating key evidence more difficult. Significant time was required just to search through tens of thousands of e-mail messages and spreadsheets to locate evidence for use at depositions or trial, and substantial additional time was spent analyzing that information once it was found.

46. Lead Counsel's forensic accountants and investigators also assisted Plaintiffs in conducting factual discovery. Forensic accountants conducted extensive analysis of the financial information produced by OSG and worked closely with outside experts to help Lead Counsel understand and address the accounting issues in the case. Investigators worked closely with Lead Counsel to contact potential deponents and trial witnesses to obtain information that assisted Plaintiffs in discovery and trial preparation.

1. Preparations for Discovery

47. On May 6, 2014, the parties conducted their Rule 26(f) conference and thereafter filed their joint Scheduling Order with the Court. Dkt. No. 162. Initial Disclosures were exchanged on June 6, 2014.

48. On July 1, 2014, the parties stipulated to entry of a Protective Order governing confidentiality. Prior to submitting this agreement to the Court, the parties engaged in detailed negotiations and exchanged multiple drafts concerning disputed issues. The Court entered the Protective Order and approved the ESI Discovery Plan on July 2, 2014. Dkt. No. 163.

49. Despite the fact that the Protective Order was limited to information within the scope of Fed. R. Civ. P. 26(c), virtually every document produced by Defendants in the Action was ultimately designated "Confidential," including numerous public documents. Defendants' confidentiality designations made the preparation and filing of documents in this case significantly more complex, time-consuming, and expensive, as substantial efforts were required to limit access to "Confidential" documents and, where needed, to redact or file such documents under seal.

2. Document Production and Written Discovery

50. Prior to service of formal written requests for production, Plaintiffs and OSG conferred about the scope of discovery and OSG agreed to produce a core set of relevant documents to assist Plaintiffs in analyzing the factual issues in the case and formulating formal discovery requests. In total, OSG provided approximately 121,000 documents (constituting over 782,000 pages), including reports created from internal databases and e-mails. The considerable time spent reviewing and analyzing these documents helped Plaintiffs to frame discovery requests and negotiate with Defendants over the custodians whose paper and electronic files should be searched and produced.

51. On June 27, 2014, Plaintiffs served their First Set of Requests for Production of Documents to Defendants ("Plaintiffs' First RFPs") on the six defendants or groups of defendants, comprising, in the aggregate, 234 requests seeking targeted categories of information related to Plaintiffs' claims. The requests sought, *inter alia*, Defendants' communications with OSG and/or each other, as well as internal documents and/or policies, concerning: (i) Section 956; (ii) the concept of joint and several liability in OSG's credit agreements; and (iii) any tax implications for OSG as a result of debt guarantees from non-U.S. subsidiaries. Defendants made an initial production of more than 5,500 documents (consisting of approximately 45,600 pages) in August 2014 in response to Plaintiffs' First RFPs. Lead Counsel, with the assistance of internal forensic accountants, conducted a detailed review and analysis of Defendants' initial production. On July 9, 2014, Plaintiffs served their First Set of Interrogatories upon Defendants, comprising, in the aggregate, 44 interrogatories.

52. In August and September 2014, counsel for the parties commenced a series of meet-and-confers to negotiate numerous issues concerning Defendants' productions. These discussions were memorialized in detailed letters documenting the parties' respective positions, agreements, and disputes.

53. Plaintiffs spent considerable time and effort at the front end of discovery reviewing and analyzing documents to identify custodians, potential deponents, and repositories of information, as well as assessing the business practices at issue.

54. Defendants made additional productions of documents through the end of 2014, totaling more than 135,900 documents (consisting of approximately 943,000 pages). Plaintiffs spent considerable resources reviewing, analyzing, and discussing Defendants' productions.

55. Defendants' productions included documents obtained through electronic searches of the files of 72 combined custodians for a time period spanning approximately 13 years (2000-2012).

56. By March 2, 2015, after the Settlements were reached and the date on which the Court stayed deposition discovery between Plaintiffs and EY, Defendants had produced over one million pages of documents.

3. Depositions

57. During the course of discovery, Plaintiffs deposed six fact witnesses. To prepare for and efficiently conduct these depositions, Plaintiffs' Counsel spent scores of hours searching for, reviewing, analyzing, and categorizing pertinent documents and preparing outlines for the examinations.

58. The table below sets forth the depositions taken by Lead Counsel:

Deponent	**Position**	**Date**	**Location**
Timothy Polefko	Partner at Deloitte Tax, OSG's Tax Consultant	January 20, 2015	New York, NY
William Dantzler	Counsel to OSG's Lenders	January 22, 2015	New York, NY
Alan Frankel	Partner at Frankel Loughran	February 10, 2015	Melville, NY
Former Treasurer	Treasurer at OSG	February 11, 2015	Stamford, CT
Abraham Gutwein	Partner at Proskauer	February 20, 2015	New York, NY
Alan Parnes	Partner at Proskauer	February 26, 2015	New York, NY

59. In addition, Defendants deposed four witnesses in connection with Plaintiffs' anticipated motion for class certification, including two of the Plaintiffs. To prepare for and efficiently defend these depositions, Plaintiffs' Counsel spent numerous hours speaking to the Plaintiffs, and searching for, reviewing, analyzing, and categorizing pertinent documents and preparing outlines for the examinations.

60. The table below sets forth these depositions taken by Defendants' counsel and defended and/or taken by Lead Counsel:

Deponent	Position	Date	Location
Ger Van Neer	Plaintiff DSM's Rule 30(b)(6) designee	January 7, 2015	New York, NY
Jillean Battle	Plaintiff Indiana Treasurer's Rule 30(b)(6) designee	January 15, 2015	New York, NY
Raymond Kramer	Investment Analyst at Investment Advisor to Indiana Treasurer	February 4, 2015	Upper Saddle River, NJ
Scott Sykes	Investment Analyst at Investment Advisor to Indiana Treasurer	February 6, 2015	Los Angeles, CA

4. Document Discovery from Third Parties

61. During the course of the Action, Plaintiffs issued subpoenas to 22 non-parties, including OSG, OSG's outside accounting firm Frankel Loughran Starr & Vallone LLP ("Frankel"), OSG's lenders, OSG's legal counsel, and OSG's lenders' legal counsel. Lead Counsel expended significant resources in drafting and serving these subpoenas and conferring with subpoenaed entities, several of whom were resistant to document production. As a result of these efforts, Plaintiffs obtained over one million pages of documents that were analyzed for use in discovery and motion practice.

62. OSG initially produced documents to Plaintiffs in May 2014. At that time, Plaintiffs sought those documents produced by OSG to the SEC. Subsequently, on August 15, 2014, Plaintiffs served a subpoena on OSG seeking, among other things, documents relating to Section 956, OSG's policies and procedures concerning credit agreements, and the reason for the insertion in the 2006 credit agreement of the "joint and several liability" provision. As a result of Plaintiffs' persistence, OSG ultimately produced over 121,000 documents, constituting over 782,000 pages. This

production enabled Plaintiffs to develop substantial evidence supporting Plaintiffs' allegations that Defendants knowingly and/or recklessly and/or negligently disregarded that OSG's joint-and-several liability arrangement with OIN on billions of dollars of credit agreements served as a deemed distribution by OIN to OSG that was subject to U.S. income taxation.

63. During July 2014, Plaintiffs served third-party subpoenas for the production of documents upon 12 lenders to OSG: (1) Bank of New York Mellon; (2) Citibank NA; (3) DnB NOR Bank ASA; (4) HSBC Bank USA NA; (5) HSH Nordbank AG; (6) ING Bank NV; (7) JP Morgan Securities LLC; (8) JPMorgan Chase Bank; (9) Meespierson Capital Corp.; (10) Morgan Stanley Senior Funding Inc.; (11) Nordea Bank Finland PLC; and (12) Swedbank AB.

64. The subpoenas requested, among other things, documents related to communications with Defendants and/or OSG concerning Section 956, the concept of joint and several liability in OSG's credit agreements, and any tax implications for OSG as a result of debt guarantees from non-U.S. subsidiaries. Plaintiffs met and conferred with counsel from these entities on numerous occasions before obtaining productions of documents responsive to the subpoenas.

65. As a result of Plaintiffs' subpoenas and diligent negotiations in meet-and-confers, Plaintiffs received over 24,000 documents from OSG's lenders, constituting over 118,000 pages of documents. Plaintiffs' Counsel spent considerable time reviewing and analyzing the documents produced by OSG's lenders, uncovering important evidence corroborating Plaintiffs' theories of liability and damages.

5. Production Disputes Leading to Motions to Compel

66. During fact discovery, Defendants vigorously sought to restrict the scope of their production by limiting the time period during which they would search for and produce documents. Plaintiffs also faced obstacles from the manner in which Defendants searched for and produced

documents, including the number of custodians Defendants were willing to search, as well as Defendants' withholding of large numbers of documents responsive to the parties' agreed-upon search terms on assorted irrelevancy grounds. Plaintiffs dedicated significant time and energy to attempting to resolve these disputes before seeking judicial intervention.

67. Plaintiffs engaged in extensive negotiations with Defendants to expand the search terms and custodians used for electronic discovery, and broaden the production to encompass all documents responsive to the agreed-upon search terms.

68. On September 16, 2014, after several meet-and-confers, Plaintiffs filed a pre-motion request to compel the production of EY's entire 2007 and 2008 audit workpapers. Dkt. No. 165. Plaintiffs' filing prompted EY to agree to produce its complete 2008 audit workpapers.

69. While the Court did not compel EY to produce its complete 2007 audit workpapers, the Court permitted Plaintiffs to re-visit the issue upon Plaintiffs' review of the 2008 audit workpapers.

D. Summary Judgment

70. On February 17, 2015, EY requested a pre-motion conference concerning its request that the Court strike the class allegations in the TAC as they relate to EY, Dkt. No. 195, which Plaintiffs opposed. Dkt. No. 196. On March 3, 2015, EY filed a reply letter in further support of its request for a pre-motion conference. Dkt. No. 198.

71. On March 2, 2015, the Court held a pre-motion conference during which the Court permitted EY to file a motion for summary judgment. On March 18, 2015, EY filed a motion for summary judgment, Dkt. No. 203, which Plaintiffs opposed. Dkt. No. 204. On April 17, 2015, EY filed a reply brief in further support of its motion for summary judgment. Dkt. No. 214.

72. On May 29, 2015, the Court granted EY's motion for summary judgment, Dkt. No. 223, and on June 1, 2015, the Clerk of the Court entered judgment. Dkt. No. 224. On July 1, 2015, Plaintiffs filed a Notice of Appeal. Dkt. No. 228. On or about September 2, 2015, Plaintiffs and EY filed a stipulation withdrawing Plaintiffs' appeal pursuant to Fed. R. App. P. 42. Dkt. No. 240.

III. NATURE AND ADEQUACY OF THE SETTLEMENTS

73. The proposed Settlements were the product of vigorous, arm's-length negotiation between the parties that reflect the strengths and weaknesses of the case. Settlement on the terms proposed would not have been achieved absent the extensive efforts described above to plead and obtain the evidence necessary to prove Plaintiffs' claims of federal securities law violations. Nor would settlement have been achieved without the substantial participation and assistance of a strong mediator with extensive experience in negotiating resolution of complex actions of this type.

74. We believe that our reputation as attorneys who will zealously prosecute a meritorious case through the trial and appellate levels, as well as our aggressive litigation of this case, put us in a strong position in settlement negotiations with Settling Defendants and their insurance carriers.

75. Set forth below is a brief description of the history of settlement discussions in this case, an assessment of the strengths and weaknesses of the case and the risks to recovery at trial, and a description of the significant terms of the Settlements.

A. History of Settlement Negotiations

76. Throughout the course of this Action, Settling Defendants strenuously denied liability. Settling Defendants refused to engage in any meaningful settlement discussions until after their motions to dismiss were denied and the case was proceeding in discovery.

77. While vigorously pursuing Plaintiffs' claims in this Court, Lead Counsel were able to separately negotiate a settlement of the bankruptcy claim that had been filed on behalf of the Class in OSG's bankruptcy proceeding. To that end, Plaintiffs retained experienced bankruptcy counsel, Lowenstein Sandler LLP ("Lowenstein Sandler"), to prepare the Class' claim, make filings in the bankruptcy proceeding, and appear at hearings in the bankruptcy proceeding.

78. The Bankruptcy Court Settlement was the product of vigorous, arm's-length negotiation between Plaintiffs and non-party OSG. On November 14, 2012, OSG filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. An immediate effect of the filing of OSG's bankruptcy petition was the imposition of the automatic stay under Section 362(a) of the Bankruptcy Code, which enjoined the continuation of litigation against OSG. As a result of the automatic stay, the CAC did not name OSG as a defendant.

79. Notwithstanding the automatic stay, Plaintiffs negotiated the production from OSG of a core set of relevant documents to assist Plaintiffs in analyzing the factual issues in the case and formulating formal discovery requests. In total, OSG provided approximately 121,000 documents, constituting over 782,000 pages. The considerable time spent reviewing and analyzing these documents helped Plaintiffs to frame discovery requests and negotiate with Settling Defendants over the custodians whose paper and electronic files should be searched and produced. Significantly, Plaintiffs secured an agreement from OSG to participate in the discovery conducted in this Action as if it were a defendant.

80. In or about May 2014, Plaintiffs and OSG engaged in hard-fought and time-sensitive negotiations to settle Plaintiffs' claims against OSG. Indeed, Plaintiffs were among the last claimants in the bankruptcy proceeding to settle their claims because satisfactory agreement on terms could not be reached.

81. The Bankruptcy Court Settlement, with all of its various components, represents a creative approach to maximizing recovery to the Class from a bankrupt issuer, as the settlement includes both a cash recovery and a contingent interest in separate, on-going litigation.

82. Then, on November 20, 2014, the parties participated in a full-day mediation with Judge Phillips at his offices in California. Prior to the mediation, the parties exchanged and responded to detailed mediation statements discussing the facts of the case, the issues that had arisen during discovery, and the principal issues of dispute. Although the mediation only succeeded in a settlement being reached with one defendant, the parties agreed to conduct further informal discussions through the mediator, as warranted by additional developments in the case.

83. As a result of these discussions, and the substantial efforts of Judge Phillips in engaging with representatives on both sides of the case, the parties reached agreements in principle on the dollar amount and material terms of the Settlements in February 2015, and advised the Court on February 25, 2015. Dkt. No. 197. Thereafter, the parties negotiated and signed formal settlement agreements, and Plaintiffs filed their motion for preliminary approval of the Settlements on August 6, 2015. Dkt. No. 231.

B. Strengths and Weaknesses of the Case

84. Based on three years of litigation, including extensive fact discovery and motion practice and detailed analyses of the factual and legal issues underlying the Action, Lead Counsel and Plaintiffs have a thorough understanding of the issues and risks present in this case. While Lead Counsel and Plaintiffs believe that substantial evidence existed to support a jury verdict in favor of the Class, they also recognize the considerable risks and uncertainties if the case were to proceed to class certification and trial. These risks were carefully considered at every step of the litigation, including the decision to settle.

85. We believe that Plaintiffs developed strong proof of both liability and damages to present to the jury at trial, and that such evidence, if credited by the jury, was more than sufficient to sustain a verdict in favor of the Class. In particular, we developed strong evidence that: (i) the risks of "joint and several" liability were well-known within OSG, including by Itkin and Arntzen; (ii) PwC failed to conduct any audit of OSG's Section 956 liability; and (iii) the Individual Defendants and Underwriter Defendants failed to conduct adequate due diligence prior to the Senior Notes offering.

86. Nevertheless, there were significant risks and impediments to Plaintiffs' ability to obtain a verdict in their favor and a substantial award at trial. The parties had significant disputes over numerous factual, legal, and evidentiary issues, including:

(a) whether the March 2010 registration statement and prospectus supplement contained an untrue statement of material fact or omission about OSG and its business;

(b) whether the statements at issue were materially false and misleading;

(c) whether any of the Settling Defendants have established a due diligence defense that bars Plaintiffs from recovering against them;

(d) whether any of the Settling Defendants were entitled as a matter of law to rely on OSG's audited financial statements and the opinions of OSG's expert accountants, tax counsel, other tax professionals, and other experts and are thus exempt from liability under the Securities Act;

(e) whether the conduct of persons or entities other than each respective Settling Defendant was a superseding or intervening cause of any damage, loss, or injury sustained by Plaintiffs or the Class;

(f) what percentage of any liability under the Securities Act is appropriately attributable to each Settling Defendant under principles of proportionate fault;

(g) whether Arntzen and/or Itkin acted with scienter;

(h) whether any individual whose mental state is attributable to OSG acted with scienter;

(i) whether any Settling Defendant named in the Section 12 claim are "statutory sellers" for the purpose of Section 12(a)(2) of the Securities Act;

(j) whether the Individual Defendants are control persons within the meaning of Section 15 of the Securities Act;

(k) whether Arntzen and/or Itkin are control persons within the meaning of the Exchange Act;

(l) whether Arntzen and/or Itkin were culpable participants in any alleged wrongdoing by OSG;

(m) whether Plaintiffs or other members of the Class relied on any of the alleged misstatements or omissions;

(n) whether Plaintiffs or other members of the Class purchased securities in or traceable to the Senior Notes offering with respect to Plaintiffs' Securities Act claims;

(o) whether Plaintiffs have proven damages under Section 11(e); and

(p) whether and to what extent any claimed damages should be reduced pursuant to the negative causation defense.

87. Plaintiffs also faced substantial risks related to their ability to develop evidence regarding aspects of their core theory of the case. As the Court has observed, Section 956 "is notoriously esoteric, even among tax lawyers," Dkt. No. 188 at 8, and, Settling Defendants had vigorously argued that they could not be expected to understand its implications for OSG's tax

liability. Accordingly, there was significant disagreement over Plaintiffs' ability to prove that Settling Defendants acted knowingly and/or recklessly and/or negligently.

88. Moreover, throughout this litigation, Settling Defendants have contended that they cannot be expected to have identified this arcane issue when dozens of experts failed to do so, especially when OSG's tax and accounting professionals, including Frankel, several prominent law firms, and two independent auditors, affirmatively and repeatedly assured them that OSG was in compliance with the same tax and accounting laws, rules, and regulations that gave rise to OSG's restatement.

89. Plaintiffs also faced significant risks regarding the requirements for and sufficiency of proof of loss causation and damages. At the time of the proposed Settlements, the parties had significant disagreement over numerous factual and legal issues pertaining to these matters. The parties disagreed, *inter alia*, over: (i) whether partial disclosures not identified in the TAC constituted loss-causing events; (ii) whether Plaintiffs could recover damages under a materialization-of-the-risk theory of loss causation; and (iii) whether confounding events would reduce recoverable damages.

90. In addition, Plaintiffs faced substantial risks related to witnesses at trial. The Class Period began more than eight years ago, and the seminal event at the heart of the case – the addition of the "joint and several" liability provision to OSG's credit agreements – occurred 15 years ago. Naturally, the memories of fact witnesses who would testify at trial (if they could be located) would have faded as a result of the long lapse of time between the events themselves and trial.

91. Meanwhile, other percipient witnesses with testimony favorable to the defense remained employed by Settling Defendants, and were expected to appear live at trial. The difficulties of using videotaped testimony, and Settling Defendants' ability to present their key

witnesses live at trial (and to prepare them to testify beforehand), increased the risks that the jury would view Settling Defendants' evidence in a more favorable light.

92. Plaintiffs also faced the risk that PwC's audit opinion could be found to be an inactionable opinion pursuant to the Supreme Court's recent decision in *Omnicare, Inc. v. Laborers District Council Construction Industry Pension Fund*, 135 S. Ct. 1318 (2015).

93. Finally, several facts underlying this case present optics that could have made convincing jurors of securities fraud even more difficult. Settling Defendants would likely have attempted to argue that Senior Notes purchasers would have been made whole had they only held on to the Senior Notes despite OSG's corrective disclosures. If Settling Defendants were allowed to present any or all of those facts, jurors may have been swayed to find that the securities law violations, whether committed or not, were not so substantial as to warrant Plaintiffs' allegations, or to support the award of damages in the amount sought by Plaintiffs.

94. Plaintiffs also faced substantial risks related to their anticipated motion for class certification. Plaintiffs bore the burden of proving that they met the requirements of Rule 23 of the Federal Rules of Civil Procedure, including the adequacy and typicality requirements, and, with respect to the Section 10(b) claims, that OSG's common stock and Senior Notes traded in an efficient market. Plaintiffs also expected to face Settling Defendants' contention that the false and misleading statements at issue did not impact the price of OSG's common stock and/or Senior Notes.

95. In sum, while Plaintiffs were confident they could present a strong case to the jury based on the documentary and testimonial evidence they had developed during the course of discovery, they faced significant factual, legal, and practical challenges in presenting this matter to a jury. These risks were considered carefully by Lead Counsel and Plaintiffs in determining the merits of the proposed Settlements.

C. Reasons for Settlement

96. Plaintiffs believe they could have prevailed on the merits of the case. Defendants were just as adamant that Plaintiffs would fail. There was a very real risk, as discussed in detail above, that Plaintiffs would not prevail at trial. Had Plaintiffs' case successfully reached trial, Plaintiffs faced the risk that the Court would find their statements inactionable or a jury would not be convinced that Defendants' statements were false or misleading or that Defendants acted with the requisite scienter. There was also the risk that Defendants would reduce the damages awarded based on principles of proportionate fault under the Securities Act.

97. In addition, there were also significant risks to the amount of damages potentially recoverable in this Action. The damages pled in the TAC were derived entirely from the 60% drop in OSG's stock price, and 33% drop in the Senior Notes, that occurred after OSG announced on October 22, 2012 that its previously issued financial statements for at least the three years ended December 31, 2011 should "no longer be relied upon." Based on the price decline following this announcement, Plaintiffs estimated, with the assistance of their experts, that a maximum of $41 million in Section 10(b) damages and $24 million in Section 11 damages (before pre-judgment interest) would be recovered by the Class. However, this assumed that Plaintiffs would be successful in proving that the drop was entirely caused by conditions concealed by Settling Defendants' wrongdoing, that the wrongdoing was proved for the entire Class Period, that certain assumptions regarding the size of the Class and the number of shares damaged by the wrongdoing were accurate, and that all eligible claimants had and would submit the evidence needed to prove their eligibility for a damage award. Significant reductions in the amount of damages recoverable could have occurred if any of these assumptions proved erroneous. Settling Defendants were also expected to argue that a portion of the stock price decline following the October 22, 2012

announcement resulted from non-fraud-related events. If this evidence was permitted to be heard and credited, that, too, could have significantly reduced the amount of the overall recovery by the Class. Moreover, of the $24 million in total potential Section 11 damages to purchasers of the Senior Notes, the Settlements represent a minimum recovery of $20.9 million for purchasers of the Senior Notes – leaving very little remaining damages to litigate over among the Section 11 defendants.

98. In addition to the October 22, 2012 corrective disclosure pled in the TAC, Plaintiffs claimed that the relevant truth began to materialize on October 16, 2012, and additional partial-disclosure dates provided the basis for compensable damages. Dkt. No. 204 at 18, 22-24. The Court had not ruled on the sufficiency of Plaintiffs' allegations concerning these purported disclosure dates, and Settling Defendants would have argued that they were insufficient to refute their negative causation arguments.

99. Furthermore, the Senior Notes rebounded from the decline related to Defendants' wrongdoing on March 20, 2013, and OSG's confirmed bankruptcy plan also made whole those investors who continued to hold the Senior Notes. Thus, any purchasers of the Senior Notes who did not sell their Senior Notes prior to March 20, 2013 have no damages.

100. Having considered the foregoing, and evaluating Settling Defendants' likely defenses at trial, it was the informed judgment of Plaintiffs and Lead Counsel, based upon all proceedings to date and their extensive experience in litigating shareholder class actions, that the proposed Settlements of this matter before the Court upon the payment of $16.25 million (in addition to at least $15.426 million recovered through the Bankruptcy Court Settlement) in exchange for a mutual release of all claims, and on the other terms set forth in the Stipulations, provide fair, reasonable, and adequate consideration, and is in the best interests of the Class.

D. The Plan of Allocation[9]

101. The proposed Plan of Allocation, set forth in the Notice mailed to Class Members (*see* Exhibit A to the Declaration of Carole K. Sylvester, on behalf of Gilardi & Co. LLC ("Sylvester Decl."), filed herewith), was created with the assistance of Bjorn Steinholt, CFA, based on an event study prepared for this Action and the analysis of the price movement of OSG's securities during the Class Period. The Plan of Allocation is intended to fairly apportion the net proceeds of the Settlements based on the stock price inflation at the time of purchase, measured by the relevant portion of the subsequent stock price declines on October 12, 16, 17, and 21, 2012, when the alleged truth was disclosed.

102. Based on Mr. Steinholt's analysis, the Plan of Allocation determines the amount of fraud-caused inflation in (A) OSG's common stock: (i) at the outset of the Class Period (10/29/07); (ii) following leakage concerning OSG's renegotiation of its $1.5 billion revolving credit facility that was due to mature in February 2013 (10/12/12) and the disclosure that OSG was working with Proskauer as its restructuring counsel (in addition to its usual role as corporate counsel) ahead of the credit facility's maturity (10/16/12-10/17/12); and (iii) following the stock price decline resulting from the announcement at the end of the Class Period that the Audit Committee of OSG's Board of Directors had concluded that the Company's previously issued financial statements for at least the three years ended December 31, 2011 and associated interim periods, and for the fiscal quarters ended March 31 and June 30, 2012, should no longer be relied upon (10/21/12), *see* Sylvester Decl., Ex. A at 10; and (B) the Senior Notes: (i) at the time of the Company's March 2010 offering

[9] The summary of the Plan of Allocation provided herein is intended only to explain the basis on which the plan was developed in order to assist the Court in evaluating the fairness, reasonableness, and adequacy of the proposed Settlements. Nothing set forth herein is intended to, or does, modify or affect the interpretation of the Plan of Allocation, and it will be applied by the claims administrator according to its express terms.

prospectus; (ii) following the 10/16/12-10/17/12 partial disclosure; (iii) on the date the first lawsuit was filed (10/25/12); and (iv) on the date the Senior Notes rebounded from the decline attributable to Defendants' alleged wrongdoing (3/20/13), *see id.* at 11.

103. The amount of inflation in OSG's securities after each of these events was determined based on an event analysis examining the movements of OSG's stock price and Senior Notes price compared to the overall market and an industry peer group following the event. Events that were alleged to have misled investors increased or maintained the amount of inflation, while the October 12, 16, 17, and 21, 2012 events, which were alleged to have disclosed the risks and conditions concealed by the fraud, decreased the amount of inflation.

104. The Plan of Allocation apportions damages to Class Members who retained their OSG common stock through the aforementioned partial disclosures, based on the amount of inflation on the date they purchased their shares, *i.e.*, the amount they overpaid for their shares, limited by the statutory 90-day bounceback rule. Recovery for all Class Members is limited to their actual out-of-pocket losses.

105. Based on Mr. Steinholt's analysis and Lead Counsel's experience in this and other securities actions, and their understanding of the factual circumstances giving rise to this Action and the risks at trial, including the risks to both liability and damages, Lead Counsel believe that the Plan of Allocation provides a fair, reasonable, and adequate method of compensating Class Members for the economic harm they suffered as a result of the wrongdoing alleged in the Action.

E. Distribution of the Bankruptcy Court Settlement Pursuant to the Plan of Allocation

106. As described above, in addition to the Settlement Amount, Class Members will receive a minimum of $15.426 million from the settlement of Class Members' claim against non-party OSG in the Bankruptcy Court Settlement, and a contingent right to 15% of the net proceeds of

OSG's professional liability action against Proskauer and certain individual defendants. The Bankruptcy Court Settlement was approved by the Bankruptcy Court in July 2014. *See In re Overseas Shipholding Group, Inc.*, No. 12-bk-20000 (MFW) (Bankr. Del.) (Dkt. Nos. 3253, 3663, and 3683). The Bankruptcy Court Settlement, less fees, expenses, and taxes, will be distributed pursuant to the proposed Plan of Allocation.

F. Reasonableness of Attorneys' Fees and Expenses

107. The successful prosecution of this Action required Lead Counsel and their para-professionals to perform 11,518.20 hours of work valued at $5,697,932.75 and incur $337,301.75 in expenses, as detailed in my accompanying declaration. As detailed in the Declaration of Michael S. Etkin in support of the application for an award of fees and expenses, Lowenstein Sandler expended a total of 1,042.60 hours in attorney/para-professional time valued at $667,882.00 and incurred $30.00 in unreimbursed expenses assisting in the litigation of this Action and in obtaining the Settlements.

108. Similarly, the law firm of Pomerantz LLP also assisted with the prosecution of this Action, handling discrete work assignments from Lead Counsel. As set forth in the Declaration of Jeremy A. Lieberman in support of the application for an award of fees and expenses, Pomerantz LLP expended a total of 353.70 hours in attorney time valued at $198,119.00 and incurred $1,587.01 in expenses assisting in the litigation of this Action and in obtaining the Settlements.

109. Based on the extensive efforts on behalf of the Class, as described above, Lead Counsel are applying for compensation from the Settlement Fund on a percentage basis, and have requested a fee for all Plaintiffs' Counsel in the amount of 30% of the total amounts obtained in this

Action and the Bankruptcy Court Settlement.[10] In light of the nature and extent of the Action, the diligent prosecution of the Action, the complexity of the factual and legal issues presented, and the other factors described above and in the accompanying motion for approval of the fee award, Plaintiffs and Lead Counsel believe that the requested fee of 30% is fair and reasonable.

110. A 30% fee award is justified by the specific facts and circumstances in this case and the substantial risks that Plaintiffs had to overcome at the pleadings and discovery phases of the Action, and to prepare to overcome at class certification, summary judgment, and trial. As set forth herein, the $16.25 million cash Settlements were achieved as a result of extensive and creative prosecutorial efforts, contentious and complicated motions practice, hard-fought discovery, and analysis of voluminous evidence, as detailed herein.

111. Based on the decline in OSG stock and Notes following the October 22, 2012 announcement that ended the Class Period, the combined Settlement Fund of a minimum of $31.676 million (not including the 15% of the net proceeds of OSG's professional liability action against Proskauer and certain individual defendants) represents approximately 87% of the maximum Section 11 damages that Plaintiffs could reasonably expect to be recovered at trial, and approximately 26% of the maximum Section 10(b) damages that Plaintiffs could reasonably expect to be recovered at trial. If the jury were to reject some of Plaintiffs' allegations of wrongdoing for reasons described above, the amount of damages recovered would have been significantly less, and the percentage recovery under the Settlements proportionally lower, than stated above.

[10] Although the Bankruptcy Court approved the Bankruptcy Court Settlement following notice to shareholders, the notice also provided that the plan of allocation regarding the Bankruptcy Court Settlement and any application for attorneys' fees and expenses would be presented to this Court. *See* Ex. A, attached hereto.

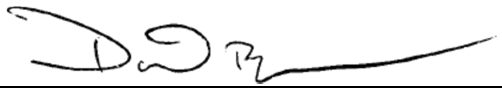
112. This Action was prosecuted by Plaintiffs' Counsel on an "at-risk" contingent-fee basis. Plaintiffs' Counsel fully assumed the risk of an unsuccessful result. Plaintiffs' Counsel have received no compensation for their services during the course of this Action and have incurred significant expenses in litigating for the benefit of the Class. Any fees or expenses awarded to Plaintiffs' Counsel have always been at risk and are completely contingent on the result achieved. Because the fee to be awarded in this matter is entirely contingent, the only certainty from the outset was that there would be no fee without a successful result, and that such a result would be realized only after a lengthy and difficult effort.

113. This Action could not have been successfully prosecuted without the substantial participation and assistance of the Plaintiffs, who spent significant time monitoring the Action, consulting with Lead Counsel regarding case developments and prospects for settlement, and participating in discovery to demonstrate the typicality of their claims, the adequacy of their representation, and the suitability of this case for litigation on a Class-wide basis. The time spent by the Plaintiffs in doing so, as reflected in the Declarations of Ger Van Neer, Jillean Battle, and Lloyd Crawford, submitted contemporaneously herewith, were both reasonable and necessary to the prosecution of this case.

IV. CONCLUSION

114. For all of the foregoing reasons, Lead Counsel respectfully request the Court to approve the Settlements and Plan of Allocation of settlement proceeds and to approve the fee and expense application and award Plaintiffs' Counsel 30% of the Settlement Fund plus $338,918.76 in expenses, and to approve the expenses requested by Plaintiffs.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 3rd day of November, 2015, at Melville, New York.



DAVID A. ROSENFELD

CERTIFICATE OF SERVICE

I hereby certify that on November 3, 2015, I caused the foregoing Declaration of David A. Rosenfeld in Support of Lead Plaintiffs' Motion for Final Approval of Settlements and Plan of Allocation and Lead Counsel's Motion for an Award of Attorneys' Fees and Expenses and Reimbursement of Lead Plaintiffs' Expenses to be served electronically on all ECF participants.

s/ Ellen Gusikoff Stewart
ELLEN GUSIKOFF STEWART

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Overseas Shipholding Group, Inc., *et al.*,[1]	Case No. 12-20000 (PJW)
Debtors.	(Jointly Administered)
	RE: D.I. 2875, 3107, 3109, 3214

ORDER APPROVING STIPULATION RESOLVING ANTICIPATED OBJECTIONS TO THE DEBTORS' PROPOSED PLAN OF REORGANIZATION

Upon consideration of the *Certification of Counsel Regarding Proposed Order Approving Stipulation Resolving Anticipated Objections to the Debtors' Proposed Plan of Reorganization*; and it appearing that good and sufficient notice of this matter has been given; and after due deliberation and good and sufficient cause appearing therefor;

[1] The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Alcesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); Luxmar Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702);

IT IS HEREBY ORDERED THAT:

1. The *Stipulation Resolving Anticipated Objections to the Debtors' Proposed Plan of Reorganization* (the "Stipulation")[2] attached hereto as **Exhibit 1** is approved in its entirety.

2. The Debtors are authorized to perform any actions required in order to consummate the Stipulation.

Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG 243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG 400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608);OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498);OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974);Rubymar Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 1301 Avenue of the Americas, 42nd Floor, New York, NY 10019.

[2] Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Stipulation.

3. This Court retains jurisdiction with respect to all disputes and other matters arising from or relating to the implementation or interpretation of this Order.

Dated: May 23, 2014
Wilmington, Delaware

THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Stipulation

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	:	Chapter 11
Overseas Shipholding Group, Inc., *et al.*,[1]	:	Case No. 12-20000 (PJW)
	:	Jointly Administered
Debtors.	:	**RE: D.I. 2875, 3107, 3109**

STIPULATION RESOLVING ANTICIPATED OBJECTIONS
TO THE DEBTORS' PROPOSED PLAN OF REORGANIZATION

The above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), along with Stichting Pensioenfonds DSM Nederland, Indiana Treasurer of State and Lloyd Crawford, court-appointed lead plaintiffs (collectively, "Lead Plaintiffs") in the consolidated securities class action styled *In re OSG Securities Litigation*, Master File No. 12-cv-07948-SAS (the "Securities Litigation"), pending in the United States District Court for the Southern District of New York (the "District Court"), individually and on behalf of all others similarly situated

[1] The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Alcesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker

(the "Putative Class," and together with the Lead Plaintiffs, the "Securities Claimants") by and through their undersigned attorneys, hereby stipulate and agree that:

RECITALS

WHEREAS, the Debtors filed for protection under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") on November 14, 2012 (the "Petition Date"), in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") (Case No. 12-20000 (PJW) (Jointly Administered)); and

---

Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); Luxmar Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702); Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG 243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG 400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608);OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498);OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 1301 Avenue of the Americas, 42nd Floor, New York, NY 10019.

WHEREAS, Lead Plaintiffs filed Claim 1547 on behalf of themselves and the Putative Class, asserting an unliquidated amount of damages purportedly owed by OSG[2] pursuant to federal securities laws based on the claims and causes of action asserted in the Securities Litigation to all persons who, between October 29, 2007 and October 19, 2012, (i) purchased 8.125% Senior Notes Due 2018 issued or traceable to the $300 million public offering of OSG on or about March 24, 2010 (the "Debt Securities"), or (ii) purchased OSG common stock (the "Equity Securities"); and

WHEREAS, the Joint Plan of Reorganization of OSG, filed March 7, 2014 (D.I. 2593) (the "First Proposed Plan") provided, among other things, that all claims of the Putative Class would be treated as Subordinated Claims and classified together with Old OSG Equity Interests in Class E1, regardless of whether such Putative Class claims were based on purchase or sale of Debt Securities ("Debt Securities Claims") or Equity Securities ("Equity Securities Claims"); and Class E1 would be impaired; and Holders of Allowed Class E1 Claims would receive a pro rata share of Reorganized OSG Equity equal to $61.4 million, subject to dilution on account of certain events; and

WHEREAS, Lead Plaintiffs sent the Debtors notices of objections they intended to file (the "Anticipated Objections") to the First Proposed Plan, and did file an objection to the accompanying Disclosure Statement (D.I. 2875, the "Disclosure Statement Objection,") on several grounds; and

WHEREAS, the First Amended Joint Plan of Reorganization of OSG, filed May 2, 2014 (D.I. 3107) (as may be amended, revised, or supplemented, the "First Amended Plan"), provided, among other things, that Debt Securities Claims would be classified in new Class E1; and

[2] Capitalized terms used but not defined herein shall have the meaning given them in the Debtors First Amended Joint Plan of Reorganization of OSG, filed May 2, 2014 (D.I. 3107).

Equity Securities Claims would be classified in new Class E2; and each Holder of an Allowed Claim in Class E1 or E2 would receive its Pro Rata share of the proceeds of any Residual Director And Officer Insurance, and, to the extent its Claim exceeded that Pro Rata share, Cash equal to the amount of such Allowed Claim from and subject to a reserve capped at two million dollars ($2 million); and

WHEREAS, Lead Plaintiffs have informally asserted certain reasons why they believe the First Amended Plan should not be confirmed as drafted (all such alleged reasons, the "New Objections," and together with the Anticipated Objections and the substance of the Disclosure Statement Objection, the "Objections"), and that they intend to oppose confirmation of such plan and the approval of any disclosure statement accompanying such plan; and

WHEREAS Lead Plaintiffs and the Debtors have engaged in extensive, good-faith, arms'-length negotiations and, based upon the facts and circumstances of the Debtors' chapter 11 cases (including but not limited to the risks and uncertainties inherent in obtaining any recovery against the Debtors in general) and in order to avoid the costs and risks inherent in litigating the Objections, Lead Plaintiffs and the Debtors have agreed to this Stipulation to resolve the Objections and to amend the First Amended Plan to allow Claim 1547 and to certify the Putative Class pursuant to Rule 7023 of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules") for the purposes and on the terms and conditions set forth herein (the First Amended Plan, as thus amended, or subsequently amended, or any revised Chapter 11 plan, provided that such amended or future plan is consistent in all material respects with this Stipulation, the "Plan," and the disclosure statement submitted therewith, as may be amended, the "Disclosure Statement").

NOW, THEREFORE, THE PARTIES, BY AND THROUGH THEIR RESPECTIVE ATTORNEYS, HEREBY STIPULATE AND AGREE THAT:

1. The Plan shall provide as follows:

a. A single Class ("New Class E1") will comprise all Subordinated Debt and Equity Claims (the "New Class E1 Claims"), including but not limited to Claim 1547. New Class E1 shall be an Impaired class under the Plan.

b. Effective as of the Effective Date, on or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed New Class E1Claim other than Claim 1547 shall receive, in full, final and complete satisfaction, settlement, discharge and release of such Allowed New Class E1 Claim, Cash equal to the amount of such Allowed New Class E1 Claim from and subject to a disputed claims reserve for New Class E1 in the maximum amount of two million dollars ($2 million) (the "Disputed Claims Reserve for New Class E1").

c. Effective as of the Effective Date, subject to Lead Plaintiffs' compliance with and satisfaction of the terms hereof, pursuant to the Plan, Claim 1547 will be allowed and satisfied in full, final and complete satisfaction, settlement, discharge, and release of Claim 1547 and any other claim Lead Plaintiffs or any member of the Putative Class has asserted or could assert against the Debtors through the following distributions (collectively, the "Settlement Consideration"):

(i) seven million dollars ($7 million) in Cash, payable on the Initial Distribution Date;

(ii) subject to entry of a Final Order resolving the Professional Liability Action, by settlement or otherwise, fifteen percent (15%) of the proceeds of the Professional Liability Action net of (A) all related out-of-pocket expenses of OSG and Reorganized OSG, including legal fees, and (B) all costs and expenses incurred and all payments made or to be made by OSG and Reorganized OSG in respect of counter-claims by Proskauer Rose, LLP and /or its employees, whether by direct payment by OSG or Reorganized OSG, as applicable, to a plaintiff to such counter-claims or pursuant to any indemnification obligations;

(iii) five million dollars ($5 million) in Cash payable on the tenth business day after the earlier of (A) satisfaction (in whole or in part) of a judgment entered in respect of a Final Order resolving the Professional Liability Action, but in no event later than sixty (60) days after entry of such order, (B) payment of any settlement agreed in respect of the Professional Liability Action, or (C) entry

of a Final Order otherwise resolving the Professional Liability Action; it being understood that payment of Cash under this subparagraph 1.c.(iii) shall be made regardless of the outcome of the Professional Liability Action;

(iv) three million dollars ($3 million) in Cash payable on the first anniversary of the Effective Date;

(v) proceeds of any Residual Director And Officer Insurance; provided, however, that no payment in respect of Claim 1547 will be made from the Residual Director and Officer Insurance policies unless and until all claims of loss, as defined in such policies, made by the directors and officers who are insureds under such policies, have been finally resolved and such insureds no longer have any claim under such policies; and

(vi) any remaining Cash in the Disputed Claims Reserve for New Class E1 following satisfaction or resolution of the New Class E1 Claims as set forth in paragraph 1.b above; it being understood that the Disputed Claims Reserve for New Class E1 shall be fully funded for the purposes of this paragraph 1.c.(vi).

d. When due and owing pursuant to the terms of this Stipulation, the Settlement Consideration shall be deposited in an escrow account designated by counsel for Lead Plaintiffs and held in said account pending an order or orders of the District Court providing for allocation and distribution of the Settlement Consideration to the members of the Putative Class. In the event the District Court determines that it will not or cannot provide for distribution to the Putative Class, the Bankruptcy Court will retain jurisdiction to provide for allocation and distribution of the Settlement Consideration to the members of the Putative Class and to approve and provide for payment of legal fees and reimbursement of expenses to counsel for Lead Plaintiffs and the Putative Class from the Settlement Consideration.

e. Nothing herein or in the Plan or any Disclosure Statement (including but not limited to the value of the Settlement Consideration) shall constitute a stipulation or admission by Lead Plaintiffs or the Debtors as to the amount of damages asserted in the Securities Litigation and Lead Plaintiffs reserve any and all right to assert the full amount of damages of the Putative Class against any other defendants in the Securities Litigation. Further, nothing in the Plan shall diminish or expand the rights of any non-debtor party to the Securities Litigation under applicable non-Bankruptcy law.

2. Subject to confirmation of the Plan (as amended to reflect the terms and conditions set forth in this Stipulation), this Stipulation and the relief contemplated herein resolve any and all issues raised by Lead Plaintiffs in their Objections on the merits, and satisfactorily addresses the substantive concerns of Lead Plaintiffs regarding the confirmation of the Plan. So long as the Plan, as hereafter amended, is consistent in all material respects with the terms and conditions set forth in this Stipulation, Lead Plaintiffs and their successors or assigns will

a. not object to, present arguments or evidence against, or request any discovery in connection with the Court's confirmation of the Plan, or any exit financing or equity commitment necessary to implement the Plan;

b. timely vote Claim 1547 in favor of the Plan; and

c. cooperate reasonably with the Debtors, at the sole cost and expense of the Debtors, to achieve the confirmation of the Plan.

3. The order approving the Disclosure Statement (the "Disclosure Statement Approval Order") shall provide for preliminary approval under Fed. R. Civ. P. 23 (made applicable by Fed. R. Bankr. P. 7023) of the settlement and compromise embodied herein. The Disclosure Statement Approval Order shall further provide that the Debtors will serve the Disclosure Statement, any order approving the Disclosure Statement, and the Plan, upon all parties that filed proofs of claim against the Debtors asserting claims based upon the allegations set forth in the Third Amended Consolidated Complaint in the Securities Litigation (the "Other Securities Claims"). The Disclosure Statement Approval Order shall also advise holders of Other Securities Claims of their right to object to confirmation of the Plan on or before the deadline for the Confirmation Objection Deadline and that, upon the Effective Date of the Plan, any such Other Securities Claims will be expunged with prejudice as duplicative of Claim 1547. The Disclosure Statement Approval Order shall further authorize publication notice by the

Debtors, in a form reasonably acceptable to Lead Plaintiffs, of the settlement embodied in this Stipulation. Finally, the Disclosure Statement Approval Order shall find that the foregoing provides due and adequate notice to members of the Putative Class.

4. The Debtors will seek final approval of the settlement and compromise embodied herein and reflected in the Plan, pursuant to Rule 9019 of the Bankruptcy Rules, in the Confirmation Order. The Plan and Confirmation Order shall deem the Putative Class certified for purposes of the settlement of Claim 1547 and the Plan, effective as of the Effective Date.

5. Lead Plaintiffs and the Debtors represent that they have full power and authority to enter into, bind themselves and perform the obligations imposed by this Stipulation. Effective upon entry of the order approving this Stipulation, this Stipulation shall be binding upon the Debtors, including any trustee, receiver, or other estate or creditor representative subsequently appointed in the Debtors' Chapter 11 cases or any superseding cases under Chapter 7 of the Bankruptcy Code, and upon Lead Plaintiffs and their successors and assigns; effective upon the Effective Date of the Plan, this Stipulation shall be binding on all members of the Putative Class and their successors and assigns.

6. The Plan shall include Lead Plaintiffs, Lead Counsel and their Bankruptcy Counsel as Exculpated Parties as that term is defined in the Plan.

7. Lead Plaintiffs and the Debtors agree to take such further acts and execute such additional documents as may be necessary or appropriate to carry out the provisions and purposes of this Stipulation.

Dated: May 20, 2014
Wilmington, Delaware

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-and-

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