

OVERSEAS SHIPHOLDING GROUP INC
Form DEF 14A
April 30, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

OVERSEAS SHIPHOLDING GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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**OVERSEAS SHIPHOLDING GROUP, INC.
666 THIRD AVENUE, NEW YORK, N.Y. 10017
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

June 14, 2012

TO THE STOCKHOLDERS OF OVERSEAS SHIPHOLDING GROUP, INC.:

You are cordially invited to attend the Annual Meeting of Stockholders of Overseas Shipholding Group, Inc. (the "Corporation"), which will be held at the corporate headquarters of Overseas Shipholding Group, Inc., 666 Third Avenue, Sixth Floor, New York, New York, on Thursday, June 14, 2012, at 2:00 P.M.

The meeting will be held for the following purposes:

- (1) To elect ten directors, each for a term of one year;
- (2) To consider and act upon a proposal to ratify the appointment of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the year 2012;
- (3) To hold an advisory vote on the compensation of the Named Executive Officers for 2011 as described in the Compensation Discussion and Analysis section and in the accompanying compensation tables and narrative in this proxy statement;
- (4) To consider and act upon a proposal to approve an amendment and restatement of the Overseas Shipholding Group, Inc. 2004 Stock Incentive Plan, and
- (5) To transact such other business as may properly be brought before the meeting.

Stockholders of record at the close of business on April 17, 2012 will be entitled to vote at the meeting. The stockholders list will be open to the examination of stockholders for any purpose germane to the meeting, during ordinary business hours, for ten days before the meeting at the Corporation's offices, 666 Third Avenue, Fifth Floor, New York, N.Y.

We are taking advantage of the Securities and Exchange Commission rules which allow issuers to furnish proxy materials to their stockholders over the Internet. We believe these rules allow us to provide stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our Annual Meeting.

If you received a printed copy of the materials, we have enclosed a copy of the Corporation's 2011 Annual Report on Form 10-K with this notice and proxy statement.

Your vote is important. We urge you to vote as soon as possible by telephone, over the Internet or by marking, signing and returning your proxy or voting instruction card as soon as possible, whether or not you plan to attend the meeting.

By order of the Board of Directors,

JAMES I. EDELSON
Senior Vice President,
General Counsel and Secretary

New York, N.Y.
April 30, 2012

**Important Notice Regarding the Availability of
Proxy Materials for the Annual Meeting of Stockholders to be held on June 14, 2012**

The Notice of Annual Meeting of Stockholders of the Corporation to be held on June 14, 2012, the Corporation's Proxy Statement for the 2012 Annual Meeting of Stockholders and the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 are available at <http://www.osg.com/proxy>.

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OVERSEAS SHIPHOLDING GROUP, INC.
666 Third Avenue, New York, N.Y. 10017

PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board of Directors (the "Board") of Overseas Shipholding Group, Inc. (the "Corporation") for use at the Annual Meeting of Stockholders to be held on June 14, 2012. Any stockholder giving a proxy may revoke it at any time before it is exercised at the meeting.

Only stockholders of record at the close of business on April 17, 2012 (the "record date") will be entitled to vote at the Annual Meeting. The Corporation has one class of voting securities, its Common Stock, of which 30,848,818 shares were outstanding on the record date and entitled to one vote each. This proxy statement and the accompanying proxy will first be sent to stockholders on or about April 30, 2012.

ELECTION OF DIRECTORS

The Corporate Governance and Nominating Committee recommended to the Board that the size of the Board be reduced from thirteen members to ten members because the Committee believes that a Board with ten members is better suited for a company of the Corporation's scale and operations and consistent with management's overall program to reduce all costs of the Corporation. In view of the Committee's recommendation to reduce the size of the Board to ten members, three current directors, Messrs. Alan R. Batkin, Stanley Komaroff and Solomon N. Merkin, each decided not to be nominees for election as directors. The Board adopted the Committee's recommendation and thanked the three directors for their many years of dedicated services to the Corporation and their valuable contributions.

The ten nominees for election at the forthcoming meeting, all of whom are presently directors of the Corporation, are listed below. The nominees listed below were selected by the Board upon the recommendation of the Corporate Governance and Nominating Committee. Unless otherwise directed, the proxy will be voted for the election of these nominees, to serve for the ensuing year and until their successors are elected and qualify.

The table below sets forth information as to each nominee, and includes the amount and percentage of the Corporation's Common Stock of which each nominee, and all directors, nominees and executive officers as a group, were the "beneficial owners" (as defined in regulations of the Securities and Exchange Commission (the "SEC")) on the record date, all as reported to the Corporation. In accordance with SEC regulations, the table includes, in the case of certain of the

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directors, shares owned by entities in which the nominee, by reason of his position or interest, shares the power to vote or to dispose of securities.

Name and Age	Served as Director Since	Shares of Common Stock Beneficially Owned(a)	Percentage of Common Stock Beneficially Owned	Number of Restricted Stock Units Held(b)
Nominees:				
Morten Arntzen, 57	2004	704,523(c)	2.2%	
Oudi Recanati, 62	1996	3,886,059(d)(j)	12.6%	15,378
G. Allen Andreas III, 42	2004	9,500(e)		15,378
Thomas B. Coleman, 69	2003	11,800(f)		15,378
Charles A. Fribourg, 55	2000	1,826,468(g)	5.9%	15,378
Joel I. Pickett, 73	1989	4,000(h)		15,378
Ariel Recanati, 48	1999	3,875,539(i)(j)	12.6%	15,378
Thomas F. Robards, 65	2005	8,500(e)		14,098
Jean-Paul Vettier, 67	2006	7,583(e)		12,836
Michael J. Zimmerman, 61	2000	1,727,299(k)	5.6%	15,378
Directors who are not nominees:				
Alan R. Batkin, 67	1999	4,000(h)(l)		15,378
Stanley Komaroff, 77	1993	1,924(m)		15,378
Solomon N. Merkin, 55	1989	24,700(n)	0.1%	15,378
All directors, nominees and executive officers as a group (21 persons)		7,149,837(o)	22.5%	180,714

- (a) Includes the shares of Common Stock issuable within 60 days of April 17, 2012 upon the exercise of all options owned by the indicated stockholders on that date. Unless otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all shares beneficially owned.
- (b) Reflects restricted stock units held by the indicated non-employee director on April 17, 2012. The units have no voting rights, may not be transferred and convert into an equal number of shares of common stock when the director ceases to be a member of the Board except for Cause. For a description of the terms of the units, see Director Compensation on page 53 of this proxy statement.
- (c) Includes 169,605 shares granted to Mr. Arntzen by the Corporation pursuant to restricted stock agreements which are subject to retention restrictions on April 17, 2012. Also includes 530,708 shares of Common Stock issuable upon exercise of stock options.
- (d) Includes 3,821,393 shares as to which Mr. Oudi Recanati may be deemed to share the power to vote and dispose of under a stockholders agreement, dated as of December 18, 2003 among members of the Recanati family, as amended (the "Stockholders Agreement"); and 52,146 shares as to which he may be deemed to share the power to vote and dispose of by virtue of his positions as an officer and director of the Recanati Foundation. Also includes 3,000 shares of Common Stock issuable upon the exercise of stock options.
- (e) Includes 7,500 shares of Common Stock issuable upon exercise of stock options.
- (f) Includes 8,500 shares of Common Stock issuable upon exercise of stock options.
- (g) Includes 1,705,299 shares of Common Stock owned through an entity of which Mr. Fribourg is a director and has an ownership interest, 7,058 shares owned by Mr. Fribourg's wife and 3,000 shares of Common Stock issuable upon exercise of stock options. Mr. Fribourg disclaims beneficial

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ownership of the shares owned through the entity except to the extent of his pecuniary interest in these shares and disclaims beneficial ownership of the shares owned by his wife.

- (h) Includes 3,000 shares of Common Stock issuable upon exercise of stock options.
- (i) Includes 3,821,393 shares of Common Stock as to which Mr. Ariel Recanati may be deemed to share the power to vote pursuant to the Stockholders Agreement (he may be deemed to share the power to dispose of only 3,301,243 of these shares); and 52,146 shares as to which he may be deemed to share the power to vote and dispose of by virtue of his position as a director of the Recanati Foundation. Also includes 2,000 shares of Common Stock issuable upon exercise of stock options.
- (j) Mr. Oudi Recanati is the first cousin of Mr. Ariel Recanati.
- (k) Includes 1,705,299 shares of Common Stock owned through an entity for which Mr. Zimmerman is an Executive Vice President and Chief Financial Officer and 3,000 shares of Common Stock issuable upon exercise of stock options. Mr. Zimmerman disclaims beneficial ownership of the shares owned through the entity.
- (l) Mr. Batkin shares with his wife voting and investment control over 1,000 shares of Common Stock.
- (m) Includes 1,000 shares of Common Stock issuable upon exercise of stock options.
- (n) Includes 3,400 shares of Common Stock issuable upon exercise of stock options.
- (o) Includes 973,079 shares of Common Stock issuable upon exercise of stock options. See Notes (c) through (i) and (k) through (n) above.

Nominees

Morten Arntzen Mr. Arntzen is President and Chief Executive Officer of the Corporation. Prior to joining the Corporation in such capacity in 2004, Mr. Arntzen was Chief Executive Officer of American Marine Advisors, Inc. ("AMA"), a United States-based merchant banking firm specializing in maritime industry merger and acquisition advisory work and corporate restructuring for a global client base. Prior to his work at AMA, Mr. Arntzen ran the Global Transportation Group for Chase Manhattan Bank ("Chase"). Chase pioneered the introduction of shipping companies to the high yield market and under Mr. Arntzen's leadership, was the largest arranger of shipping loans in the world. Mr. Arntzen held the same position at Chemical Bank before it merged with Chase. He also created and ran the Global Shipping Group for Manufacturers Hanover Trust Company.

Mr. Arntzen is a board member of Royal Caribbean Cruises Ltd. and serves on its Audit Committee and Environment, Safety and Security Committee. For more than five years prior to 2009, Mr. Arntzen was a director of Chiquita Brands International. He is also a member of the Board of Trustees of Maine Maritime Academy, in Castine, Maine and is a trustee of New Canaan Country School. Mr. Arntzen is past Chairman of the Board of OSG America, L.P.

Mr. Arntzen holds a bachelor of arts degree from Ohio Wesleyan University and a master of international affairs degree from Columbia University.

Oudi Recanati Mr. Recanati is a Director of several privately owned companies engaged in finance and investment. Mr. Recanati was Co-Chairman from 1999 until 2002 and Co-Chief Executive Officer from 1996 until 2002 of IDB Holding Corporation Ltd., a diversified investment and financial holding corporation. For more than five years prior to 1998, he was Chairman of Y.L.R. Capital Markets Ltd., an investment banking company.

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Mr. Recanati served as a Director of Union Bancaire Privée in Switzerland from 2003 until 2007. Previously, he was Chairman of the Board of Directors of Discount Bank and Trust Company in

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Switzerland. Active in both public and philanthropic activities, Mr. Recanati is the Chairman of the Board of various schools, research institutions and community service organizations.

Mr. Recanati has extensive experience guiding complex organizations and has strong operational and management expertise. He holds a bachelor of arts degree from Hebrew University and a master of business administration degree from Tel Aviv University. He is Chairman of the Corporate Governance and Nominating Committee and is a member of the Compensation Committee.

G. Allen Andreas III Mr. Andreas is President of Galaco Capital, a private investment firm. During 2009, Mr. Andreas was a principal in Goodhill Partners L.P. and from 2004 until 2009, Mr. Andreas was a principal at Delaware Street Capital, both investment management companies. At these companies, Mr. Andreas was responsible for investing, business management and development across public and private equity and credit markets. For more than five years prior to 2004, Mr. Andreas was employed as an investment professional at Allen & Company, a merchant banking company specializing in advisory work, private investing and asset management. Previously, Mr. Andreas practiced law at Winston & Strawn, focusing on mergers and acquisitions, securities transactions and private equity.

Mr. Andreas brings investment, legal and accounting expertise to the Board. He holds a bachelor of arts degree from Vanderbilt University and a Juris Doctor from Northwestern University School of Law. Mr. Andreas is a member of the Audit Committee.

Thomas B. Coleman Mr. Coleman has been employed by International Tank Terminals, L.L.C. since 1965 and has served as its President since 1972. He has also served as Chief Executive Officer of its affiliates International-Matex Tank Terminals and IMTT Bayonne since their formation in 1975 and 1983, respectively. These companies own and operate deepwater bulk liquid terminals and provide worldwide liquid logistic services.

Mr. Coleman has served on the Boards of Directors of Hibernia National Bank, Freeport-McMoRan, Jefferson Guaranty Bank, and Superior Offshore International, Inc. He is a past Chairman of the Independent Liquid Terminals Association, the New Orleans Chamber of Commerce, The Louisiana Nature Conservancy, and Junior Achievement. He is active in the Chief Executives Organization, World Presidents' Organization, Business School Council of Tulane University, the Whitney Museum of American Art National Committee and other community organizations.

Mr. Coleman brings broad operational and management experience to the Board. Mr. Coleman holds degrees in business and industrial engineering from Stanford University. He is a member of the Compensation Committee.

Charles A. Fribourg Mr. Fribourg joined Continental Grain Company in August 1980. Continental Grain is a diversified international agribusiness and investment company headquartered in New York City. For more than the past five years, Mr. Fribourg has served as Directeur Général of Finagrain Compagnie Commerciale Agricole et Financière S.A. in Geneva, Switzerland (also known as Arlon Group (Europe) S.A.), an agribusiness investment holding company and subsidiary of Continental Grain.

Mr. Fribourg has held numerous positions at Continental Grain during the last 30 years, including Senior Vice President and General Manager of the Latin American Division; General Manager EEC, Europe; Product Manager, International Meals/Derivatives, Geneva; Merchandising Manager, International Proteins/Derivatives; Commercial Manager/France; and Merchandising Manager. He has been a member of the Board of Directors of Continental Grain since 2001.

Mr. Fribourg has deep operational, investment and management experience. He holds a bachelor of science degree in political science from Connecticut College and a master of international management degree from the American Graduate School of International Management. He is Chairman of the Compensation Committee.

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Joel I. Picket Mr. Picket is Chairman of the Board and Chief Executive Officer of Gotham Organization, Inc. Mr. Picket took charge of Gotham in 1965 and has led the evolution of the now 82-year old company from what was strictly a general contracting business to a multidimensional, full-service real estate firm active in general contracting, construction management and development management, both of its own and third-party properties. Mr. Picket is responsible for the diversity of Gotham's portfolio, which includes construction and development of residential, commercial, medical, educational and hotel properties in the New York metropolitan area. Gotham is one of the largest privately held construction contractors in the United States and has constructed more than 30,000 residential units and has an overall construction portfolio in excess of 20 million buildable square feet.

Mr. Picket is Vice Chairman of the Board of Trustees of Continuum Health Partners, Inc., one of the largest nonprofit hospitals systems in New York City, and its constituent hospitals. Mr. Picket is a Member of Cornell University Council; a Board Member of the Richard Tucker Music Foundation; a member of the Board of the Foundation for the National Archives and the Park Avenue Armory; a Trustee, from 1998 until the present, and a Fellow Trustee, from 2009 to present, of Fordham University; a Member of the Board of Governors and Executive Committee of the Real Estate Board of New York; and a Board Member of the New York Philharmonic.

Mr. Picket brings more than 40 years of operational and management experience to the Board as well as in depth knowledge of the Corporation resulting from serving more than 20 years as a director. Mr. Picket holds a bachelor of arts degree from Cornell University. He is a member of the Audit Committee.

Ariel Recanati Mr. Ariel Recanati is the President and Director of Maritime Overseas Corporation ('MOC'), a private family management company, and has held such position for more than the past five years. Mr. Recanati also is Chairman of Waterlogic Plc, a public company engaged in the design, manufacture, distribution, rental, leasing and servicing of point of use water filtration and purification systems. He was the Senior Vice President and Chief Strategic and Planning Officer of the Corporation from 1998 until 2003. Prior to that, he held numerous positions with subsidiaries of the Corporation, including Vice President of Chartering and Managing Director of the Corporation's management subsidiary in the United Kingdom.

Mr. Recanati is active in several educational and philanthropic organizations, serving as an advisory board member of Mount Sinai Global Health in New York City and as Chairman of the Executive Committee of the Leon Recanati Institute for Maritime Studies at the University of Haifa. He previously served as a member of the Board of Trustees of The Dalton School in New York City.

Mr. Recanati brings extensive knowledge of the Corporation and the shipping industry to the Board. Mr. Recanati is a graduate of the London School of Economics. He is a member of the Audit Committee.

Thomas F. Robards Mr. Robards is principal of Robards & Company LLC, an investment advisory and consulting services company, and has held such position for more than the past five years. Mr. Robards was Senior Vice President, Chief Financial Officer and member of the President's Council of the American Museum of Natural History from 2003 until 2004. He was Chief Financial Officer and a member of the Management Executive Committee of Datek Online Holding Corporation from 2000 until 2003, when it was acquired by Ameritrade. He was employed at Republic New York Corporation from 1976 to 2000 where, among other duties, he served as Chief Financial Officer, Executive Vice President and a member of the Management Executive Committee.

Mr. Robards has been a Director of HSBC Investor Funds, a mutual fund company, since 2004 and is Chairman of its Audit Committee. He is also a director of Ellington Financial LLC, an investment company, and Chairman of its Board and of its Audit Committee. He was a Director of Financial Federal Corporation, a New York Stock Exchange-listed specialty finance company from 1999

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until 2006 and served as Chairman of its Audit Committee. He also served on the Boards of Directors of ContiFinancial Corporation, a mortgage organization and servicing company, from 1999 until 2000 and Republic New York Corporation, a New York Stock Exchange listed bank holding company, from 1997 until 1999.

Mr. Robards' past community affiliations include his work as Treasurer and Director of the National Down Syndrome Society; Chairman of the Finance Committee and Director of the Big Apple Circus; and Co-founder of the Cooke Center for Learning and Development. He has been a member of the Columbia Teachers College President's Business Advisory Board.

Mr. Robards has extensive financing and accounting experience. Mr. Robards holds a bachelor of arts degree from Brown University and a master of business administration degree from Harvard Business School. He is Chairman of the Audit Committee.

Jean-Paul Vettier Mr. Vettier is the Chief Executive Officer of Petroplus Holdings AG, an independent refiner and wholesaler of petroleum products, and has held such position since September 2009. On January 25, 2012, Petroplus Holdings AG filed an insolvency petition in Switzerland. Mr. Vettier serves as a director of DOMO Chemicals NV, a privately owned Belgium chemical company, and NOVACAP SA, a privately owned French chemical company. He was senior advisor to First Reserve Corporation, a private equity firm, and Roland Berger Strategy Consultants, a consulting firm, from 2006 until 2009. Prior to consulting, Mr. Vettier held executive positions for 15 years at Total, the international energy corporation, including Chairman and Chief Executive Officer of Total Refining & Marketing, Chairman and Chief Executive Officer of TotalFinaElf Refining & Marketing and Executive Vice President of Refining and Marketing. He also served as President of Europia, the European Petroleum Industry Association focused on environment, product and policies issues affecting the energy industry in the European Union. Prior to joining Total, he held positions at Orkem and Rhone-Poulenc. From 2006 until 2009, Mr. Vettier was a director of Dresser-Rand Group, Inc. and SNC Lavalin Group, Inc.

Mr. Vettier brings to the Board broad operational and management expertise and extensive knowledge of the energy industry. Mr. Vettier holds a degree in Law and Economics from the University of Paris. He is a Knight of the French National Order of Merit and of the French Legion of Honor. He is a member of the Compensation Committee.

Michael J. Zimmerman Mr. Zimmerman is Executive Vice President and Chief Financial Officer of Continental Grain Company, a diversified international agribusiness and investment company headquartered in New York City, and a member of the Investment Committee of Arlon Group LLC, its investment affiliate. Mr. Zimmerman is responsible for the financial and strategic initiatives within Continental Grain's established operations, as well as investment activities in new and related areas.

Prior to joining Continental Grain in 1996, Mr. Zimmerman was a Managing Director at Salomon Brothers, where he held numerous senior-level positions in the company's investment banking and firm investment areas. His responsibilities included leading the firm's mergers and acquisitions business, acting as Chairman of Salomon's Capital Commitments and Screening Committees, and supervising important investment banking transactions and client relationships. Mr. Zimmerman is a Director of KBW, Inc. and, during the past five years, has also served as a director of Financial Federal Corporation and Premium Standard Farms, Inc., and an advisory director of Smithfield Foods, Inc. He is active in several educational, religious and philanthropic organizations, including serving as a member of the Board of Trustees of Continuum Health Partners, Inc., one of the largest nonprofit hospital systems in New York City.

Mr. Zimmerman brings extensive experience in acquisitions, capital markets, investments and financing to the Board as well as broad operational and management expertise. He holds a bachelor of arts degree from Trinity College and is an honors graduate of Harvard Business School, where he

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received a master of business administration degree. Mr. Zimmerman is the nonexecutive Chairman of the Board of the Corporation and is a member of the Corporate Governance and Nominating Committee.

If, for any reason, any nominee should not be available for election or able to serve as a director, the accompanying proxy will be voted for the election of a substitute nominee designated by the Board of Directors. The Board has no reason to believe that it will be necessary to designate a substitute nominee.

Directors who are not nominees:

Alan R. Batkin Mr. Batkin is Vice Chairman of Eton Park Capital Management, L.P., a multi-strategy investment firm, and has held such position since 2007. From 1990 through 2006, he was Vice Chairman of Kissinger Associates, Inc., a geopolitical consulting firm that advises multinational companies. From 1972 until 1990, Mr. Batkin was an investment banker at Lehman Brothers, Inc., serving 14 years as a Managing Director.

In addition to the Corporation, Mr. Batkin is a director of two New York Stock Exchange-listed companies: Cantel Medical Corp. and Omnicom Group, Inc. and one NASDAQ quoted company, Hasbro, Inc. During the past five years, Mr. Batkin has been a director of Diamond Offshore Drilling, Inc. and on the boards of the various mutual funds within the Merrill Lynch IQ Investment Advisors fund complex. He is also Chairman Emeritus of the International Rescue Committee and a Trustee of The Brookings Institution.

Mr. Batkin is a member of The Trilateral Commission; the Council on Foreign Relations; and the Inter-American Dialogue. He is a member of the Boards of Trustees of Continuum Health Partners, Inc., one of the largest nonprofit hospital systems in New York City, and its constituent hospitals. Mr. Batkin is also a trustee of the New York City Police Foundation, a member of the Board of Overseers of the Mailman School of Public Health at Columbia University and a board member of Millennium Promise, an international nonprofit organization committed to reducing poverty.

Mr. Batkin holds a bachelor of science degree from the University of Rochester and a master of business administration degree from New York University. He is a member of the Corporate Governance and Nominating Committee.

Stanley Komaroff Mr. Komaroff is a Senior Advisor to Henry Schein, Inc., and a member of its Executive Management Committee. This Fortune 500 company is the largest distributor of healthcare products and services to office based practitioners in the combined North American and European markets. Mr. Komaroff joined Henry Schein, Inc. in December 2003 following his retirement as a Senior Partner of Proskauer Rose LLP, one of the nation's largest law firms. Mr. Komaroff spent his entire legal career at Proskauer Rose and served as its Chairman from 1991 until 1999. Mr. Komaroff's practice was concentrated in the areas of mergers and acquisitions and international transactions.

While at Proskauer Rose, Mr. Komaroff counseled the Corporation, as well as a number of other public and private companies in the United States and abroad and developed an in depth knowledge of all aspects of the Corporation. He advised senior management of corporate clients and their boards of directors in a wide range of business, strategic and legal matters.

Mr. Komaroff has been active in civic and philanthropic matters, concentrating on the healthcare field. He is a member of the Boards of Trustees of Continuum Health Partners, Inc., one of the largest nonprofit hospital systems in New York City, and its constituent hospitals. Previously, he served as a member of the New York State Hospital Review and Planning Council and the New York City Economic Development Corporation. Mr. Komaroff has also served as a Director of The Edmond de Rothschild Foundation.

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Mr. Komaroff is a graduate of Cornell University and Cornell Law School where he was Editor-in-Chief of the Cornell Law Review. He is a member of the Corporate Governance and Nominating Committee.

Solomon N. Merkin Mr. Merkin is President of Leib Merkin, Inc., a private investment company focused on investing in private and public companies. He has served in such position since 2003 and has held numerous positions with Leib Merkin, Inc. for more than the past 25 years. Previously, Mr. Merkin was a credit analyst at IDB Holding Corporation Ltd., a diversified investment and financial holding corporation.

Mr. Merkin has extensive investment experience and in depth knowledge of the Corporation having served as a director of the Corporation for more than 20 years. Mr. Merkin holds a bachelor of arts degree from Columbia University and a master of business administration degree from Pace University. He is a member of the Corporate Governance and Nominating Committee.

BENEFICIAL OWNERSHIP OF COMMON STOCK BY NAMED EXECUTIVE OFFICERS

The following table sets forth the beneficial ownership of shares of the Corporation's Common Stock as of April 17, 2012 by each of the Named Executive Officers listed in the Summary Compensation Table in this proxy statement other than Morten Arntzen, whose information is disclosed above along with the other directors.

Name	Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Myles R. Itkin	146,049(1)	0.5%
Ian T. Blackley	66,239(2)	0.2%
Robert E. Johnston	122,985(3)	0.4%
Lois K. Zabrocky	82,892(4)	0.3%

- (1) Includes 99,162 shares of Common Stock issuable upon the exercise of stock options.
- (2) Includes 34,913 shares of Common Stock issuable upon the exercise of stock options.
- (3) Includes 77,102 shares of Common Stock issuable upon the exercise of stock options.
- (4) Includes 52,056 shares of Common Stock issuable upon the exercise of stock options.

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Set forth below are the names and addresses of those persons, other than nominees for directors and entities they control (see "Election of Directors"), that are known by the Corporation to have been "beneficial owners" (as defined in regulations of the SEC) of more than 5% of the outstanding shares of the Corporation's Common Stock, as reported to the Corporation and the SEC.

Name and Address	Number of Shares Beneficially Owned*	Percent of Class*
Mrs. Diane Recanati(1)(2) 944 Fifth Avenue New York, New York 10021	3,873,639	12.6%**
Mr. Leon Recanati(1)(3) Medinat Hayehudim Street 85 Herzeliya Pituah, Israel	3,873,639	12.6%**
Mr. Michael Recanati(1)(4) Kahn & Goldberg, LLP 708 Third Avenue, 19th Floor New York, New York 10017	3,889,907	12.6%**
Mrs. Yudith Yovel Recanati(1)(5) 64 Kaplan Street Herzliya, Israel	3,873,639	12.6%**
Donald Smith & Co., Inc.(6)(14) 152 West 57th Street New York, New York 10019	3,068,614	9.9%
Franklin Resources, Inc.(7)(14) One Franklin Parkway San Mateo, California 94403	2,796,900	9.1%
BlackRock, Inc.(8)(14) 40 East 52nd Street New York, New York 10022	2,453,750	8.0%
Paul J. Fribourg(9)(14) 277 Park Avenue New York, New York 10172	2,009,814	6.5%***
Continental Grain Company(10)(14) 277 Park Avenue New York, New York 10172	1,705,299	5.5%***
Foundation Resources Management, Inc.(11)(14) 401 W. Capitol Avenue, Suite 503 Little Rock, Arkansas 72201	1,799,401	5.8%
Dimensional Fund Advisors LP(12)(14) Palisades West, Building One 6300 Bee Cave Road Austin, Texas, 78746	1,707,188	5.5%
The Vanguard Group, Inc.(13)(14) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	1,543,764	5.0%

*

Unless otherwise stated in the notes to this table, the share and percentage ownership information presented is as of April 17, 2012.

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Messrs. Oudi Recanati, Ariel Recanati, Michael Recanati and Leon Recanati, Mrs. Diane Recanati and Mrs. Yudit Yovel Recanati all share the power to vote 3,821,393 shares subject to the First Amendment to the Amended and Restated Stockholders Agreement dated as of December 18, 2003 among members of, or trusts for the benefit of members of, the Recanati family, as amended (the "Stockholders Agreement"). All of these persons also share the power to vote and dispose of the 52,146 shares owned by the Recanati Foundation. All of the shares that are subject to the Stockholders Agreement or owned by the Recanati Foundation are listed as beneficially owned by each of the foregoing persons in this table and are included in calculating such person's ownership percentage. The share and percentage ownership information for these persons is as of April 17, 2012.

Messrs. Paul J. Fribourg and Charles A. Fribourg, who are brothers, and Mr. Michael J. Zimmerman all may be deemed to share the power to vote and dispose of the 1,705,299 shares of Common Stock owned by Continental Grain Company ("CGC"). Messrs. Paul J. Fribourg and Charles A. Fribourg may be deemed to share such power because each of them is a director of CGC (Mr. Paul J. Fribourg is also Chairman, Chief Executive Officer and President of CGC) and because each of them is one of the co-trustees and in one case, a beneficiary, of various trusts established for members of the Fribourg family that collectively own a majority interest in CGC. Mr. Michael J. Zimmerman may be deemed to share such power because he is Executive Vice President and Chief Financial Officer of CGC. Messrs. Charles A. Fribourg and Michael J. Zimmerman are each directors of the Corporation (Mr. Zimmerman is Chairman of the Board of Directors of the Corporation.)

(1)

Mrs. Diane Recanati is the mother of Messrs. Oudi Recanati, a director of the Corporation, and Michael Recanati, the aunt of Mr. Ariel Recanati, a director of the Corporation, and the aunt of Mr. Leon Recanati and Mrs. Yudit Yovel Recanati, who are brother and sister.

(2)

Includes 3,821,393 shares subject to the Stockholders Agreement, as to which she may be deemed to share the power to vote (she shares the power to dispose of these shares with Messrs. Oudi Recanati and Michael Recanati). Also includes 52,146 shares held by the Recanati Foundation, which Mrs. Recanati may be deemed to share the power to vote and dispose of by virtue of her position as a director of the Recanati Foundation.

(3)

Includes 3,821,393 shares subject to the Stockholders Agreement, as to which he may be deemed to share the power to vote (he shares the power to dispose of only 3,301,243 of these shares); and 52,146 shares which he may be deemed to share the power to vote and dispose of by virtue of his position as a director of the Recanati Foundation.

(4)

Includes 3,821,393 shares subject to the Stockholders Agreement, as to which he may be deemed to share the power to vote and dispose; and 52,146 shares which he may be deemed to share the power to vote and dispose of by virtue of his position as a director of the Recanati Foundation.

(5)

Includes 3,821,393 shares subject to the Stockholders Agreement, as to which she may be deemed to share the power to vote (she shares the power to dispose of only 3,301,243 of these shares); and 52,146 shares which she may be deemed to share the power to vote and dispose of by virtue of her position as a director of the Recanati Foundation.

(6)

As of December 31, 2011, Donald Smith & Co., Inc. ("Donald Smith") had sole dispositive power over all of these shares and sole voting power over 1,874,599 of these shares. Donald Smith, in its capacity as investment advisor, may be deemed to beneficially own 3,068,614 shares of Common Stock of the Corporation which are held by clients of Donald Smith.

(7)

As of December 31, 2011, Franklin Advisory Services, LLC ("FAM") had the sole dispositive power over all of these shares and sole voting power over 2,729,000 of these shares. The securities reported are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (each, an "Investment Management Subsidiary" and, collectively, the "Investment Management Subsidiaries") of Franklin Resources, Inc. ("FRI"). Investment management contracts grant to the Investment Management Subsidiaries all investment and/or

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voting power over the securities owned by such investment management clients. Therefore, the Investment Management Subsidiaries may be deemed to be the beneficial owners of the securities. The voting and investment powers held by FAM, an indirect wholly-owned Investment Management Subsidiary, are exercised independently from FRI and from all other Investment Management Subsidiaries. FRI and Charles B. Johnson and Rupert H. Johnson (such individuals, collectively, the "Principal Shareholders") may be deemed to be the beneficial owners of securities held by persons and entities for whom or for which FRI subsidiaries provide investment management services. FRI, the Principal Shareholders, and each of the Investment Management Subsidiaries believe that they are not a "group" and believe that they are not otherwise required to attribute to each other the beneficial interest in the securities held by any of them or by any persons or entities for whom or for which the Investment Management Subsidiaries provide investment management services.

- (8) As of December 31, 2011, BlackRock, Inc. had the sole dispositive power over all of these shares and sole voting power over all of these shares.
- (9) As of November 22, 2011, Mr. Paul J. Fribourg shared the power to vote and dispose of 1,705,299 of these shares which are owned by CGC and had the sole dispositive power and sole voting power over the balance of these shares.
- (10) As of November 22, 2011, CGC shared the power to vote and dispose of all of these shares.
- (11) As of December 31, 2011, Foundation Resources Management Inc. ("Foundation") had sole dispositive power over all of these shares and shared voting power over 1,797,601 of these shares. Foundation, in its capacity as investment adviser, may be deemed to beneficially own 1,799,401 shares of Common Stock of the Corporation which are held by clients of Foundation.
- (12) As of December 31, 2011, Dimensional Fund Advisors LP had the sole dispositive power over all of these shares and sole voting power over 1,664,515 of these shares. Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (such investment companies, trusts and accounts, collectively referred to as the "Funds"). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment adviser, sub-adviser and/or manager, neither Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") possess voting and/or investment power over the securities of the Corporation that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Corporation held by the Funds. However, all securities reported are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.
- (13) As of December 31, 2011, The Vanguard Group, Inc. ("Vanguard") had the sole dispositive power over 1,501,778 of these shares, shared dispositive power over 41,986 of these shares and sole voting power over 41,986 of these shares. Vanguard, in its capacity as investment advisor, may be deemed to beneficially own 1,501,778 shares of common stock of the Corporation which are held by clients of Vanguard and Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, in its capacity as investment manager of collective trust accounts, may be deemed to beneficially own 41,986 shares of common stock of the Corporation which are held by such trust accounts.
- (14) The information with respect to this beneficial ownership is according to such beneficial owner's filings with the SEC.

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INFORMATION ABOUT THE BOARD AND CORPORATE GOVERNANCE

Corporate Governance Guidelines. The Board has adopted Corporate Governance Guidelines to promote the effective functioning of the Board and its committees, to promote the interests of all stockholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. The Board believes that ethics and integrity cannot be legislated or mandated by directive or policy and that the ethics, character, integrity and values of the Corporation's directors and senior management remain the most important safeguards in quality corporate governance. The Corporate Governance Guidelines are posted on the Corporation's website, which is www.osg.com, and are available in print upon the request of any stockholder of the Corporation. Under the Corporate Governance Guidelines, each director is expected to attend all Board meetings and all meetings of committees of which the director is a member. Meeting materials are provided to Board and Committee members prior to meetings, and members are expected to review such materials prior to each meeting.

Board Leadership Structure. The Corporate Governance Guidelines provide that the Board of Directors selects the Chief Executive Officer of the Corporation (the "CEO") and may select a Chairman of the Board (the "Chairman") in the manner it considers in the best interests of the Corporation. The Guidelines provide that if the Board determines that there should be a Chairman, he or she may be a non-management director or the CEO.

The Corporation currently separates the role of CEO and Chairman of the Board; however, in the past the Corporation has combined these roles. The Board separated the roles upon the election of Mr. Morten Arntzen as CEO in January 2004 to allow him to concentrate on strategic planning and operating and expanding the Corporation's business as the Corporation transitioned to new leadership. At the same time, the Board elected Mr. Michael J. Zimmerman as nonexecutive Chairman. The CEO and the Chairman are in frequent contact with one another and with senior management of the Corporation. They provide advice and recommendations to the full Board for the full Board's consideration. They each review in advance the schedule of Board and committee meetings and establish the agenda for each Board meeting in order to ensure that the interests and requirements of the stockholders, the directors and other stakeholders are appropriately addressed. The Board believes that the existing leadership structure, with the current individuals in their positions, is in the best interests of stockholders.

The Board retains the right to combine the CEO and Chairman roles in the future if it determines that such a combination would be in the best interests of the Corporation and its stockholders. The Board, primarily through its Corporate Governance and Nominating Committee, periodically reviews the Corporation's leadership structure to determine if it remains appropriate in light of the Corporation's specific circumstances and needs, current corporate governance standards, market practices and other factors the Board considers relevant.

Policies and Procedures for Approval of Related Party Transactions. Related party transactions may present potential or actual conflicts of interest and create the appearance that Corporation decisions are based on considerations other than the best interests of the Corporation and its stockholders. The Corporation's Code of Business Conduct and Ethics requires all directors, officers and employees who may have a potential or apparent conflict of interest to disclose fully all the relevant facts to the Corporation's legal department. In addition to this reporting requirement, to identify related party transactions, each year the Corporation submits and requires its directors and executive officers to complete Director and Officer questionnaires identifying any transactions with the Corporation in which the director or officer has an interest. Management and the legal department carefully review the terms of all related party transactions. Management reports to the Board on all proposed related party transactions with directors and executive officers. Upon the presentation of a proposed related party transaction to the Board, the related party if a director is excused from participation and voting on the

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matter. In deciding whether to approve the related party transaction, the Board determines whether the transaction is on terms that could be obtained in an arm's length transaction with an unrelated third party. If the related party transaction is not on such terms, it will not be approved.

Independence. Under the Corporate Governance Guidelines, which incorporate the standards established by the New York Stock Exchange ("NYSE"), the Board must consist of a majority of independent directors. As determined by the Board, as of the date of this Proxy Statement, nine of the ten nominees, namely Messrs. Oudi Recanati, Andreas, Coleman, Fribourg, Pickett, Ariel Recanati, Robards, Vettier and Zimmerman, have been determined to be independent under the Corporate Governance Guidelines because no relationship was identified that would automatically bar them from being characterized as independent, and any relationships identified were not so material as to impair their independence. The Board annually reviews relationships that directors may have with the Corporation to make a determination of whether there are any material relationships that would preclude a director from being independent.

The Corporation and Maritime Overseas Corporation ("MOC"), a private family management company whose President is Mr. Ariel Recanati, a director of the Corporation, are parties to a sublease pursuant to which the Corporation subleases to MOC approximately 2,850 square feet of office space at its New York offices. The sublet space is separate from the Corporation's offices and has a separate entrance. The sublease, which began at the end of January 2007 and was scheduled to expire in February 2012, was extended until December 2020, the expiration date of the Corporation's lease. The annual rent during the extension is approximately \$139,000, plus additional rent for electricity and for increases in real estate taxes and operating expenses. At the time the sublease was entered into, and at the time of the extension, an independent real estate brokerage firm determined that the rent under the sublease was the fair market rental value of the rental space. At the time the sublease was entered into and at the time of the extension, the Board, without the participation of Mr. Ariel Recanati or his first cousin, Mr. Oudi Recanati, who recused themselves, believed that the terms of the sublease were fair and reasonable to the Corporation and that the terms were comparable to terms that could be obtained in an arm's length transaction with an unrelated third party.

In determining that this relationship was not material with respect to Mr. Ariel Recanati, the Board considered that the annual payments to be made by MOC to the Corporation under the sublease would never approach an amount that would bar independence under the NYSE listing standards. The Board concluded that based on all of the relevant facts and circumstances the sublease did not constitute a material relationship with the Corporation that represents a potential conflict of interest or otherwise interferes with the exercise of independent judgment from management of the Corporation by either Ariel Recanati or Oudi Recanati (who has no economic interest in MOC).

Executive Sessions of the Board. To ensure free and open discussion and communication among the non-management directors, the Corporate Governance Guidelines provide that non-management directors meet in executive session at the time of each regular meeting of the Board; at least one of such executive sessions shall exclude non-management directors who do not qualify as independent. In accordance with the Guidelines, the nonexecutive Chairman of the Board of Directors chairs the executive sessions. Any non-management director can request that an additional executive session be scheduled.

Board Oversight of Risk Management. While the responsibility for management of the Corporation's material risks lies with management of the Corporation, the Board provides oversight of risk management, directly and indirectly, through its committee structure. The Board performs this oversight role by using several different levels of review. The Board and certain committees receive regular reports from key members of management responsible for specified areas of material risk to the Corporation. In addition, the Board reviews the risks associated with the Corporation's strategic plan at

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an annual strategic planning session and periodically throughout the year as part of its consideration of the strategic direction of the Corporation.

At the committee level, the Audit Committee regularly reviews the financial statements and financial and other internal controls. Further, the Audit Committee meets in private sessions individually with certain members of management and with representatives of the independent registered public accounting firm at the conclusion of every regularly scheduled meeting, where aspects of risk management are discussed. The Corporate Governance and Nominating Committee manages risk associated with Board independence, corporate governance and potential conflicts of interest. The Compensation Committee annually reviews executive compensation policies and practices and employee benefits, and associated risks. Both the Audit Committee and the Compensation Committee also rely on the advice and counsel of the Corporation's independent registered public accountants and independent compensation consultants, respectively, to raise awareness of any risk issues that may arise during their regular review of the Corporation's financial statements, audit work and executive compensation policies and practices, as applicable.

Managing risk is an ongoing process inherent in all decisions made by management. The Corporation has an enterprise risk management program that is designed to ensure that risks are taken knowingly and purposefully. The governance of the enterprise risk management function is led by the Chief Risk Officer, who reports directly to the CEO. The Chief Risk Officer regularly reports to the full Board and the Audit Committee on the status of the Corporation's risk management practices and processes. In addition, the Corporation has a committee composed of members of senior management, and other key management personnel that are responsible for assessing all the risks and related mitigation strategies for all material projects and initiatives of the Corporation prior to being submitted for consideration by the Board.

Meetings of the Board. The Board held six meetings during 2011. Each director attended at least 75% of the total number of meetings of the Board and Board committees of which the director was a member.

Annual Meetings of Stockholders. Directors are not required, but are strongly encouraged, to attend the Annual Meeting of Stockholders. In 2011, all of the Directors attended the Annual Meeting of Stockholders.

Communications with Board Members. Interested parties, including stockholders, may communicate with any director, with the nonexecutive Chairman of the Board or with the non-management directors as a group by sending a letter to the attention of such director, the nonexecutive Chairman of the Board or such non-management directors as a group, as the case may be, in care of the Corporation's Corporate Secretary, 666 Third Avenue, Fifth Floor, New York, New York 10017. The Corporate Secretary opens and forwards all such correspondence (other than advertisements and other solicitations) to directors unless the director to whom the correspondence is addressed has requested that the Corporate Secretary forward correspondence unopened. Unless the context otherwise requires, the Corporate Secretary will provide any communication addressed to the Board to the director most closely associated with the nature of the request based on Committee membership and other factors.

Code of Ethics. The Corporation has adopted a code of ethics which is an integral part of the Corporation's business conduct compliance program and embodies the commitment of the Corporation and its subsidiaries to conduct operations in accordance with the highest legal and ethical standards. The Code of Ethics applies to all of the Corporation's officers, directors and employees. Each is responsible for understanding and complying with the Code of Ethics. The Corporation also has an Insider Trading Policy which prohibits the Corporation's directors and employees from purchasing or selling securities of the Corporation while in possession of material nonpublic information or otherwise

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using such information for their personal benefit. The Insider Trading Policy also prohibits the Corporation's directors and employees from hedging their ownership of securities of the Corporation. In addition, the Corporation has an Anti-Bribery and Corruption Policy which memorializes the Corporation's commitment to adhere faithfully to both the letter and spirit of all applicable anti-bribery legislation in the conduct of the Corporation's business activities worldwide. The Code of Ethics, the Insider Trading Policy and the Anti-Bribery and Corruption Policy are posted on the Corporation's website and are available in print upon the request of any stockholder of the Corporation.

Other Directorships and Significant Activities. The Corporation values the experience directors bring from other boards of directors on which they serve, but recognizes that those boards also present significant demands on a director's time and availability and may present conflicts and legal issues. The Corporate Governance Guidelines provide that non-management directors refrain from serving on the boards of directors of more than four publicly-traded companies (other than the Corporation or a company in which the Corporation has a significant equity interest) absent special circumstances. A member of the Audit Committee may not serve on more than two other audit committees of publicly-traded companies.

The Corporate Governance Guidelines require the CEO and other members of senior management, whether or not they are members of the Board of Directors of the Corporation, to receive the approval of the Corporate Governance and Nominating Committee before accepting outside board membership. The Guidelines prohibit the CEO from serving on the board of directors of more than one publicly-traded company (other than the Corporation or a company in which the Corporation has a significant equity interest).

If a director's principal occupation or business association changes substantially during the director's tenure as a member of the Board of Directors, that director is required by the Corporate Governance Guidelines to inform the Chairman of the Corporate Governance and Nominating Committee of the change and offer to resign from the Board. In such case, such Committee must recommend to the Board the action, if any, to be taken with respect to the offer of resignation, taking into account the appropriateness of continued Board membership.

Committees

The Corporation has three standing committees of its Board: the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. Each of these committees has a charter that is posted on the Corporation's website and is available in print upon the request of any stockholder of the Corporation.

Audit Committee. The Audit Committee is required to have no fewer than three members all of whom must be and are independent directors. During 2011, the Audit Committee consisted of Messrs. Robards (Chairman), Picket, Andreas and Ariel Recanati. The Board determined that Mr. Robards is an audit committee financial expert, as defined by rules of the SEC. The Audit Committee met six times during 2011.

The Audit Committee oversees the Corporation's accounting, financial reporting process, internal controls and audits and consults with management, internal auditors and the Corporation's independent registered public accounting firm on, among other things, matters related to the annual audit, and published financial statements and the accounting principles applied. As part of its duties, the Audit Committee retains the Corporation's independent registered public accounting firm, subject to stockholder ratification.

The Audit Committee maintains direct responsibility for the compensation and oversight of the Corporation's independent registered public accounting firm and evaluates the independent registered public accounting firm's qualifications, performance and independence. The Audit Committee has

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established policies and procedures for the pre-approval of all services provided by the Corporation's independent registered public accounting firm.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is required to have no fewer than two members, all of whom must be and are independent directors. During 2011, the Corporate Governance and Nominating Committee consisted of Messrs. Oudi Recanati (Chairman), Komaroff, Merkin, Zimmerman and Batkin. The Committee is required to meet as many times as necessary each year. In 2011, the Corporate Governance and Nominating Committee met three times. The Corporate Governance and Nominating Committee considers and makes recommendations on matters related to the practices, policies and procedures of the Board and takes a leadership role in shaping the corporate governance of the Corporation. As part of its duties, the Committee assesses the size, structure and composition of the Board and Board committees, coordinates evaluation of Board performance, reviews Board compensation and recommends changes in director compensation to the Board. In March 2012, the Committee recommended that the size of the Board be reduced from thirteen members to ten members because a smaller Board would be better suited for a company of the Corporation's scale and operations and is consistent with management's overall program to reduce all costs of the Corporation. The Committee also acts as a screening and nominating committee for candidates considered for election to the Board. In this capacity it concerns itself with the composition of the Board with respect to depth of experience, balance of professional interests, required expertise and other factors set forth in the Corporate Governance Guidelines. The Committee evaluates prospective nominees identified on its own initiative or referred to it by other Board members, management, stockholders or external sources and all self-nominated candidates. The Committee uses the same criteria for evaluating candidates nominated by stockholders and self-nominated candidates as it does for those proposed by other Board members, management and search consultants.

The Committee considers the following criteria for identifying and recommending qualified candidates for membership on the Board, seeking to maintain within these criteria appropriate diversity of individuals on the basis of gender, ethnic heritage, international background and life experiences:

judgment, character, age, integrity, expertise, tenure on the Board, skills and knowledge useful to the oversight of the Corporation's business;

status as "independent" or an "audit committee financial expert" or "financially literate" as defined by the NYSE or the SEC;

high level managerial, business or other relevant experience, including, but not limited to, experience in the industries in which the Corporation operates, and, if the candidate is an existing member of the Board, any change in the member's principal occupation or business associations;

absence of conflicts of interest with the Corporation;

status as a U.S. citizen; and

ability and willingness of the candidate to spend a sufficient amount of time and energy in furtherance of Board matters.

As part of its annual assessment of Board size, structure and composition, the Committee evaluates the extent to which the Board as a whole satisfies the foregoing criteria. While the Committee believes that over the long term the diversity of Board members on the basis of their gender, ethnic heritage, international background and life experiences should be increased, the Committee also believes that a smaller Board, from thirteen members to ten members, is better suited for a company of the Corporation's scale and operations. The Committee believes that the current directors have the requisite character, integrity, expertise, skills, and knowledge to oversee the

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Corporation's business in the best interests of the Corporation's stockholders and does not believe that the long term goal of greater Board diversity is sufficient to merit replacing existing directors.

A stockholder may recommend a person as a nominee for director by writing to the Corporate Secretary of the Corporation. Recommendations must be received by December 31, 2012 in order for a candidate to be considered for election at the 2013 Annual Meeting. Each recommendation for nomination should contain the following information: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had such nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Corporation if so elected. All the director nominees named in this proxy statement were evaluated under the criteria set forth above and recommended by the Corporate Governance and Nominating Committee to the full Board of Directors for election by stockholders at the Annual Meeting. The entire Board of Directors recommends that stockholders elect all nominees.

All nominees for election at the Annual Meeting were previously elected to the Board by stockholders.

Compensation Committee. The Compensation Committee is required to have no fewer than two members, all of whom must be and are independent directors. During 2011 the Compensation Committee consisted of Messrs. Fribourg (Chairman), Oudi Recanati, Coleman and Vettier. The Committee met nine times during 2011. The Compensation Committee makes recommendations to the Board as to the Corporation's general compensation philosophy, determines which of the corporate goals and objectives established by the Board are relevant to the compensation of the Corporation's Chief Executive Officer ("CEO"), evaluates the performance of the CEO in light of those goals and objectives, and determines and approves the CEO's compensation level based on this evaluation; establishes annual compensation, including benefits and perquisites of all executive officers of the Corporation, and reports such determinations and actions to the Board; establishes and reviews stock ownership guidelines for the Corporation's executive officers; reviews and approves employment agreements, severance agreements, change of control agreements and other similar agreements relating to executive officers; and establishes, modifies and makes grants under incentive-compensation plans and equity-based plans, and monitors such plans and their administration. The Compensation Committee also reviews and approves the Compensation Discussion and Analysis required by the SEC for inclusion in the annual proxy statement, discusses it with management and makes a recommendation to the Board as to whether it should be included in the proxy statement. The Compensation Committee may engage independent advisors to assist it fulfilling its responsibilities, including compensation consultants.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis provides information regarding the compensation program for the Corporation's Chief Executive Officer ("CEO"), its Chief Financial Officer ("CFO") and its three other most highly compensated executive officers serving at the end of 2011, all of whom are listed in the Summary Compensation Table on page 40 of this proxy statement (collectively the "Named Executive Officers" or "NEOs"). The Compensation Discussion and Analysis describes the objectives of the Corporation's executive compensation programs and policies, the elements of the compensation program and how each element fits into the Corporation's overall compensation objectives. The Compensation Committee is responsible for overseeing the compensation paid to all executive officers of the Corporation, including the Named Executive Officers.

As described on pages 58 - 59 of this proxy statement, at the Annual Meeting of Stockholders of the Corporation, stockholders will consider approval, in an advisory vote, of the compensation paid to the NEOs for 2011 as described in this Compensation Discussion and Analysis and the accompanying compensation tables and narrative.

Executive Summary

The Corporation has a strong and measurable pay for performance philosophy. The following summarizes the fundamental objective and key elements of the Corporation's executive compensation program and describes the Corporation's 2011 executive compensation highlights.

Objective and Key Elements of the Executive Compensation Program

The fundamental objective of the Corporation's executive compensation program is to motivate and reward actions that the Compensation Committee believes will increase long-term stockholder value. The program is designed to retain, motivate, attract, reward and develop high quality, high-performing executive leadership with the talent and expertise to create long-term value for the Corporation's stockholders.

The Corporation's executive compensation program has remained substantially the same for several years. The Compensation Committee believes that the Corporation's executive compensation program is effectively designed to work in alignment with the interests of stockholders and is instrumental to achieving the Corporation's business strategy. The program is based on the traditional compensation elements of base pay, annual cash incentives, long-term incentives (usually in the form of equity awards), and employee benefits. The Compensation Committee reviews each of these elements annually. The Compensation Committee has designed the Corporation's executive compensation program to reward long term performance and believes that to be properly evaluated the program must be reviewed over a multi-year period. The Compensation Committee believes that the vote at the 2011 Annual Meeting of Stockholders of approximately 93.7% of the votes cast in favor of approval, on an advisory basis, of the compensation of the NEOs for 2010 expresses strong stockholder support for the Corporation's executive compensation program.

The Corporation seeks to provide competitive "fixed" compensation in the form of base salaries and other employee benefits but places a greater emphasis on pay for performance by allocating a larger portion of total compensation "at risk" in the form of annual performance based cash incentives that will only be paid if the Corporation achieves specified performance goals and equity and cash awards that vest over a multi-year period and are also based on achievement of performance goals in many cases.

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An NEO's annual cash incentive is based on a combination of the Corporation's performance compared with financial and operational metrics for the Corporation and the NEO's achievement of individual goals, all of which are established and approved by the Compensation Committee at the beginning of each year. As in past years, the financial metric for 2011 was the achievement of specified levels of earnings from shipping operations at both the Corporation and the business unit level and the operational metrics were quantifiable measures of the Corporation's performance in commercial, safety, quality and environmental areas as compared with absolute standards and competitors' achievements.

An NEO's equity awards consist of grants of shares of restricted stock, stock options and performance units. The amount that may be realized from these awards depends on the performance of the Corporation's common stock. In regard to stock options, failure of the price of common stock to increase from its value on the grant date renders the stock options worthless. Decreases in the price of common stock from its value on the grant date reduces the value of the restricted stock and performance units and a reduction of 50% or more in the stock price at the end of the three year period from the grant date of the performance units renders the performance units worthless.

The Compensation Committee is composed exclusively of independent directors. The Compensation Committee has engaged an independent compensation consultant, Frederic W. Cook & Co., Inc. ("FWC"), to assist it with respect to executive compensation and incentive compensation plan design. Except for providing services to the Compensation Committee and to the Corporate Governance and Nominating Committee, FWC has never provided any services to the Corporation.

The fair market value of restricted stock and performance units and the exercise price of stock options are determined based on the closing price of the Corporation's common stock on the grant date. The Corporation determines annual equity and non-equity awards to NEOs after the Audit Committee approves the Corporation's audited financial statements for the preceding fiscal year.

The Corporation has an incentive compensation recoupment policy, stock ownership guidelines and an insider trading policy which, among other things, prohibits any hedging transactions involving the Corporation's securities by officers or directors of the Corporation. The Corporation believes that these policies and guidelines serve as effective risk mitigators for the Corporation's compensation programs.

2011 and 2012 Executive Compensation Highlights

In October 2011, the Corporation, upon the authorization of the Compensation Committee, and Mr. Arntzen, the Corporation's CEO, entered into a new employment letter agreement which superseded and replaced Mr. Arntzen's existing employment letter agreement which was scheduled to expire in January 2012. The new agreement continues the Corporation's employment of Mr. Arntzen as its President and CEO at a base salary of no less than his current annual salary of \$900,000. In connection with the new agreement, the Corporation granted Mr. Arntzen premium priced stock options having an exercise price of \$22.50 per share and performance based restricted stock units ("RSUs"). The options and RSUs will vest if (i) Mr. Arntzen is continuously employed by the Corporation or its affiliates through October 12, 2016 (subject to certain exceptions) and (ii) in the case of the RSUs, if during any 30 consecutive trading day period from October 12, 2011 through October 12, 2016 the trailing average closing price of a share of common stock of the Corporation is \$22.50 or more. The closing price of a share of common stock on the grant date was \$15.60. The Corporation entered into the new employment letter agreement and granted Mr. Arntzen the equity awards in order

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to motivate him to increase stockholder value and to encourage his long-term tenure with the Corporation, especially during the current difficult global economy and poor shipping markets in particular.

Concurrently with entering the new employment agreement with Mr. Arntzen, the Corporation and Mr. Arntzen amended and restated Mr. Arntzen's Change of Control Protection Agreement with the Corporation which was scheduled to expire in January 2012. The new agreement provides that Mr. Arntzen will be entitled to enhanced severance payments and benefits if he is terminated without Cause (as defined) or resigns for Good Reason (as defined) either 90 days prior to, or within two years following, a Change of Control (as defined) of the Corporation that occurs prior to October 12, 2016. Mr. Arntzen's entitlement to such enhanced severance payments and benefits depends upon the "double trigger" of a Change of Control and Mr. Arntzen's termination of employment. Importantly, the new agreement eliminates any gross-up payment to Mr. Arntzen if any payments, benefits and other amounts received by Mr. Arntzen as a result of a Change of Control are subject to an excise tax under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

Effective January 1, 2012, the Corporation and each of the NEOs, other than the CEO, amended and restated the Change of Control Protection Agreement in effect between the Corporation and each NEO, each of which was scheduled to expire on December 31, 2011. The new agreements provide that the NEOs will be entitled to enhanced severance payments and benefits if their employment is terminated without Cause (as defined) or they resign with Good Reason (as defined) either 90 days prior to, or within two years following, a Change of Control (as defined) of the Corporation that occurs on or prior to December 31, 2014, (i.e., a "double trigger" consisting of a Change of Control and termination of employment). Consistent with the new Change of Control Protection Agreement with the CEO, the new agreements with the NEOs eliminated the right to receive a gross-up payment if any payments, benefits and other amounts received by the NEO as a result of the Change of Control are subject to the excise tax under Section 280G of the Code.

In designing the Corporation's compensation program for 2011, the Compensation Committee considered the Corporation's 2011 budget performance expectations, which was a significant loss for 2011. As a result, the Compensation Committee continued to freeze base salaries of three NEOs (including the CEO) for 2011, the fifth consecutive year of no salary increases for such NEOs. The Compensation Committee awarded promotional salary increases to the two other NEOs. There were no increases in base salaries for the NEOs for 2012.

At the direction of the Compensation Committee, a "tally sheet" presenting each NEO's total compensation for the past four years was prepared and used to evaluate each NEO's total compensation (past, present and potential future compensation), internal equity considerations and the impact of performance by the Corporation on total compensation.

For 2011, the Compensation Committee established targets under its Executive Performance Incentive Plan (the "Incentive Compensation Plan") that reflected the 2011 budget performance expectations.

Actual earnings from shipping operations for 2011 were below the minimum levels for which cash awards would be payable under the Incentive Compensation Plan and, accordingly, no cash awards were paid to the NEOs (including the CEO) under such plan. In addition, no discretionary cash bonuses for 2011 were paid to the CEO or the other NEOs.

The Compensation Committee determined that the failure to achieve the 2011 goals under the Incentive Compensation Plan was principally due to the poor condition of the global economy and shipping markets in particular and that the NEOs succeeded in meeting several of their

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individual goals. In order to motivate them and encourage their long-term tenure with the Corporation, the Compensation Committee decided to award the NEOs long term incentive awards, of which approximately 63% are performance based.

The table below sets forth for the CEO and the four other NEOs as a group (i) the actual and target cash award under the Incentive Compensation Plan (the target cash award for the three NEOs who are in business units was reduced from 90% to 85% for 2010 and 2011 resulting in a cash target award for such years of 86.25% for the four NEOs as a group) and any other cash bonus paid and (ii) the actual and target equity awards, for each of 2011, 2010 and 2009, expressed as a percentage of base salary:

Name	2011				2010				2009			
	Cash Award		Equity Award		Cash Award		Equity Award		Cash Award		Equity Award	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
CEO	0%	180.00%	150.0%	200%	0%	180.00%	183.3%	200%	55.6%	180%	188.8%	200%
Other NEOs as a group*	0%	86.25%	144.3%	100%	29.0%	86.25%	53.3%	100%	37.2%	90%	60.8%	100%

*

Ms. Zabrocky became a NEO in 2011 and was a member of senior management of the Corporation for 2009 and 2010. For purposes of this table and this Compensation Discussion and Analysis she is included with the other NEOs as a group for all three years and the NEO she replaced is excluded.

The table above illustrates that the Corporation's failure to achieve the minimum goals under the Incentive Compensation Plan with respect to earnings from shipping operations for 2011, 2010 and 2009 resulted in no cash awards for all of the NEOs for 2011 and the CEO for 2010, and substantial decreases in actual cash awards for the other NEOs for 2010 and 2009. Similarly, the subjective determination of the amount of equity awards for the NEOs for 2010 and 2009, which was based on each NEO's general level of performance, was adversely affected by the Corporation's financial performance for 2010 and 2009 (resulting in actual equity awards below target equity levels). For 2011, the alignment among the amount of the equity award, the NEO's general level of performance and Corporation financial performance continued with respect to the CEO. However, it was adjusted for the other NEOs as a group because the Compensation Committee determined that the other NEOs as a group were critical to guiding the Corporation through one of the most severe industry downturns in recent memory. In reaching its conclusion, the Compensation Committee recognized the need for greater equity incentive compensation to the other NEOs (the majority of which was performance based) to maximize stockholder value and to ensure that the other NEOs remain in the Corporation's employ during this difficult financial time. The table above demonstrates that the Corporation's compensation program reflects a strong pay for performance philosophy. During the three years from 2009 - 2011, the decrease in cash awards compared with target (to none for 2011) was greater than the change in equity awards compared with target (a decrease for the CEO during this period and a decrease for the NEOs other than the CEO from 2009 to 2010 and then an increase from 2010 to 2011) because the Compensation Committee determined that long-term equity awards are a better long-term motivational tool than cash awards as they vest over a multi-year period and align the interests of the NEOs with those of stockholders.

Results of the Advisory Vote on NEO Compensation for 2010

At the Annual Meeting of Stockholders held in June 2011, approximately 93.7% of the votes cast were in favor of approval, on an advisory basis, of the compensation of the Named Executive Officers for 2010. The Compensation Committee considered this favorable outcome and believes it conveyed stockholder support of the Compensation Committee's decisions and the existing executive compensation programs. As a result, the Compensation Committee made no material changes in the structure of the Corporation's compensation programs or pay for performance philosophy based on the outcome of the vote.

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At the 2011 Annual Meeting of Stockholders, approximately 50.1% of the votes cast were in favor of recommending, on an advisory basis, an annual advisory vote on NEO compensation (approximately 47.2% of the votes cast were in favor of recommending a triennial vote). In accordance with this vote, at the 2012 Annual Meeting of Stockholders, the Corporation will hold its annual advisory vote to approve the compensation of the NEOs for 2011. The Compensation Committee will consider the results from this year's and future advisory votes on executive compensation.

Compensation Philosophy and Objectives

The Corporation's compensation philosophy is to structure compensation to drive and support the Corporation's long-term goal of total stockholder return and sustainable growth. Sustainable growth means investing in long-term opportunities while meeting short-term commitments. The compensation program is designed to promote the following objectives:

Attract and motivate highly talented executives who are effective leaders and encourage their long-term tenure with the Corporation;

Compensate executives directly based upon the value of their individual contributions in achieving corporate goals and objectives;

Align incentive compensation with performance measures that motivate executives to maximize stockholder value; and

Structure total compensation to reward both short-term results and long-term strategic contributions necessary for sustained optimal business performance.

Role of the Compensation Committee

General

The Compensation Committee makes all compensation decisions with respect to the Named Executive Officers. The CEO advises the Compensation Committee in reaching compensation decisions with respect to the NEOs other than himself. The other NEOs do not play a role in their own compensation determination other than discussing individual performance objectives with the CEO. All decisions relating to the CEO's compensation are made by the Compensation Committee without management present. The Compensation Committee then reports these decisions to the Board of Directors. In 2011, the Compensation Committee met nine times.

The Compensation Committee takes many factors into account when making compensation decisions with respect to the Named Executive Officers, including the individual's performance, tenure and experience, internal equity among the NEOs, potential retention concerns and the individual's historical compensation. In addition, the Compensation Committee considers the performance of the Corporation and the executive's contribution to that performance. Finally, the Compensation Committee compares NEO compensation against external publicly available market data (which is limited for shipping companies).

Use of Outside Advisors

The Compensation Committee has the authority to engage independent advisors to assist it in carrying out its duties. For 2011, the Compensation Committee engaged Frederic W. Cook & Co., Inc. ("FWC") as its independent advisor with respect to executive compensation and incentive plan design. The Compensation Committee selected FWC based on its satisfaction with FWC's performance as its independent compensation advisors since 2004, as well as FWC's experience, reputation, familiarity with the business environment and knowledge of the shipping industry, current practices and emerging trends. During 2011, FWC's services to the Compensation Committee included advice on the terms of

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the new employment letter agreement with the CEO and the amended and restated Change of Control Protection Agreement between the Corporation and each of the NEOs, assistance in determining the amount and terms of the premium priced stock options and performance based RSUs granted to the CEO in October 2011, compilation of data on senior management compensation in the shipping industry (which included data provided by the Hay Group at the request of management), providing a detailed comparative analysis of compensation for each Named Executive Officer and preparation of tally sheets listing the cash and equity compensation of each of the NEOs for the past four years. FWC's services also included advice on the executive compensation requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, particularly the say-on-pay and frequency of say-on-pay provisions, and assistance in preparing certain of the compensation disclosures in the Corporation's Proxy Statement for the 2011 Annual Meeting of Stockholders. Except for providing services to the Compensation Committee and to the Corporate Governance and Nominating Committee, FWC has never provided any services to the Corporation. The amount of fees paid to FWC for all services rendered to such Committees for 2011 totaled approximately \$136,086.

Elements of the Corporation's Compensation Program

The principal elements of the Corporation's compensation program are base pay, annual cash incentive awards and long-term incentive compensation (usually in the form of equity based awards). The Corporation also provides severance and termination payments, retirement benefits and welfare benefits (in the form of medical, dental, disability and life insurance). The Compensation Committee reviews each element of compensation annually to achieve competitive positioning and alignment with the Corporation's compensation philosophy and objectives. In general, the Corporation targets total compensation to be competitive with a select group of companies that the Compensation Committee believes to be an appropriate reference group (the "Compensation Comparison Group"). The Corporation's compensation philosophy is to reward performance and place a large portion of total compensation at risk, dependent on the achievement of earnings goals by the Corporation and business units and specified safety, quality and environmental compliance objectives. The Corporation's Compensation Comparison Group consists of marine transportation or service corporations based in the United States whose executive compensation information is publicly available. For 2011, the Compensation Comparison Group consisted of the following companies and was unchanged from 2010:

<u>Name</u>	<u>Name</u>
Alexander & Baldwin, Inc.	Hornbeck Offshore Services, Inc.
Bristow Group Inc.	Kirby Corporation
General Maritime Corporation	Pride International, Inc.
Global Industries, Ltd.	Rowan Companies, Inc.
GulfMark Offshore, Inc.	SEACOR Holdings, Inc.
Helmerich & Payne, Inc.	Tidewater Inc.

The Compensation Committee continues to believe that the Compensation Comparison Group consists of those companies for which executive compensation information is publicly available that are most comparable to the Corporation. However, the Corporation's direct competitors are principally either privately held and/or incorporated in foreign jurisdictions that do not require public disclosure of executive compensation. For these reasons, among others, the Compensation Committee recognizes that compensation comparisons are imperfect. The unavailability of compensation information concerning the Corporation's direct competitors (because they are privately held and/or foreign entities) results in a large number of companies in the Compensation Comparison Group that are tangentially related to the Corporation (i.e. oil and gas equipment, storage and service providers) but not tanker companies. In view of the poor condition of the global economy and shipping markets in particular, for 2011 the Compensation Committee focused more on its own experience in determining the appropriate

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amount of competitive compensation as compared with benchmarking compensation against compensation paid by companies in the Compensation Comparison Group.

The Corporation believes that the combination of competitive base salaries, annual incentives pursuant to a cash based performance plan, and long-term incentive compensation paid in the form of restricted stock, performance share units, stock options and/or cash based performance awards comprises an effective and motivational executive compensation program that is based on a "pay for performance" philosophy. The program is designed to attract and retain talented executives and align the interests of senior management with those of stockholders in seeking to achieve, over time, superior performance.

The Corporation seeks to provide competitive "fixed" compensation in the form of base salaries but places a greater emphasis on pay for performance by allocating a larger portion of total compensation "at risk" in the form of annual performance based cash incentives that will only be paid if the Corporation achieves specified performance goals and long term incentive compensation in the form of equity awards and/or cash-based performance awards that vest over a multi-year period and, in certain cases, depend on achievement of performance criteria. For purposes of comparative analysis of "at risk" compensation, the Compensation Committee believes that all other compensation (which includes the Corporation's contributions to the Corporation's Savings Plan (a tax qualified employee benefit plan), the Corporation's contributions under the Corporation's Supplemental Executive Savings Plan and the Corporation's contribution towards premiums for medical, dental, disability and life insurance) should be excluded from total compensation of the Named Executive Officers. In addition, the Committee believes that equity awards should be allocated to the performance year with respect to which they were earned rather than the year in which the awards were granted. Furthermore, for purposes of comparative analysis, the Compensation Committee believes that the award to the CEO of premium price stock options and performance based restricted stock units in connection with the signing of a new employment letter agreement and an Amended and Restated Change of Control Protection Agreement between the Corporation and the CEO should be excluded from the CEO's total annual compensation because such equity awards require that the CEO remain in the Corporation's continuous employ for five years. Total compensation as so adjusted for all other compensation and equity awards is referred to as "Adjusted Total Compensation".

The following table sets forth the 2011 "pay mix" for the CEO and the other four NEOs of base salary, cash incentive compensation and equity compensation as percentages of Adjusted Total Compensation based on the amount that would have been payable upon achievement of target awards. The incentive compensation and equity awards represent the NEOs' "at risk" compensation. At target, 79.2% of the CEO's Adjusted Total Compensation and 65.1% of the four other NEOs' Adjusted Total Compensation was "at risk", reflecting the Corporation's strong pay for performance philosophy.

Name	Base Salary	Annual	
		Cash Incentive Compensation	Long-term Incentive Compensation
CEO	20.8%	37.5%	41.7%
Other four NEOs	34.9%	30.2%	34.9%

As shown in the following table, the Adjusted Total Compensation paid to the CEO for 2011 decreased when compared to the Adjusted Total Compensation paid to the CEO for 2010 and 2009. The reason for this decrease was a decrease in equity incentive compensation for 2011 compared with 2010; the CEO received no cash incentive compensation for 2011 or 2010. The Adjusted Total Compensation paid to the four other NEOs for 2011 increased when compared to the Adjusted Total Compensation paid to them for 2010 (an aggregate \$659,965 increase) and for 2009 (an aggregate \$390,765 increase). The reason for this increase for 2011 compared with 2010 was a \$1,138,865 increase in long-term incentive compensation and a \$103,000 aggregate increase in base salaries partially offset

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by a decrease in aggregate cash incentive compensation of \$581,900 (no cash incentive compensation was paid for 2011).

	Base Salary \$	Annual Cash Incentive Compensation \$	Long-term Incentive Compensation \$	Total \$
CEO:				
2011	900,000	0	997,695	1,877,695
2010	900,000	0	1,650,000	2,550,000
2009	900,000	500,000	1,700,000	3,100,000
Other four NEOs (aggregate):				
2011	2,113,000	0	2,208,865	4,321,865
2010	2,010,000	581,900	1,070,000	3,661,900
2009	1,985,000	738,600	1,207,500	3,931,100

As reflected in the foregoing table, Mr. Arntzen's annual base salary of \$900,000 has remained unchanged for 2011 from 2010 and 2009. Mr. Arntzen's Adjusted Total Compensation, decreased to \$1.88 million for 2011 from \$2.55 million for 2010 and \$3.10 million for 2009, reflecting decreases in both his annual cash and long-term incentive compensation. These decreases resulted from decreases in the Corporation's earnings from shipping operations during this period, reflecting the Corporation's pay for performance philosophy. Please see page 35 of this proxy statement for information concerning the 2011 special long-term equity awards for the CEO.

As reflected in the table above, there was an increase in the aggregate base salaries of the four other NEOs to \$2,113,000 for 2011 from \$2,010,000 for 2010 and \$1,985,000 for 2009 due to salary increases in 2011 for two NEOs in connection with their promotions. The increase in long-term incentive compensation for the other NEOs as a group to \$2.2 million for 2011 from \$1.07 million for 2010 resulted from the Compensation Committee's determination that the other NEOs as a group were critical to guiding the Corporation through one of the most severe industry downturns in recent memory and that such NEOs as a group needed greater equity incentive (the majority of which is performance based) to motivate them to maximize stockholder value and to remain at the Corporation. This grant of long-term incentive compensation is consistent with the Corporation's pay for performance philosophy.

Base Salary

The Corporation pays a base salary to attract talented executives and provide a secure fixed level of compensation. The Compensation Committee reviews executive base salaries in December of each year. The Compensation Committee compares salaries of senior management of shipping companies in the Compensation Comparison Group that are most comparable to the Corporation. Based on its own experience and such comparison, the Compensation Committee determines whether the salaries of the Named Executive Officers are at a level that is sufficient to attract and retain strong leaders when combined with the higher percentage of total potential compensation payable in the form of variable cash and equity incentives linked to achievement of Corporation, business unit, and individual performance.

Annual increases in base salary are not assured and adjustments take into account the individual's performance, responsibilities, experience, internal equity and external market practices. The Compensation Committee relies to a large extent on the CEO's evaluation of each Named Executive Officer's performance (other than his own) in deciding whether to make an adjustment to the NEO's base salary in a given year. In the case of a change in role, the CEO and the Compensation Committee consider new responsibilities, external pay practices and internal equity in addition to past performance and experience in determining whether to increase salary. The Compensation Committee applies the same factors in deciding whether to adjust the base salary of the CEO.

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The base salaries of the NEOs for 2009, 2010 and 2011 are set forth in the Summary Compensation Table. There were no increases in the base salaries of three of the NEOs (including the CEO) for 2011, the fifth consecutive year of no salary increases for such NEOs. In January 2011, the base annual salary of Mr. Ian T. Blackley, was increased from \$375,000 to \$403,000, a 7.5% increase. This was Mr. Blackley's first salary increase since 2005 and was based on the factors listed above, including most importantly his contributions to the Corporation since his promotion in 2009 to Senior Vice President and Head of International Shipping Operations, a position responsible for the technical management operations of the Corporation's international flag fleet of vessels. In May 2011, Ms. Lois K. Zabrocky, a Senior Vice President of the Corporation, was promoted to Chief Commercial Officer, International Flag strategic business units, with overall responsibility for the commercial activities of the Company's crude oil, refined petroleum products and LNG business segments. In her new position, Ms. Zabrocky assumed the duties of the former Head of the Corporation's Crude Transportation business unit; she previously assumed the duties of the former Head of the Corporation's LNG business unit. In connection with her promotion, Ms. Zabrocky's base annual salary was increased from \$400,000 to \$475,000, an 18.8% increase. Consistent with the Corporation's continuing efforts to limit general and administrative expenses, the CEO recommended that there be no increases for 2012 in the base salaries of the NEOs. The Compensation Committee approved this recommendation, which is consistent with the Corporation's philosophy to reward performance and place a larger portion of total compensation at risk.

Annual Cash Incentive Awards

The Corporation's annual cash incentive program is intended to focus the Corporation's NEOs on critical business goals for the Corporation, such as increased earnings from shipping operations, enhanced risk management, competitive sources of financing and improved performance in the areas of safety, quality and environmental compliance. Such focus establishes a direct relationship between compensation and business goals. Specifically, the Corporation maintains the Incentive Compensation Plan pursuant to which NEOs may receive annual cash incentive based upon the level of achievement of annual performance goals established by the Compensation Committee under the Incentive Compensation Plan for a given year during the first quarter of such year. The performance goals established for one year have no effect on the performance goals established for another year. For 2011, the Compensation Committee determined that maximum awards would be based on the Corporation's achievement of specified levels of earnings from shipping operations ("ESO"), defined as the Corporation's pre-tax net income before interest expense and adjusted to exclude amounts related to non-shipping income such as investment income. The Compensation Committee chose ESO as the sole financial metric in the Corporation's incentive compensation plan because it is the critical measure of the Corporation's financial performance. The potential incentive cash awards were established as a percentage of the NEO's base salary with an incentive award range of 65% to 240% of base salary depending on the Corporation's level of ESO achieved. The ESO measure is an objective requirement and the maximum percentages of base salary serve as a limit on the amount of the cash award. The ESO measure is the same measure that was used for 2010.

Subject to the performance goal for establishing the maximum amounts of the cash award, the Compensation Committee adopted three measures for determining the actual incentive awards for 2011. They were (i) the Corporation's ESO for such year; (ii) ESO and specified performance metrics of such executive's business unit (if any) for such year and (iii) the NEO's achievement of individual goals. Each individual's objectives were carefully chosen to ensure integration and alignment with the Corporation's long-term objectives. The three measures were selected because the Compensation Committee believes they are the most appropriate measures to be used to determine incentive compensation, as they reflect the Corporation's level of financial performance, the comparative performance of specified commercial and technical operations measures and individual performance.

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For 2011, the CEO had a target bonus of 180% of base salary, Mr. Myles R. Itkin (the CFO), who is not in a business unit, had a target bonus of 90% of base salary and Messrs. Ian T. Blackley (Senior Vice President and Head of International Shipping Operations), Robert E. Johnston (Senior Vice President and Head of US Flag), and Ms. Lois K. Zabrocky (Senior Vice President and Chief Commercial Officer of International Flag) all of whom are in a business unit, had a target bonus of 85% of base salary. The CEO's potential bonus, if earned, ranged from 130% to 240% of base salary. The CFO's potential bonuses, if earned, ranged from 65% to 120% of base salary. The potential bonuses of the other NEOs, if earned, ranged from 67.5% to 120% of base salary. For 2011, the Compensation Committee changed the Corporation performance factor and business unit factor that corresponds to achieving 70% - 100% of the Corporation or business unit performance measure to 70% of base salary from 50% - 70% of base salary because of the considerably more challenging business environment for 2011. The Compensation Committee established these target bonus percentages in order to target total compensation for the NEOs at a competitive level with compensation for comparable positions in the Compensation Comparison Group, based on target cash incentive awards provided by the companies in the Compensation Comparison Group and other external market data compiled or evaluated by FWC. In addition, the target levels reflect FWC's comparison of compensation levels of the Corporation's NEOs with one another. The difference in target bonus percentages and the range of potential bonus percentage between the CEO and the other NEOs in general reflects the differences in total compensation levels of chief executive officers in the Compensation Comparison Group compared with other executives in the Compensation Comparison Group.

The three measures used to determine an individual's actual bonus for 2011, Corporation performance, business unit performance and individual performance, were given different weightings depending on whether the individual was a member of a business unit or the corporate staff. The CEO and the CFO are members of the corporate staff and the other NEOs are members of business units. For members of the corporate staff, the Corporation performance and individual performance measures were each weighted 50% in determining such member's annual bonus. The Compensation Committee chose such allocation because it believes that for the corporate staff such measures are equally important a member's cash incentive award depends on how well both the member and the Corporation performs. For members of a business unit, business unit performance was weighted 50% (weighted equally between business unit ESO and business unit performance metrics) and Corporation and individual performance measures were each weighted 25%. The Compensation Committee chose such allocation because while corporate and individual performance are important and treated equally as with members of the corporate staff, the most critical measure for business unit members is the performance of his or her respective business unit. This weighting reinforces the philosophy that business unit members have the most direct affect on the unit's financial and operational performance.

For 2011, for the Corporation performance measure and business unit performance measure there is a rating assigned on a scale of 0% to 150% with 100% equal to the rating assigned for meeting each of (i) targeted ESO for the Corporation measure and (ii) targeted performance for the specific business unit calculated by averaging the ESO for the specific business unit with specific performance metrics. The rating scale for each measure is based on 10% increments. The ratings scale corresponds to a performance factor scale that ranges from 0% to 120% with 5% or 10% increments. For 2011, a Corporation or business unit rating measure of 100% corresponds to a performance factor of 80%. If a rating for a measure is below 70%, the performance factor for that measure is zero. No bonus is payable if the performance factor for the Corporation measure is below 70%. For 2011, for the individual performance measures there is a performance factor assigned on a scale of 0% to 120% with 100% as the performance factor assigned for meeting the specified individual goals for the individual measure. If a rating for an individual measure is below 60%, the performance factor for that measure

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is zero. No bonus is payable if the performance factor for the total individual measures is below 60%. The amount of each NEO's actual annual cash incentive award is determined as follows:

Base Salary times (A plus B plus C) where

- A** equals the Corporation performance factor corresponding to the rating measure achieved times the weighting assigned to such measure,
- B** equals the business unit performance factor corresponding to the rating measure (if any) achieved times the weighting assigned to such measure, and
- C** equals the individual performance factor measure achieved times the weighting assigned to such measure.

For the CEO, the same methodology applies except that the performance factors for the measures are assigned on a scale of 0% to 240% with 180% being the rating for meeting the target for each Corporation measure and 200% being the rating for meeting the individual measure and the rating scale is based on 10% or 20% increments.

The table below sets forth for the Corporation performance measure (achievement of specified levels of ESO for 2011 for the Corporation) and for the business unit performance measure (achievement of specified levels of ESO for 2011 for the Crude Transportation business unit for Ms. Lois K. Zabrocky and Mr. Ian T. Blackley, and the US Flag Unit for Mr. Robert E. Johnston) the corresponding percentage of base salary that would be earned by each NEO other than the CEO.

Performance Percentage of Base Salary (Performance Factor)	Percentage Achievement (Performance Measure)		Target ESO for the Corporation, Crude Transportation Unit or US Flag Unit (in thousands)		
			Corporation	Crude Transportation Unit	US Flag Unit
0%	Below 70%				
70%	70%	100%	\$ 66,272	\$ 86,304	\$ 3,802
80%	100%	110%	\$ 166,823	\$ 149,869	\$ 11,602
90%	110%	120%	\$ 237,055	\$ 192,246	\$ 16,802
100%	120%	130%	\$ 307,287	\$ 234,623	\$ 22,002
110%	130%	140%	\$ 377,519	\$ 277,000	\$ 27,202
115%	140%	150%	\$ 447,751	\$ 319,377	\$ 32,402
120%	150%	and more	>\$ 447,751	>\$ 319,377	>\$ 32,402

For the CEO, the percentage achievement of target ESO were the same percentages as specified above but the corresponding performance percentages of base salary were double the percentages specified above (130% - 240% rather than 65% - 120%).

For 2011 ESO for the Corporation was a loss of \$119.3 million, ESO for the Crude Transportation Unit was a loss of \$90.1 million and ESO for the US Flag Unit was income of \$27.2 million. The minimum targets for the Corporation performance measure and Crude Transportation unit were not achieved. While the US Flag business unit achieved 130% of target, such achievement did not result in payment of a cash award as the minimum target for the Corporation performance measure was not achieved. Accordingly, no amounts were earned by any of the NEOs for 2011.

As noted earlier, the business unit performance measure consists of target ESO for such business unit and specified performance metrics. For 2011, such performance metrics for the Crude Transportation unit consisted of three commercial measures and three operational measures. The allocation of these metrics for NEOs is equal for commercial metrics and operational metrics, as the Compensation Committee deems both equally important. The commercial metrics were (i) daily spot market time charter equivalent ("TCE") revenues achieved by the Aframax International pool of

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vessels compared with daily TCE revenues achieved by competitors' Aframax fleets, (ii) the number of days of the Aframax International pool of vessels was subject to contracts of affreightment (based on cargo capacity), the higher the number of days the greater the stability of the amount of revenue and (iii) daily TCE revenues achieved by the Suezmax International pool of vessels compared with daily TCE revenues achieved by the Suezmax fleets of specified competitors. The operational measures were average days out of service for unscheduled technical reasons per vessel, lost time injury frequency and average vetting observations per vessel. The Crude Transportation unit performance metrics score for 2011 was 110%. The performance metrics for the US Flag unit for 2011 consisted of two commercial measures and the same three operational measures as was used for the Crude Transportation unit. The commercial metrics were (i) daily TCE revenues achieved by the US Flag unit's vessels compared with TCE revenues achieved by specified competitors and (ii) meeting all spot voyage laycans, the time period under a voyage charter that the vessel must arrive to load cargo. The US Flag unit performance metrics score for 2011 was 105%.

The individual performance measure consists of the different individual performance goals of each of the Named Executive Officers. The Compensation Committee, assisted by the CEO with respect to all the Named Executive Officers other than himself, determines each Named Executive Officer's level of achievement of his or her individual performance goals.

The principal individual performance goals for 2011 for the CEO were to improve the Corporation's project management and reduce execution problems; obtain Title XI financing approved by the U.S. Department of Transportation through the Maritime Administration; achieve better financial results than forecast under the Corporation's aggressive 2011 budget; pursue opportunities to further reduce the Corporation's general and administrative expenses and maintain or reduce vessel operating costs consistent with the Corporation's objectives of safety, quality operations and environmental compliance; evaluate all attractive acquisition opportunities in the Corporation's core business segments; improve the Corporation's federal government outreach program concerning proposed legislation that offer opportunities or present challenges to the Corporation; and expand the Corporation's training programs for its personnel.

The principal individual performance goals for 2011 for the CFO were to explore capital raising activities accessing both public debt and equity markets; develop a program to replace or extend the Corporation's revolving credit facility; prepare a capital allocation model for the Corporation; evaluate the profitability of the Corporation's business units and recommend action to improve the financial performance of the business units; explore and exploit opportunities to reduce general and administrative expenses, including the establishment of a shared service function; and oversee the development and presentation of strategic alternatives for the Corporation.

The principal individual goals for Mr. Ian T. Blackley were to achieve specified performance levels in certain operational metrics, including, safety, environmental performance, crew retention, and operating expenses; ensure the successful operation of the Technical Services Group that will manage large projects, including newbuildings, standardize technical support across the Corporation and effectively monitor and implement new technical and environmental legislation; spearhead efforts to improve technical management standards across the international flag fleet; and continue efforts to reduce general and administrative expenses.

The principal individual goals for Mr. Robert E. Johnston were to dispose of certain older U.S. Flag product tankers and articulated tug barges; assist in obtaining Title XI financing approved by the U.S. Department of Transportation through the Maritime Administration; supervise the conversion of a new product carrier to the Corporation's second shuttle tanker and deliver the shuttle tanker on time and within budget; improve fleet reliability; finalize labor contracts on budget; and spearhead efforts to ensure that US Flag operating expenses and drydocking costs are at or below the 2011 budgeted amounts, except for expenses necessary for environmental compliance.

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The principal individual goals for Ms. Lois K. Zabrocky were to develop and execute a strategy to maximize revenue and return to profitability the Crude Transportation business unit and the Product Carrier and Liquefied Natural Gas ("LNG") business unit by identifying opportunities that result in their commercial outperformance compared to the Corporation's competitors, including exploring long term employment opportunities for the Corporation's Ultra Large Crude Carrier, grow the Aframax International pool and the Suezmax International pool while maintaining the pools' competitive advantages, optimize daily TCE rates for the Corporation's fleet of product tankers through triangulation and continue to operate the Corporation's LNG ships worldwide with no off hire; increase the percentage of the International Flag fleet that is on fixed rate time charters to customers; reduce the cost of the Corporation's chartered in portfolio of vessels; evaluate the market for forward freight agreements ("FFAs") and for bunker swaps and reinstate the Corporation's program to engage in proprietary trading of FFAs; develop and implement policies to reduce the cost of bunkers for the Corporation's International Flag fleet; and explore and exploit opportunities to reduce general and administrative expenses.

As noted earlier, the Corporation's ESO of a net loss of \$119.3 million did not meet the minimum achievement required for payment of cash incentive compensation. Accordingly, no cash incentive compensation was paid to any NEO.

The three measures for determining actual cash incentive awards for 2011, namely (i) the Corporation's ESO for such year, (ii) the ESO and specified performance metrics of such NEO's business unit (if any) for such year and (iii) the executive's achievement of individual goals, are the same measures that were used for 2010 and that will be used for 2012. For 2012, the Compensation Committee determined that the target bonus and potential bonus ranges would remain unchanged from 2011.

Equity-Based Compensation

The Corporation's equity-based compensation program is intended to align the interests of the Corporation's executive officers with those of the stockholders, and to focus executives on the achievement of long-term performance objectives that are aligned with the Corporation's business strategy, thereby establishing a direct relationship between compensation and operating performance. The Compensation Committee determined that for 2011 for the CEO and the other NEOs approximately 37% of their total equity based compensation would be paid in restricted stock, approximately 33% would be paid in stock options and approximately 30% would be paid in performance unit awards, which is substantially the same allocation as for 2010. This allocation results in approximately 63% of the equity awards being performance based. The Corporation believes that combined grants of restricted stock, stock options and performance unit awards effectively balances the Corporation's objective of focusing the NEOs on delivering long-term value to stockholders with the goal of retaining talented executives and encouraging their long-term tenure with the Corporation.

Grants of restricted stock provide executives with full ownership of common stock on the date the restriction lapses, delivering value to executives while providing a retentive element to the Corporation's long-term incentive program. Unlike restricted stock, stock options only have value to the extent the price of the Corporation's common stock grows over the term of the award and, in this sense, are a motivational tool that is inherently performance based. Performance unit awards convert into shares of common stock or for performance awards granted in 2012 and thereafter, are payable in cash or stock at the discretion of the Compensation Committee at the end of the performance period if the price of a share of common stock is at a certain minimum level. Performance unit awards provide the possibility of conversion into a greater number of shares (or for performance awards granted in 2012 and thereafter, the payment of a greater amount of cash or shares) if the stock price increases during the performance period up to a maximum number of shares and the protection against the units losing all their value if the stock price decreases during the performance period but remains above a specified minimum level (unlike stock options which lose their value if the stock price is less than the option exercise price).

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Restricted stock awards have historically vested in four equal annual installments commencing one year after the date of the stock award. Stock option awards have historically vested in three equal annual installments commencing one year after the date of the option grant and have had an exercise term of ten years from the date of grant. Performance awards vest at the end of the performance period, which for the performance units awards granted for 2011, like the performance unit awards granted for 2010, is a three-year period. The long-term vesting provisions of the restricted stock, stock options and performance unit awards further the goal of executive retention.

The value of equity awards granted to an executive, including each NEO, is determined subjectively based on a number of factors, including the executive's general level of performance, salary level and recent noteworthy achievements. All equity awards were made under the Corporation's 2004 Stock Incentive Plan, as amended and restated as of June 2, 2010 (the "Stock Incentive Plan").

The Compensation Committee determines annual equity and non-equity awards for eligible executives after the Audit Committee approves the Corporation's audited financial statements for the preceding fiscal year. On February 23, 2011, following the Audit Committee's approval of the 2010 audited financial statements, the Compensation Committee granted the NEOs the number of shares of restricted stock, stock options and performance units set forth in the following table for performance in 2010. The exercise price of the stock options is \$34.90 per share, the closing price of a share of common stock on the date of grant.

Name	Number of Shares of Restricted Stock Granted	Value of Restricted Stock Grant	Number of Shares Underlying Stock Options Granted	Value of Stock Option Grant	Target Performance Unit Award Granted	Value of Performance Unit Award	Total Value of all Grants
Morten Arntzen	11,820	\$ 412,518	41,086	\$ 412,503	20,528	\$ 825,020	\$ 1,650,040
Myles R. Itkin	3,296	\$ 115,030	11,455	\$ 115,008	2,862	\$ 115,024	\$ 345,062
Ian T. Blackley	2,340	\$ 81,666	8,135	\$ 81,675	2,032	\$ 81,666	\$ 245,007
Robert E. Johnston	2,293	\$ 80,026	7,969	\$ 80,008	1,991	\$ 80,018	\$ 240,052
Lois K. Zabrocky	2,293	\$ 80,026	7,969	\$ 80,008	1,991	\$ 80,018	\$ 240,052

The performance units convert at the end of the three year performance period beginning on the grant date into a number of shares of common stock equal to the product of (i) the number of performance units granted times (ii) the fraction whose numerator is the average closing price of a share of common stock during the 20 trading days ending on the last day of the performance period provided that if such average is less than \$17.45 (50% of the price of a share of common stock on the grant date) the numerator is zero and if such average is more than \$69.80 (200% of the price of a share of common stock on the grant date) the numerator is \$69.80 and the denominator is \$34.90 (the price of a share of common stock on the grant date). Accordingly, if the stock price has decreased by more than 50% at the end of the performance period, the NEO receives no common stock. If the stock price ranges at the end of the performance period from 50% to 200% of the price at time of the grant, the NEO receives shares equal to 50% to 200% of the number of performance units granted. If the stock price has increased at the end of the performance period by more than 200%, the NEO receives 200% of the number of performance units granted. The performance units accrue dividends during the performance period at the same time and in the same amount as dividends are payable on shares of common stock, which performance unit dividends are payable in the form of additional performance units and vest at the end of the performance period (and thus are not paid unless the performance measure is satisfied).

On February 23, 2012, following the Audit Committee's approval of the 2011 audited financial statements, the Compensation Committee granted the Named Executive Officers the number of shares of restricted stock, stock options and performance unit awards set forth in the following table for performance in 2011. The exercise price of the stock options is \$12.50 per share, a premium price to the \$10.09 closing price of a share of Common Stock on the date of grant. The options were granted at

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a premium price because the Compensation Committee believed that the market price of common stock did not reflect the fair value of such common stock due to the poor condition of shipping markets and the historically low price of such common stock.

Name	Number of Shares of Restricted Stock Granted	Value of Restricted Stock Grant	Number of Shares Underlying Stock Options Granted	Value of Stock Option Grant	Target Performance Award Granted	Value of Performance Award	Total Value of all Grants
Morten Arntzen	36,000	\$ 363,240	84,270	\$ 322,754	\$ 447,761	\$ 291,701	\$ 977,695
Myles R. Itkin	24,000	\$ 242,160	56,180	\$ 215,169	\$ 298,507	\$ 194,467	\$ 651,796
Ian T. Blackley	18,667	\$ 188,350	43,695	\$ 167,352	\$ 232,172	\$ 151,252	\$ 506,954
Robert E. Johnston	20,000	\$ 201,800	46,816	\$ 179,305	\$ 248,756	\$ 162,056	\$ 543,161
Lois Zabrocky	18,667	\$ 188,350	43,695	\$ 167,352	\$ 232,172	\$ 151,252	\$ 506,954

It is the Corporation's current intention (but not its obligation) to settle the performance awards granted in 2012 in shares of common stock of the Corporation to the extent such shares are available for issuance under the Stock Incentive Plan at the end of the performance period. To the extent sufficient shares are not available for issuance or the Compensation Committee otherwise determines not to settle the performance awards in shares of common stock, the performance award (or a portion thereof) is payable in cash. The value of the performance award is based on the change in the market value of a share of common stock during the three year performance period, with an established threshold price of \$12.50 which is a premium price to the actual closing price of a share of common stock on the grant date of \$10.09. The value of the performance award at the end of the three year performance period is equal to the product of (a) the amount of the target performance award times (b) one plus the Performance Fraction (as defined below) times (c) the lesser of (i) two or (ii) the number equal to one plus the Performance Fraction provided that if the Closing Price (as defined below) is less than \$6.25, the number shall be zero. The Performance Fraction is the fraction whose numerator is the difference, expressed as a positive number, between (i) \$12.50 (the threshold price) and (ii) the average closing price (the "Closing Price") of a share of common stock of the Corporation during the 20 days ending on the last day of the performance period provided that if the average closing price is less than \$6.25 (50% of the threshold price), the numerator shall be zero and the denominator of which is \$12.50. Accordingly, if the stock price has decreased by more than 50% from the \$12.50 threshold price at the end of the performance period, the performance award is worthless. If the stock price at the end of the performance period has increased by more than 200% of the \$12.50 threshold price, the value of the performance award is equal to twice the amount of the target performance award times the increase in the price of a share of common stock from \$12.50 during the performance period.

The Compensation Committee does not grant equity awards at other times of the year except in connection with the employment of a new executive or the renewal of a retention agreement with an executive. The fair market value and the exercise price of stock options are determined as of the closing price on the grant date. The Corporation does not backdate options or grant options retroactively. The Corporation does not time awards of restricted stock, stock options or performance units in coordination with the release of material nonpublic information.

For 2011 (i.e. equity awards granted in February 2012), the target equity award for the CEO was 200% of base salary and for the other NEOs was 100% of base salary. The CEO received equity awards equal to 150% of his base salary, Mr. Itkin received equity awards equal to 136% of his base salary, Mr. Blackley received equity awards equal to 174% of his base salary, Mr. Johnston received equity awards equal to 130% of his base salary, and Ms. Zabrocky received equity awards equal to 147% of her base salary. These awards are reflective of the NEOs' individual performance, the performance of their respective business units where applicable, their leadership performance and their contributions to the long term strategy of the Company. As discussed under Executive Summary 2011

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and 2012 Compensation Highlights on pages 20 and 21 of this proxy statement, the target equity awards for the 2011 performance were higher than for 2010 because the Compensation Committee determined that such larger awards were needed to motivate and retain such NEOs during an extremely challenging time in the shipping industry. The Compensation Committee anticipates that the target equity awards for 2012 (to be awarded in the first quarter of 2013) will be reduced to approximately the 2010 levels.

Benefits

In general, the Corporation provides benefits to its executives that it believes are important to maintain a competitive total compensation program. Benefits are designed to provide a reasonable level of retirement income and to provide a safety net of protection against the financial catastrophes that can result from illness, disability or death. The benefits offered to the Corporation's employees located in the United States, including all Named Executive Officers, are consistent with benefits offered by peer companies in the Compensation Comparison Group.

The Corporation provides a tax qualified employee benefit plan to employees, the Savings Plan for Employees of OSG Ship Management, Inc. (the "Savings Plan"). Under the Savings Plan, eligible employees may contribute on a pre-tax basis an amount up to the limit imposed by the Code. Under the Savings Plan, the Corporation will match 100% of the first 6% of a participant's pre-tax contribution (subject to the Code limit). The maximum matching contribution for 2011 was \$14,700. In addition, under the Savings Plan, the Corporation contributes to the plan account of each eligible employee an amount equal to 4% of the employee's cash compensation up to the limits imposed by the Code.

The Corporation's Supplemental Executive Savings Plan (the "Supplemental Plan") supplements the Savings Plan. Under the Supplemental Plan, for each employee for whom the Code limits on compensation and/or contributions restrict the amount the Corporation may contribute under the Savings Plan (other than matching contributions), the Corporation makes a book entry contribution with respect to such employee equal to the excess of the non-matching employer contributions the Corporation could have made under the Savings Plan had the Code limitations not applied over the amount it actually contributed under the Savings Plan. The Supplemental Plan provides deferred compensation to the NEOs and serves in part as the successor to the supplemental executive retirement plans that were terminated effective December 31, 2005. The actuarial equivalent lump sum value of the participant's benefits under the terminated supplemental executive retirement plans were credited to specific accounts in the Supplemental Plan. Each participant in the Supplemental Plan may request the manner in which his or her account balance should be invested from alternatives offered by the Corporation, including equity and debt funds. An NEO's account balance in the Supplemental Plan will be distributed to the NEO as soon as administratively feasible after the six month anniversary of the termination of the NEO's employment by the Corporation or an affiliate.

Stock Ownership Guidelines

The Corporation requires that all employees at the senior management level who are granted equity awards retain all of the shares of Common Stock they receive upon the vesting, conversion or exercise of such awards (other than shares needed to pay income taxes arising from such vesting, conversion or exercise), unless after such disposition they would continue to own shares of Common Stock having a value which is a specified multiple of their base salary. The Compensation Committee has the discretion to waive this limitation upon the request of an employee because of financial hardship. For the CEO, the multiple is three times base salary and for the other NEOs the multiple is two times base salary. As of December 31, 2011, the CEO owned vested equity awards equal to 2.56 times his base salary, Mr. Itkin 0.84 times, Mr. Johnston 0.81 times, Ms. Zabrocky 0.60 times and Mr. Blackley 0.44 times.

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Incentive Compensation Recoupment Policy for Executive Officers

The Corporation's Incentive Compensation Recoupment Policy (the "Policy") generally provides that if an executive officer, including any NEO, receives incentive compensation based on the achievement of a performance metric and the Board commences action to restate the calculation of such performance metric within five fiscal years due to a material misstatement or inaccuracy, the Corporation may require such executive officer to repay all or a portion of the amounts of such incentive compensation that the Board in good faith determines would not have been payable if not for the material misstatement or inaccuracy. The five year look back limitation does not apply where the Board determines that the executive officer's fraud, misconduct, negligence or other knowing actual involvement was a contributing factor to the need for the restatement. The Compensation Committee is monitoring the issuance of regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act relating to incentive compensation recoupment and will amend the Policy to the extent necessary to comply with such Act.

Hedging and Insider Trading

The Corporation's Insider Trading Policy prohibits directors and employees of the Corporation from hedging their ownership of securities of the Corporation, including investing in options, puts, calls, short sales, futures contracts or other derivative instruments relating to Corporation securities, regardless of whether such directors and employees have material nonpublic information about the Corporation. In addition, the Insider Trading Policy prohibits the Corporation's directors and employees from purchasing or selling securities of the Corporation while in possession of material nonpublic information or otherwise using such information for their personal benefit. Directors and employees are permitted to enter into trading plans that are intended to comply with the requirements of Rule 10b-5 of the Securities Exchange Act of 1934, as amended, so that they can prudently diversify their asset portfolios and exercise their stock options before their scheduled expiration dates.

2007 Special Long-Term Equity Awards for the Chief Executive Officer

In establishing the CEO's compensation for 2011, the Compensation Committee considered, among the other factors previously discussed, the special long-term equity awards made in 2007 in connection with amendments made to the employment letter agreement between the CEO and the Corporation. Pursuant to such awards, the CEO was granted restricted stock, stock options and RSUs under the Corporation's Stock Incentive Plan as performance based awards, with a targeted total value at the end of the award of approximately \$9 million. These equity awards were designed to retain the services of the CEO for at least the five years ending in February 2012 and to incentivize the CEO to achieve performance goals based on compound annual growth rate in the price of Common Stock of the Corporation over a five year period.

The CEO was granted 23,645 shares of restricted stock, and stock options for 73,135 shares at an exercise price of \$63.44 per share (the closing price on the grant date), which restricted stock vested, and stock options became exercisable, on February 15, 2012, five years after the grant date. On the vesting date, the shares of restricted stock had a market value of \$249,218 and the market price of a share of Common Stock was \$10.54 compared with the stock option exercise price of \$63.44 per share. The stock options expire on February 15, 2017. The CEO was also granted 47,289 RSUs and stock options for 146,270 shares of Common Stock at an exercise price of \$63.44 per share. These RSUs would have converted into an equal number of shares of Common Stock, and these stock options would have become exercisable, if the performance goals were achieved by December 31, 2011. However, the performance targets were not achieved and these RSUs and stock options were forfeited in their entirety.

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2011 Special Long-Term Equity Awards for the Chief Executive Officer

In connection with entering into a new employment letter agreement between the CEO and the Corporation and a new change in control agreement between the CEO and the Corporation described on pages 47 and 48 of this proxy statement, on October 12, 2011 the Compensation Committee granted the CEO premium priced stock options and performance based restricted stock units ("RSUs") under the Corporation's 2004 Stock Incentive Plan, having a total value on the date of grant of \$3.7 million. These equity awards are designed to retain the services of the Chief Executive Officer for at least the next five years and to incentivize the Chief Executive Officer to achieve demanding performance goals based on increasing the price of Common Stock of the Corporation.

Mr. Arntzen was granted stock options for 450,000 shares of common stock of the Corporation pursuant to the Stock Incentive Plan at an exercise price of \$22.50 per share which price exceeded the closing price of \$15.60 per share on the grant date. These options will become exercisable on October 12, 2016 provided Mr. Arntzen is continuously employed by the Corporation or its affiliates through such date. He will become fully vested in such options prior to such date upon a Change of Control (as defined) of the Corporation. If his employment by the Corporation or any of its affiliates terminates before such date for certain reasons, including death, disability or without Cause (as defined) Mr. Arntzen will vest in a pro rata portion of such options. The options expire on October 12, 2021.

Mr. Arntzen was also granted 177,778 RSUs pursuant to the Stock Incentive Plan. These RSUs convert into an equal number of shares of common stock of the Corporation if during any thirty consecutive trading day period from October 12, 2011 through October 12, 2016 the trailing average closing price of a share of common stock of the Corporation is \$22.50 or more (the "Performance Goal"), if Mr. Arntzen is continuously employed by the Corporation or any of its affiliates through October 12, 2016. If the Performance Goal is achieved, (i) the RSUs will also vest upon a Change in Control of the Corporation and (ii) a pro-rata portion of the RSUs will vest if Mr. Arntzen's employment by the Corporation or any of its affiliates terminates before October 12, 2016 for certain reasons, including death, disability or without Cause. If the Performance Goal is not achieved, the award is forfeited in its entirety. The RSUs have no voting rights and may not be transferred or disposed of. There will be credited to a dividend book entry account on behalf of Mr. Arntzen with respect to his RSUs the same cash dividend as is paid on shares of common stock from the grant date of the RSUs. Such dividends will be held uninvested and without interest and paid in cash to Mr. Arntzen if and when the RSUs vest (but will not be paid if the RSUs do not vest if the performance conditions are not met). The equity grants reflect the Corporation's pay for performance philosophy and are designed to incentivize the CEO to maximize stockholder return and to retain the services of the CEO for at least the next five years.

Employment Agreements and Severance and Termination

The terms and features of the employment agreement with Mr. Arntzen and the change of control agreements and severance protection benefits applicable to the NEOs are described on pages 47 - 49 of this proxy statement. Such terms and features are based on an evaluation by the Compensation Committee of comparable agreements and arrangements adopted by companies in the Compensation Comparison Group and general industry, using data compiled by FWC. The difference in the terms of such agreements between those applicable to the CEO and those applicable to the other Named Executive Officers reflects the differences found in comparable agreements of companies in the Compensation Comparison Group and general industry between those applicable to chief executive officers and to other executives. The adoption of these agreements is intended to make all arrangements for the NEOs competitive with companies in the Compensation Comparison Group.

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On October 12, 2011, the Corporation and Mr. Arntzen entered into two agreements. The first agreement provides the terms of Mr. Arntzen's continued employment by the Corporation and supersedes and replaces the employment letter agreement dated as of January 14, 2004 between the Corporation and Mr. Arntzen, as amended. The agreement provides that Mr. Arntzen will continue to serve as President and CEO of the Corporation at a base salary of no less than \$900,000 per year. If the Corporation terminates Mr. Arntzen's employment without Cause (as defined) or Mr. Arntzen resigns with Good Reason (as defined) prior to October 12, 2016 then upon Mr. Arntzen's signing and not revoking a general release, the Corporation is required to pay him his base salary for two years, a pro-rata portion of his annual bonus for the year in which such termination occurs based on actual results for such year and provide for continued health care coverage for up to 18 months. Mr. Arntzen is eligible for an annual cash bonus under the Incentive Compensation Plan, which bonus is targeted at 180% of his annual base salary and will be based on performance goals determined for each year by the Compensation Committee. The agreement is substantially similar to the agreement it replaced except that the new agreement provides that (i) if the Corporation terminates Mr. Arntzen's employment without Cause or he resigns with Good Reason, his receipt of payments and benefits is conditional on not only signing a general release (as provided in the replaced agreement) but on not revoking the release and (ii) Mr. Arntzen's annual cash bonus under the Incentive Compensation Plan is targeted at 180% of his annual base salary (the replaced agreement did not specify a target bonus level).

The second agreement amends and restates the Change of Control Protection Agreement dated as of December 31, 2008 between the Corporation and Mr. Arntzen. The new Change of Control Protection Agreement provides that if there is a Change of Control (as defined) of the Corporation on or prior to October 12, 2016, Mr. Arntzen will be entitled to certain enhanced payments and benefits if his employment is terminated without Cause or he resigns for Good Reason within 90 days prior to, or within two years following, a Change of Control. The pre-Change of Control protection period in Mr. Arntzen's agreement was reduced from 120 days to 90 days to conform with the Change of Control Protection Agreements with the other NEOs. To conform with current best pay practices, the agreement eliminated the provision in the prior Change of Control Protection Agreement that provided to the CEO a gross-up on any excise tax under Section 280G of the Code with respect to any payments or benefits received in connection with a Change of Control.

Effective on January 1, 2012, the Corporation entered into amended and restated Change of Control Agreements with the NEOs other than the CEO which, among other things, are substantially similar to the prior agreements except that to conform with current best pay practices, the new agreements eliminated the provision that provided the NEOs with a gross up of any excise tax under Section 280G of the Code with respect to any payments or benefits received in connection with a Change of Control. The Corporation also maintains the Overseas Shipholding Group, Inc. Severance Protection Plan (the "Severance Plan") which covers the NEOs other than the CEO. The Corporation has not entered into employment agreements with any of the NEOs other than Mr. Arntzen as it believes the Change of Control Protection Agreements, the Severance Plan and the other incentive awards described in this proxy statement provide the NEOs with sufficient incentive to continue employment with the Corporation and protection in the event of a termination of their employment.

The Corporation believes that its employment agreement with the CEO, change of control protection agreements and Severance Plan are consistent with its overall compensation objective of attracting, motivating and retaining talented top executives and offering a compensation package that is fair. The change of control protection agreements are intended to retain executives and provide continuity of management in the event of an actual or threatened change of control of the Corporation and ensure that the executive's compensation and benefits expectations would be satisfied in such event. The employment agreement with the CEO and the Severance Plan are designed to offer executives protection for a possible loss of income in the event of a termination of their employment.

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The change of control protection agreements with the NEOs have a "double trigger", meaning the executive officer's right to receive severance payments and benefits arise only if there is both a change of control and termination of employment within a specified period (including a diminution in duties). A double trigger was selected because unless the NEO's employment is terminated in connection with a change of control, a NEO's salary and bonus would continue to be paid by the acquiring entity, which is what the severance payment is based on and intended to replace.

In connection with Mr. Blackley's appointment as Managing Director and Chief Operating Officer of OSG Ship Management (UK) Ltd., a subsidiary of the Corporation, effective September 1, 2005, and his relocation from New York to Newcastle, United Kingdom, the Corporation agreed to reimburse Mr. Blackley, a United States citizen, for the amount of income taxes he is required to pay to the United Kingdom Inland Revenue Service (known as tax equalization payments). In 2011, the Corporation paid \$250,750 on behalf of Mr. Blackley with respect to tax equalization. Mr. Blackley is responsible for paying his United States income taxes.

At the time of Mr. Blackley's relocation from New York to Newcastle, in September 2005, it was the understanding of the Corporation and Mr. Blackley that Mr. Blackley would eventually return to New York. The Corporation determined in early 2011 that Mr. Blackley would continue to serve the Corporation from Newcastle and in April 2011 agreed to pay Mr. Blackley an annual housing allowance of \$36,000 to compensate him for the continuing cost of maintaining a residence in Newcastle while continuing to have a home in New York.

Risk Mitigation

The Corporation does not believe that the performance-based nature of the compensation of the Named Executive Officers encourages excessive risk-taking by the Named Executive Officers that would potentially threaten the economic viability of the Corporation. Target compensation mix is not overly weighted toward annual incentive awards and represents a balance of cash, long-term equity based compensation vesting over three to five years and long-term performance based units vesting over three to five years. The principal performance based measure is the Corporation's ESO which depends on the Corporation's business and strategic plan. The Board has an active role in overseeing the Corporation's business and strategic plan and managing the associated risks in business operations and implementation of the strategic plan. The use of multiple long-term incentives provides balance to the compensation program and reduces the risk of excessive risk taking behavior.

Each component of performance based compensation is subject to a maximum limit on the cash paid or the number of shares delivered. The performance criteria are designed to focus on performance metrics that deliver value to stockholders and that focus on the strength of the business. Further, as noted above, the Corporation has instituted stock ownership guidelines that require the Named Executive Officers to maintain a substantial ownership interest in the Corporation, further aligning their interests to those of other stockholders while mitigating the chance of excessive risk taking. In addition, the Corporation has adopted the Incentive Compensation Recoupment Policy for Executive Officers that provides that if an executive officer, including a NEO, receives incentive compensation based on the achievement of a performance metric and the Board commences action to restate the calculation of such metric because of a material misstatement or inaccuracy, the Corporation may require such executive to repay all or a portion of the amounts of such incentive compensation that the Board in good faith determines would not have been payable if not for the material misstatement or inaccuracy.

Tax Compliance Policy

Pursuant to Section 162(m) of the Code, compensation exceeding \$1 million paid to the Corporation's CEO and the three other most highly compensated executive officers (other than the

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CFO) generally may not be deducted by the Corporation. An exception is compensation that is performance based pursuant to criteria under a plan approved by the stockholders. The Stock Incentive Plan contains performance-based conditions and has been approved by stockholders so that awards may be granted under the Stock Incentive Plan that are not intended to be limited by Section 162(m) of the Code. The Compensation Committee has structured, where possible, awards to executive officers under the Corporation's Incentive Compensation Plan and long-term incentive program to qualify for the performance based exception. The Committee believes that stockholder interests are best served if the Compensation Committee's discretion and flexibility in awarding compensation is not restricted, even though some compensation awards may result in non-deductible compensation expenses. Such action may be necessary in order for the Corporation to meet competitive market pressures and to ensure that it is able to attract and retain top talent to lead the organization successfully.

Conclusion The Corporation's Executive Compensation Program is Primarily Performance Based

The Compensation Committee believes that the executive compensation program established and administered for the NEOs is primarily performance based and aligns the interests of the NEOs with the interests of the Corporation's stockholders.

No cash awards were paid to the NEOs (including the CEO) under the Incentive Compensation Plan for 2011 because actual earnings from shipping operations for 2011 were below the threshold levels under such Plan. No discretionary cash bonuses for 2011 were paid to the CEO or the other NEOs. The base salaries of three NEOs (including the CEO) for 2011 remain frozen for at least the fifth consecutive year. The two other NEOs received salary increases for 2011 in connection with their promotions. The Compensation Committee decided to continue to freeze the base salaries of all the NEOs for 2012.

Approximately 63% of the long-term equity awards for the NEOs for 2011 (which were granted in February 2012) are performance based. The stock options, which vest over three years, have an exercise price of \$12.50, a premium over the \$10.09 per share closing market price on the grant date. The value of the performance awards for 2011, which were granted in February 2012 and vest at the end of a three year performance period, is based on the change in market value of a share of common stock during the three year performance period, with an established threshold price of \$12.50, a premium to the \$10.09 per share closing market price on the grant date. The restricted stock granted to the NEOs vest over a four year period.

The two long-term equity awards granted in October 2011 to the CEO in connection with his new employment letter agreement are performance based. The stock options, which vest after five years only if Mr. Arntzen remains continuously employed by the Corporation or its subsidiaries during such five year period have an exercise price of \$22.50 per share, a premium to the \$15.60 per share closing price on the grant date. Vesting of the RSUs depends on Mr. Arntzen's continuous employment by the Corporation or its subsidiaries during such five year period and on the trading average closing price of a share of common stock of the Corporation during any 30 consecutive day trading period in the five year performance period equaling \$22.50 or more, a premium to the \$15.60 per share market price on the grant date.

The Compensation Committee believes that all of these actions and awards reflect a strong pay for performance philosophy that aligns the interests of the NEOs with the Corporation's stockholders.

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REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee, comprised entirely of independent directors, has reviewed the Compensation Discussion and Analysis included in this proxy statement and discussed that Analysis with management. Based on its review and discussion with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement (and be incorporated by reference into the Corporation's 2011 Annual Report on Form 10-K).

Compensation Committee:
Charles A. Fribourg, Chairman
Oudi Recanati
Thomas B. Coleman
Jean-Paul Vettier

In accordance with the rules of the SEC, the report of the Compensation Committee does not constitute "soliciting material" and is not incorporated by reference in any filings with the SEC made pursuant to the Securities Act of 1933, as amended (the "1933 Act"), or the Securities Exchange Act of 1934, as amended (the "1934 Act").

Table of Contents**SUMMARY COMPENSATION TABLE**

The following Summary Compensation Table includes individual compensation information for services in all capacities for the Corporation and its subsidiaries by the Named Executive Officers.

Name and Principal Position	Year	Salary	Bonus (1)	Stock Awards (2)	Option Awards (2)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Deferred Compensation Earnings	All Other Compensation (3)	Total
Morten Arntzen President and Chief Executive Officer	2011	\$ 900,000	\$ 0	\$ 3,098,858	\$ 2,226,003	\$ 0	\$ 0	\$ 85,976	\$ 6,310,837
	2010	900,000	0	1,275,011	425,004	0	0	103,817	2,703,832
	2009	900,000	500,000	0	0	0	0	89,082	1,489,082
Myles R. Itkin Executive Vice President, Chief Financial Officer and Treasurer	2011	\$ 660,000	\$ 0	\$ 230,054	\$ 115,008	\$ 0	\$ 0	\$ 82,987	\$ 1,088,049
	2010	660,000	211,200	255,019	127,493	0	0	106,053	1,359,765
	2009	660,000	237,600	0	0	0	0	91,930	989,530
Ian T. Blackley(4) Senior Vice President, Head of International Shipping Operations and Managing Director of OSG Ship Management (UK) Ltd.	2011	\$ 403,000	\$ 0	\$ 163,332	\$ 81,675	\$ 0	\$ 0	\$ 349,365	\$ 997,372
	2010	375,000	135,000	159,994	80,003	0	0	372,527	1,122,524
	2009	375,000	135,000	0	0	0	0	151,652	661,652
Robert E. Johnston Senior Vice President and Head of US Flag	2011	\$ 575,000	\$ 0	\$ 160,043	\$ 80,008	\$ 0	\$ 0	\$ 60,281	\$ 875,332
	2010	575,000	87,700	195,040	97,497	0	0	92,465	1,047,702
	2009	575,000	200,000	0	0	0	0	178,175	953,175
Lois K. Zabrocky(5) Senior Vice President and Chief Commercial Officer of International Flag	2011	\$ 475,000	\$ 0	\$ 160,043	\$ 80,008	\$ 0	\$ 0	\$ 45,580	\$ 760,631
	2010	400,000	148,000	195,060	97,488	0	0	52,370	892,918
	2009	375,000	166,000	0	0	0	0	47,890	588,890

(1) For 2011, no discretionary bonuses were paid to any of the NEOs. For 2010 and 2009, this amount reflects discretionary bonuses paid to the NEOs (other than the CEO for 2010), to recognize their individual contributions made in such years even though the Corporation did not achieve its threshold ESO targets under the Incentive Compensation Plan. The CEO voluntarily refused a discretionary bonus for 2010 because of the Corporation's unsatisfactory performance for 2010.

(2) These amounts represent the aggregate grant date fair value of equity awards granted in the specified fiscal year as calculated pursuant to FASB ASC Topic 718. For additional information about the valuation assumptions with respect to equity awards, see Note 13 Capital Stock and Stock Compensation in the Corporation's annual financial statements for 2011 contained in the Corporation's Annual Report on Form 10-K for 2011. The Compensation Committee approved equity awards for 2011 performance on February 23, 2012. See pages 31 - 32 of this proxy statement for information concerning such awards. In accordance with SEC disclosure rules, the awards are not included on this table because they were not made in 2011. For Mr. Arntzen, the total stock awards and options awards includes \$1,861,320 and \$1,813,500, respectively, granted on October 12, 2011 in connection with the signing of a new letter employment agreement between the Corporation and Mr. Arntzen and an amended and restated Change of Control Protection Agreement between the Corporation and Mr. Arntzen. See pages 47 - 48 of this proxy statement for information about such agreements. For the performance units granted on February 23, 2011, this amount reflects the grant date value of a payout if performance is achieved (i.e. a payout of 100% of the performance units granted) as follows: Mr. Arntzen \$825,020, Mr. Itkin \$115,024, Mr. Blackley \$81,666, Mr. Johnston \$80,018 and Ms. Zabrocky \$80,018. The total stock awards number includes the value of restricted stock and performance units granted on February 23, 2011 at target. If the maximum performance is achieved (i.e. a payout of 200% of the performance units granted assuming that the stock price is 200% of the grant date price of \$34.90 per share and no dividends are paid during the performance period), the value for each NEO with respect

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to such performance units would be: Mr. Arntzen \$2,865,709, Mr. Itkin \$399,535, Mr. Blackley \$283,667, Mr. Johnston \$277,944 and Ms. Zabrocky \$277,944.

- (3) See All Other Compensation Table below for additional information.
- (4) Mr. Blackley's salary increase for 2011, his first salary increase since 2005, was based in part on his contributions to the Corporation since his promotion in 2009 to Senior Vice President and Head of International Shipping Operations.
- (5) Ms. Zabrocky's salary increase for 2011 was based on her promotion to Chief Commercial Officer, International Flag strategic business units. Ms. Zabrocky was a member of senior management of the Corporation for 2009 and 2010 but was not an NEO for those years.

Table of Contents**ALL OTHER COMPENSATION TABLE**

The following table describes each component of the All Other Compensation column for 2011 in the Summary Compensation Table.

Name	Savings Plan Matching Contribution (1)	Qualified Defined Contribution Plan (2)	Nonqualified Defined Contribution Plan (3)	Life Insurance Premiums (4)	Other (5)	Total
Morten Arntzen	\$ 14,700	\$ 9,973	\$ 26,200	\$ 5,098	\$ 30,005	\$ 85,976
Myles R. Itkin	\$ 14,700	\$ 10,562	\$ 25,048	\$ 16,274	\$ 16,403	\$ 82,987
Ian T. Blackley	\$ 14,700	\$ 9,872	\$ 11,720	\$ 2,358	\$ 310,715	\$ 349,365
Robert E. Johnston	\$ 14,700	\$ 10,463	\$ 16,709	\$ 4,463	\$ 13,946	\$ 60,281
Lois K. Zabrocky	\$ 5,820	\$ 9,800	\$ 12,120	\$ 2,358	\$ 15,482	\$ 45,580

- (1) Constitutes the Corporation's matching contributions under the Savings Plan, which is described in the Compensation Discussion and Analysis section of this proxy statement.
- (2) Constitutes the Corporation's four percent contributions under the Savings Plan, which is described in the Compensation Discussion and Analysis section of this proxy statement.
- (3) Constitutes the Corporation's contributions under the Corporation's Supplemental Executive Savings Plan, which is described in the Compensation Discussion and Analysis section of this proxy statement.
- (4) Life insurance premiums represent the cost of term life insurance paid on behalf of the NEO.
- (5) Other includes (i) \$250,750 paid to reimburse Mr. Blackley, a United States citizen, for the amount of income taxes he is required to pay to the United Kingdom tax authorities, a payment know as tax equalization (\$339,353 was paid which was partially offset by a refund of \$88,603), (ii) fees of \$16,632 paid in 2011 to an accounting firm selected by the Corporation to prepare Mr. Blackley's income tax returns and calculate the tax equalization amount, and (iii) a housing allowance of \$26,308, based on an arrangement effective April 2011 to pay an annual housing allowance to Mr. Blackley of \$36,000, which are described on page 50 of this proxy statement. Other also includes for each NEO the following amounts under plans and arrangements generally maintained by the Corporation for all employees (other than "umbrella" liability insurance coverage): (a) medical coverage premiums of \$11,769 for Messrs. Arntzen, Itkin and Ms. Zabrocky, \$14,146 for Mr. Blackley and \$11,121 for Mr. Johnston; (b) long term disability plan premiums of \$16,431 for Mr. Arntzen, \$2,829 for Mr. Itkin, \$1,794 for Mr. Blackley, \$1,420 for Mr. Johnston and \$1,909 for Ms. Zabrocky; (c) \$720 paid under the Corporation's Transportation Program, a tax-free, commuter subsidy program for employees located in New York (Messrs. Johnston and Blackley are not eligible for this program); (d) a premium for each NEO of \$1,085 for "umbrella" liability insurance coverage in the amount of \$10,000,000; and (e) a gym reimbursement of \$320 for Mr. Johnston.

Table of Contents**GRANTS OF PLAN-BASED AWARDS**

The following table lists the grants made in fiscal 2011 under the Corporation's Incentive Compensation Plan and the Corporation's Stock Incentive Plan, the Corporation's only incentive award plans. Equity awards with respect to fiscal 2011 were made by the Compensation Committee on February 23, 2012 as described in the Compensation Discussion and Analysis section on pages 31-32 of this proxy statement and will be disclosed in next year's Grants of Plan-Based Awards table.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2) (3) (4)			All Other Stock Awards: Number of Shares of Stock or Stock Units (2)(#)	All Other Option Awards: Number of Underlying Options (2)(#)	Exercise or Base Price of Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (3)
		Threshold	Target	Maximum	Threshold (#)	Target (#)	Maximum (#)				
Morten Arntzen	3/14/2011	\$ 1,170,000	\$ 1,620,000	\$ 2,160,000							
	2/23/2011							11,820(5)			\$ 412,518
	2/23/2011								41,086(6)	\$ 34.90	\$ 412,503
	2/23/2011				10,264	20,528	41,056				\$ 825,020
	10/12/2011						177,778(7)				\$ 1,861,300
10/12/2011								450,000(8)	\$ 22.50	\$ 1,813,500	
Myles R. Itkin	3/14/2011	\$ 429,000	\$ 594,000	\$ 792,000							
	2/23/2011							3,296(5)			\$ 115,030
	2/23/2011								11,455(6)	\$ 34.90	\$ 115,008
	2/23/2011				1,431	2,862	5,724				\$ 115,024
Ian T. Blackley	3/14/2011	\$ 272,025	\$ 342,550	\$ 483,600							
	2/23/2011							2,340(5)			\$ 81,666
	2/23/2011								8,135(6)	\$ 34.90	\$ 81,675
	2/23/2011				1,016	2,032	4,064				\$ 81,666
Robert E. Johnston	3/14/2011	\$ 388,125	\$ 488,750	\$ 690,000							
	2/23/2011							2,293(5)			\$ 80,026
	2/23/2011								7,969(6)	\$ 34.90	\$ 80,008
	2/23/2011				996	1,991	3,982				\$ 80,018
Lois K. Zabrocky	3/14/2011	\$ 320,625	\$ 403,750	\$ 570,000							
	2/23/2011							2,293(5)			\$ 80,026
	2/23/2011								7,969(6)	\$ 34.90	\$ 80,008
	2/23/2011				996	1,991	3,982				\$ 80,018

- (1) Awards made under the Corporation's Incentive Compensation Plan.
- (2) Awards made under the Corporation's Stock Incentive Plan.
- (3) For a discussion of the assumptions made in determining the fair value on the grant date of the stock option awards, see Note 13 Capital Stock and Stock Compensation to the Corporation's audited financial statements for 2011 contained in the Corporation's Annual Report on Form 10-K for 2011.
- (4) Reflects performance units that convert at the end of the three year performance period beginning on the grant date of February 23, 2011 into a number of shares of common stock equal to the product of (i) the number of performance units granted times (ii) the fraction whose numerator is the average closing price of a share of common stock during the 20 trading days ending on the last day of the performance period provided that if such average is less than \$17.45 (50% of the price of a share of common stock on the grant date) the numerator is zero and if such average is more than \$69.80 (200%

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of the price of a share of common stock on the grant date) the numerator is \$69.80 and the denominator is \$34.90 (the price of a share of common stock on the grant date). The performance units accrue dividends during the performance period at the same time and in the same amount as dividends are payable on shares of Common Stock, which performance unit dividends are payable in the form of additional performance units and vest at the end of the performance period (and thus are not paid unless the performance measure is satisfied).

- (5) Reflects restricted stock awards that vest in four equal annual installments as described on page 31 of this proxy statement.

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- (6) Reflects stock option awards that vest in three equal annual installments as described on page 31 of this proxy statement.
- (7) Reflects performance based restricted stock units ("RSUs") that convert into an equal number of shares of common stock of the Corporation if (i) during any 30 consecutive trading day period from October 12, 2011 through October 12, 2016 the trailing average closing price of a share of common stock of the Corporation is \$22.50 or more and (ii) Mr. Arntzen remains continuously employed by the Corporation or any of its affiliates through October 12, 2016. The RSUs have no voting rights and may not be transferred or disposed of. There will be credited to a dividend book entry account on behalf of Mr. Arntzen with respect to his RSUs the same cash dividend as is paid on shares of common stock from the grant date of the RSUs. Such dividends will be held uninvested and without interest and paid in cash to Mr. Arntzen if and when the RSUs vest (but will not be paid if the RSUs do not vest if the performance conditions are not met).
- (8) These options have an exercise price of \$22.50 per share which price exceeded the closing price of \$15.60 per share on the grant date. These options become exercisable on October 12, 2016 provided Mr. Arntzen has been in the continuous employ of the Corporation or its affiliates through such date.

Table of Contents**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table provides information as of December 31, 2011 concerning the holdings of stock options and stock awards by the Named Executive Officers. This table includes unexercised and unvested option and stock awards. Awards of options vest in three equal annual installments commencing one year after the date of the option grant. Awards of restricted stock vest in four equal annual installments commencing one year after the date of the stock award. The market value of the stock awards is based on the closing market price of the Corporation's Common Stock as of December 31, 2011, which was \$10.93 per share. Additional information regarding these awards is included in the Compensation Discussion and Analysis on pages 30-32 of this proxy statement.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested
Morten Arntzen	100,000			\$ 35.70	01/19/2014				
	12,902			\$ 52.40	01/12/2015				
	44,791			\$ 49.05	01/18/2016				
	86,806			\$ 55.03	01/10/2017				
		73,135(1)		\$ 63.44	02/15/2017				
						23,645(2)	\$ 258,440		
	65,502			\$ 64.92	01/10/2018				
	112,936			\$ 40.95	12/17/2018				
	10,470	20,942(3)		\$ 43.40	02/23/2020				
		41,086(4)		\$ 34.90	02/23/2021				
		450,000(5)		\$ 22.50	10/12/2021				
								177,778	\$ 1,943,114(6)
						30,502(7)	\$ 333,387		
								8,106	\$ 88,599(8)
								10,264	\$ 112,186(9)
Myles R. Itkin	6,244			\$ 52.40	01/12/2015				
	19,294			\$ 49.05	01/18/2016				
	23,148			\$ 55.03	01/10/2017				
	18,559			\$ 64.92	01/10/2018				
	21,817			\$ 40.95	12/17/2018				
	3,141	6,282(3)		\$ 43.40	02/23/2020				
		11,455(4)		\$ 34.90	02/23/2021				
						8,108(10)	\$ 88,620		
								1,216	\$ 13,291(8)
								1,431	\$ 15,641(9)
Ian T. Blackley	935			\$ 52.40	01/12/2015				
	3,445			\$ 49.05	01/18/2016				
	10,127			\$ 55.03	01/10/2017				
	6,823			\$ 64.92	01/10/2018				
	6,930			\$ 40.95	12/17/2018				
	1,971	3,942(3)		\$ 43.40	02/23/2020				
		8,135(4)		\$ 34.90	02/23/2021				
						4,617(11)	\$ 50,464		
								763	\$ 8,340(8)
								1,016	\$ 11,105(9)

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Robert E.								
Johnston	4,451		\$ 52.40	01/12/2015				
	17,227		\$ 49.05	01/18/2016				
	17,361		\$ 55.03	01/10/2017				
	13,883		\$ 64.92	01/10/2018				
	16,684		\$ 40.95	12/17/2018				
	2,402	4,804(3)	\$ 43.40	02/23/2020				
		7,969(4)	\$ 34.90	02/23/2021				
					5,953(12)	\$ 65,066		
							930	\$ 10,165(8)
							996	\$ 10,866(9)
Lois K.								
Zabrocky	884		\$ 52.40	1/12/2015				
	3,445		\$ 49.05	01/18/2016				
	11,574		\$ 55.03	01/10/2017				
	12,009		\$ 64.92	01/10/2018				
	16,684		\$ 40.95	12/17/2018				
	2,402	4,804(3)	\$ 43.40	02/23/2020				
		7,969(4)	\$ 34.90	02/23/2021				
					5,819(13)	\$ 63,602		
							930	\$ 10,165(8)
							996	\$ 10,886(9)

(1) These options vested on February 15, 2012.

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- (2) These shares of restricted stock vested on February 15, 2012.
- (3) One-half of these options became vested and exercisable on February 23, 2012 and one half will become vested on February 23, 2013.
- (4) One-third of these options became vested and exercisable on February 23, 2012, and one third of these options become vested and exercisable on each of February 23, 2013 and February 23, 2014.
- (5) These premium priced options vest on October 12, 2016 if Mr. Arntzen remains in the continuous employ of the Corporation or its affiliates through such date.
- (6) The payout value for these RSUs assumes the performance criteria for the RSUs were achieved as of the last day of fiscal 2011. The RSUs vest and convert into an equal number of shares of common stock if during any 30 consecutive trading day period from October 12, 2011 through October 12, 2016 the trailing average closing price of a share of common stock of the Corporation is \$22.50 or more and if Mr. Arntzen remains continuously employed by the Corporation or any of its affiliates through October 12, 2016.
- (7) Of these shares of restricted stock, 4,621 shares vested on January 10, 2012, 5,403 shares vested on February 23, 2012, 6,716 shares will vest on December 17, 2012, 5,403 shares will vest on each of February 23, 2013 and February 23, 2014 and 2,956 shares will vest on February 23, 2015.
- (8) The payout value for these performance units assumes that criteria for the RSUs were achieved at the threshold level as of the last day of fiscal 2011. These performance units convert at the end of the three year performance period beginning on the grant date of February 23, 2010 into a number of shares of common stock based on the average closing price of a share of common stock during the 20 trading days ending on the last day of the performance period using the same formula as described in note 4 on page 42 of this proxy statement except that the grant date is February 23, 2010 and replacing in such note \$17.45 with \$21.70, \$69.80 with \$86.80 and \$34.90 with \$43.40.
- (9) The payout value for these performance units assumes that criteria for the RSUs were achieved at the threshold level as of the last day of fiscal 2011. These performance units convert at the end of the three year performance period beginning on the grant date of February 23, 2011 into a number of shares of common stock based on the average closing price of a share of common stock during the 20 trading days ending on the last day of the performance period as described in note 4 on page 42 of this proxy statement.
- (10) Of these shares of restricted stock, 1,310 shares vested on January 10, 2012, 1,559 shares vested on February 23, 2012, 1,298 shares will vest on December 17, 2012, 1,559 shares will vest on each of February 23, 2013 and February 23, 2014 and 823 shares will vest on February 23, 2015.
- (11) Of these shares of restricted stock, 482 shares vested on January 10, 2012, 1,046 shares vested on February 23, 2012, 412 shares will vest on December 17, 2012, 1,046 shares will vest on each of February 23, 2013 and February 23, 2014 and 585 shares will vest on February 23, 2015.
- (12) Of these shares of restricted stock, 982 shares vested on January 10, 2012, 1,135 shares vested on February 23, 2012, 992 shares will vest on December 17, 2012, 1,135 shares will vest on each of February 23, 2013 and February 23, 2014 and 574 shares will vest on February 23, 2015.
- (13) Of these shares of restricted stock, 848 shares vested on January 10, 2012, 1,135 shares vested on February 23, 2012, 992 shares will vest on December 17, 2012, 1,135 shares will vest on each of February 23, 2013 and February 23, 2014 and 574 shares will vest on February 23, 2015.

Table of Contents**OPTION EXERCISES AND STOCK VESTED**

The following table provides information on vesting of restricted stock to the Named Executive Officers in 2011. There were no stock options exercised by the Named Executive Officers in 2011.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting
Morten Arntzen(1)			20,599	\$ 567,466
Myles R. Itkin(2)			5,158	\$ 152,472
Ian T. Blackley(3)			2,148	\$ 66,742
Robert E. Johnston(4)			3,898	\$ 114,888
Lois K. Zabrocky(5)			3,309	\$ 93,236

- (1) Mr. Arntzen acquired 11,436 shares of common stock with a market price of \$36.76 on January 10, 2011, 2,448 shares of common stock with a market price of \$34.90 on February 23, 2011, and 6,715 shares of common stock with a market price of \$9.18 on December 17, 2011, all as a result of the lapse of vesting restrictions on these shares.
- (2) Mr. Itkin acquired 3,127 shares of common stock with a market price of \$36.76 on January 10, 2011, 734 shares of common stock with a market price of \$34.90 on February 23, 2011, and 1,297 shares of common stock with a market price of \$9.18 on December 17, 2011, all as a result of the lapse of vesting restrictions on these shares.
- (3) Mr. Blackley acquired 1,276 shares of common stock with a market price of \$36.76 on January 10, 2011, 460 shares of common stock with a market price of \$34.90 on February 23, 2011, and 412 shares of common stock with a market price of \$9.18 on December 17, 2011, all as a result of the lapse of vesting restrictions on these shares.
- (4) Mr. Johnston acquired 2,345 shares of common stock with a market price of \$36.76 on January 10, 2011, 561 shares of common stock with a market price of \$34.90 on February 23, 2011, and 992 shares of common stock with a market price of \$9.18 on December 17, 2011, all as a result of the lapse of vesting restrictions on these shares.
- (5) Ms. Zabrocky acquired 1,756 shares of common stock with a market price of \$36.76 on January 10, 2011, 561 shares of common stock with a market price of \$34.90 on February 23, 2011, and 992 shares of common stock with a market price of \$9.18 on December 17, 2011, all as a result of the lapse of vesting restrictions on these shares.

Table of Contents**NONQUALIFIED DEFERRED COMPENSATION**

The following table provides information with respect to the deferral of compensation on a non-tax qualified basis to the Supplemental Plan for each NEO in 2011.

Name	Executive Contributions in 2011	Corporation Contributions in 2011(1)	Aggregate Earnings/Losses in 2011(2)	Aggregate Withdrawals/ Distributions in 2011(2)	Aggregate Balance at December 31, 2011(3)
Morten Arntzen		\$ 26,200	\$ (22,565)		\$ 1,061,057
Myles R. Itkin		\$ 25,048	\$ (15,116)		\$ 3,049,715
Ian T. Blackley		\$ 11,720	\$ (4,477)		\$ 190,706
Robert E. Johnston		\$ 16,709	\$ (362,495)		\$ 5,754,127
Lois K. Zabrocky		\$ 12,120	\$ (14,037)		\$ 149,243

- (1) Constitutes the Corporation's contribution under the Supplemental Plan for each NEO. These are the same amounts as provided in the All Other Compensation Table under the column titled Nonqualified Defined Contribution Plan.
- (2) Constitutes the aggregate losses for each NEO on the Officer's account balance under the Supplemental Plan. Such losses are not included in the Summary Compensation Table.
- (3) Constitutes the aggregate balance under the Supplemental Plan for each NEO at fiscal year end.

AGREEMENTS WITH THE NAMED EXECUTIVE OFFICERS

The Corporation has entered into an employment letter agreement with the CEO. The Corporation has also entered into Change of Control Protection Agreements with each of the NEOs and adopted the Severance Plan which covers the NEOs other than the CEO. The employment agreement with the CEO and the Severance Plan are designed to offer the NEOs protection against a possible loss of income if their employment is terminated without Cause or for Good Reason (as defined) and not in connection with a Change of Control. The term Cause as defined in such agreements and the Severance Plan generally means (i) the NEO's willful misconduct involving the Corporation or its assets, business or employees or in the performance of the NEO's duties which materially injure the Corporation, (ii) the NEO's indictment for, or conviction of (or plea of guilty or nolo contendere to), a felony or, certain other crimes, (iii) the NEO's continued and substantial failure to perform the NEO's duties with the Corporation which failure continues for a period of at least ten (10) days after written notice thereof from the Corporation, (iv) the NEO's breach of any material provision of any agreement with the Corporation, which breach, if curable is not cured within ten (10) days after written notice from the Corporation or (v) the NEO's failure to attempt in good faith to promptly follow a written direction of the Board or, other than Mr. Arntzen's agreements, a more senior officer.

Employment Agreement

The Corporation and Mr. Arntzen are parties to an employment letter agreement dated October 12, 2011 which provides the terms of Mr. Arntzen's continued employment by the Corporation and supersedes and replaces the employment letter agreement dated as of January 19, 2004, as amended, between the Corporation and Mr. Arntzen. The agreement provides that Mr. Arntzen will continue to serve as President and CEO of the Corporation at a base salary of no less than \$900,000 per year (which may be reduced by up to 15% if there is an across-the-board reduction that is generally applicable to all employees of the Corporation). If the Corporation terminates Mr. Arntzen's employment without Cause or Mr. Arntzen resigns with Good Reason (as defined in the agreement) prior to October 12, 2016, then, upon Mr. Arntzen's signing and not revoking a general release, the

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Corporation shall pay him two years of base salary, a pro-rata portion of his annual bonus for the year in which such termination occurs based on actual results for such year and continued health care coverage for up to 18 months. Mr. Arntzen is eligible for an annual cash bonus under the Incentive Compensation Plan, which bonus is targeted at 180% of his annual base salary and will be based on performance goals determined for each year by the Compensation Committee. Mr. Arntzen is also eligible for equity awards as determined by the Compensation Committee. The term Good Reason (as used in Mr. Arntzen's employment letter agreement) generally means (i) any material diminution in Mr. Arntzen's position, duties, responsibilities, or authority or assignment to him of duties and responsibilities materially inconsistent with his position, (ii) any reduction in annual base salary (other than as described above with respect to an across-the-board reduction), (iii) relocation of his principal business location to an area outside of a 50 mile radius of both the Corporation's current principal business location and his current principal residence, (iv) any material breach by the Corporation of any material provision of the employment letter agreement, (v) the failure of the Board to nominate or re-nominate him as a member of the Board or elect or re-elect him as President and CEO or his removal from any such position (if not for Cause), or (vi) the failure of an acquiror of all or substantially all of the assets or business of the Corporation to assume the Corporation's obligations under the employment letter agreement.

Change of Control Protection Agreements

The Corporation and Mr. Arntzen are parties to an Amended and Restated Change of Control Protection Agreement dated October 12, 2011 that amends and restates an agreement that was scheduled to expire in January 2012. The agreement provides that if there is a Change of Control on or prior to October 12, 2016, Mr. Arntzen will be entitled to certain payments and benefits upon a termination of his employment (whether voluntary or involuntary) for any time within two years after the Change of Control or upon termination of his employment by the Corporation without Cause or by Mr. Arntzen with Good Reason within 90 days prior to the Change of Control. Upon any such termination, Mr. Arntzen will be entitled to payment of incurred but unreimbursed business expenses, accrued but unpaid base salary, bonus, vacation pay or other compensation, and other amounts or vested benefits due under the applicable employee benefit, equity or incentive plans of the Corporation then in effect. If such termination is without Cause or for Good Reason, subject to Mr. Arntzen signing a waiver and release of any claims he may have against the Corporation, Mr. Arntzen will also be entitled to receive (i) three times his annual salary plus his target annual incentive compensation in effect immediately prior to his termination; (ii) an amount equal to 36 months of additional employer contributions under any qualified or nonqualified defined contribution plan or arrangement maintained by the Corporation applicable to Mr. Arntzen; (iii) an annual bonus for the year in which Mr. Arntzen's employment is terminated based on the actual results for such year and pro rated based on the portion of the year Mr. Arntzen was employed; (iv) three years of continued coverage for Mr. Arntzen and his dependents under the Corporation's health plan and for Mr. Arntzen under the Corporation's life insurance plan; and (v) vesting of any outstanding equity awards in accordance with the terms and conditions of the applicable plan and award agreement. In addition, if and to the extent that payments, benefits and other amounts received by Mr. Arntzen as a result of a Change of Control that are subject to excise tax ("parachute payments" under Section 280G of the Code) exceed the Section 280G safe harbor threshold, the amounts to be paid to Mr. Arntzen will be reduced or "cutback", to an amount that would result in no excise tax being due but only if the reduced payments, benefits and other amounts (after tax) would be greater than the unreduced amounts less the payment by Mr. Arntzen of applicable excise and other taxes. There is no gross up payment to Mr. Arntzen if the Section 280G safe harbor threshold is exceeded. The Amended and Restated Change of Control Protection Agreement is substantially similar to the agreement it replaced except that the new agreement reduced to 90 days from 120 days the pre-Change of Control protection period to conform with the Change of Control Protection Agreements of the other NEOs and, to conform to current best

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pay practices, the new agreement eliminated any gross up on any excise tax under Section 280G of the Code with respect to any payments or benefits received in connection with a Change of Control.

The Corporation also is party to an Amended and Restated Change of Control Protection Agreement, dated as of January 1, 2012, with each of Messrs. Itkin, Blackley, Johnston and Ms. Zabrocky each providing that if there is a Change of Control on or prior to December 31, 2014 and the NEO's employment with the Corporation is terminated by the Corporation without Cause or by the executive for Good Reason at any time within two years after the Change of Control or if a Change of Control takes place within 90 days after the NEO is terminated in an Anticipatory Termination (as defined in the Agreement), the NEO will receive the following payments and benefits from the Corporation: (i) incurred but unreimbursed business expenses, accrued but unpaid base salary, bonus, vacation pay or other compensation, and other amounts or vested benefits due under the applicable employee benefit, equity or incentive plans of the Corporation then in effect; (ii) two times the sum of (x) the NEO's annual base salary rate in effect immediately prior to his termination plus (y) the NEO's highest target annual incentive compensation in effect immediately prior to his termination; (iii) an amount equal to 24 months of additional employer contributions under any qualified or nonqualified defined contribution pension plan or arrangement maintained by the Corporation, applicable to the NEO; (iv) an annual bonus for the year in which the NEO's employment is terminated based on the actual results for such year and pro rated based on the portion of the year the NEO was employed; (v) continued health care benefits for up to 24 months; and (vi) vesting of outstanding equity awards in accordance with the terms and conditions of the applicable plan and award agreement. If and to the extent that the NEO receives "parachute payments" as a result of the Change of Control, the amounts to be paid to the NEO will be reduced or "cutback" as described above with respect to Mr. Arntzen. There is no gross up payment to the NEO if the Section 280G safe harbor threshold is exceeded.

Messrs. Itkin, Blackley and Johnston, and Ms. Zabrocky have also agreed under such agreements that during the term of the NEO's employment with the Corporation and thereafter to (i) keep confidential all proprietary processes, trade secrets or other confidential data or information of the Corporation and (ii) fully cooperate with the Corporation in connection with any matter, investigation, proceeding or litigation regarding any matter in which the NEO was involved during the NEO's employment. During the NEO's employment and, if the NEO is receiving payments under the agreement, for the one year period following the termination of the NEO's employment with the Corporation, the NEO will not compete with any business conducted by the Corporation, will not solicit any employee of the Corporation to leave the employ of the Corporation and will not solicit or induce any customer of the Corporation to purchase services offered by the Corporation from another entity.

The Amended and Restated Change of Control Protection Agreements for the four NEOs replaced Change of Control Protection Agreements that expired on December 31, 2011 and are substantially similar to the agreements they replaced except that to conform to current best pay practices, the new agreements eliminated any gross up on any excise tax under Section 280G of the Code with respect to any payments or benefits received in connection with a Change of Control.

Severance Plan

The Severance Plan originally became effective on January 1, 2006 and will continue until terminated on not less than one year's notice to the NEOs then participating in the Severance Plan. The Severance Plan provides that if employment with the Corporation is terminated without Cause, the NEO will receive the following payments and benefits: (i) incurred but unreimbursed business expenses, accrued but unpaid base salary, bonus, vacation pay or other compensation, and other amounts or vested benefits due under the then applicable employee benefit, equity or incentive plans of the Corporation then in effect; (ii) an amount equal to the NEO's monthly base salary rate in effect prior

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to the termination for 24 months after the NEO's employment terminates; (iii) a pro-rata portion of the NEO's annual bonus for the year in which the NEO's termination occurs based on actual results for such year; and (iv) continued health care coverage for up to 18 months.

Pursuant to the Severance Plan, Messrs. Itkin, Blackley, Johnston and Ms. Zabrocky each agreed that during the term of the NEO's employment and thereafter the NEO shall (i) keep confidential all proprietary processes, trade secrets or other confidential data or information of the Corporation, (ii) fully cooperate with the Corporation in connection with any matter, investigation, proceeding or litigation regarding any matter in which the NEO was involved during the NEO's employment and (iii) not disparage the Company or its employees, officers, directors, products or services. During the NEO's employment and for the one year period following the termination of the NEO's employment with the Corporation, the NEO will not compete with any material business conducted by the Corporation on the date the NEO is terminated and will not solicit or induce any customer of the Corporation to purchase services offered by the Corporation from another entity. During the NEO's employment and for the two year period following the termination of the NEO's employment, the NEO will not solicit any employee of the Corporation to leave the employ of the Corporation.

Tax Equalization Agreement and Housing Allowance Arrangement with Mr. Blackley

The Corporation and Mr. Blackley are parties to a tax equalization agreement dated September 11, 2006 in connection with Mr. Blackley's relocation from New York to Newcastle, United Kingdom, under which the Corporation reimburses Mr. Blackley, a United States citizen, for the amount of income taxes he is required to pay the United Kingdom Inland Revenue Service. Mr. Blackley is responsible for paying his United States income taxes. The Corporation and Mr. Blackley are also parties to an arrangement pursuant to which the Corporation pays Mr. Blackley an annual housing allowance of \$36,000 to compensate him for the continuing cost of maintaining a residence in Newcastle while continuing to have a home in New York.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-OF-CONTROL

In accordance with the rules of the SEC, the following table discloses the amounts that would have been payable to the NEOs upon termination of their employment or upon a change of control of the Corporation, in each case that occurred on December 31, 2011. Accordingly, the following table reflects the Change of Control Agreements with the NEOs other than the CEO in effect on that date and not the amended agreements that were effective as of January 1, 2012. The Change of Control Agreements in effect with such NEOs on December 31, 2011 provide for a gross up to cover excise taxes if "parachute payments" exceed 110% of the Section 280G safe harbor threshold but the new agreements that became effective on January 1, 2012 do not provide for excise tax gross-ups of any kind. No Named Executive Officer is currently eligible for normal retirement at age 65. The table excludes amounts payable pursuant to the Supplemental Executive Savings Plan and pursuant to plans that do not discriminate in favor of executive officers and that are available generally to all salaried employees, such as the Savings Plan. Under the change of control protection agreements, if an executive's employment is terminated for "Cause", then the executive will not receive any benefits or

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compensation other than any accrued salary or vacation pay that remained unpaid through the date of termination and, therefore, there is no presentation of termination for "Cause" in the table below.

Event(1)	Morten Arntzen	Myles R. Itkin	Ian T. Blackley	Robert E. Johnston	Lois K. Zabrocky
Involuntary Termination Without Cause or, with respect to Mr. Arntzen, voluntary with Good Reason No Change of Control					
Cash severance payment(2)	\$ 1,800,000	\$ 1,320,000	\$ 806,000	\$ 1,150,000	\$ 950,000
Health Benefits(3)	\$ 18,222	\$ 18,222	\$ 18,222	\$ 9,738	\$ 18,222
Accelerated time-based stock options(4)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accelerated time-based restricted stock(5)	\$ 537,009	\$ 74,297	\$ 45,187	\$ 54,325	\$ 54,325
Accelerated performance share units(6)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 2,355,231	\$ 1,412,519	\$ 869,409	\$ 1,214,063	\$ 1,022,547
Death					
Accelerated time-based stock options(4)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accelerated time-based restricted stock(5)	\$ 537,009	\$ 74,297	\$ 45,187	\$ 54,325	\$ 54,325
Accelerated performance share units(6)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 537,009	\$ 74,297	\$ 45,187	\$ 54,325	\$ 54,325
Disability					
Accelerated time-based stock options(4)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accelerated time-based restricted stock(5)	\$ 537,009	\$ 74,297	\$ 45,187	\$ 54,325	\$ 54,325
Accelerated performance share units(6)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 537,009	\$ 74,297	\$ 45,187	\$ 54,325	\$ 54,325
Change in Control with Involuntary Termination or Voluntary with Good Reason					
Cash severance payment(7)	\$ 7,560,000	\$ 2,508,000	\$ 1,491,100	\$ 2,127,500	\$ 1,757,500
Health Benefits(8)	\$ 35,893	\$ 24,112	\$ 27,439	\$ 13,134	\$ 24,112
Retirement Benefits(9)	\$ 384,300	\$ 204,960	\$ 89,044	\$ 178,325	\$ 99,700
Accelerated time-based stock options(10)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accelerated time-based restricted stock(10)	\$ 541,316	\$ 74,297	\$ 45,187	\$ 54,325	\$ 54,325
Accelerated performance share units(10)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Modified Gross-Up(11)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 8,521,510	\$ 2,811,369	\$ 1,652,771	\$ 2,373,283	\$ 1,935,637

Notes:

- (1) The values in this table reflect estimated payments associated with various termination scenarios; assumes a stock price of \$10.93 (the closing price of the Corporation's common stock on December 31, 2011, the last day in the fiscal year on which the Corporation's common stock was traded (the "Year End Closing Price")). The table includes all outstanding grants through the assumed termination date of December 31, 2011. Actual values will vary based on changes in the price of the Corporation's common stock.

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- (2) Cash severance equal to two times the NEO's annual salary.
- (3) Continued healthcare coverage for up to 18 months.
- (4) Under the Stock Incentive Plan, all unvested time-based options are forfeited upon an involuntary termination, death, Disability or retirement except for grants made on February 15, 2007 and October 21, 2011 to Mr. Arntzen. These two stock option grants will vest based on the period of service from the grant date through the termination date if Mr. Arntzen's employment is terminated due to involuntary termination, death or Disability.
- (5) Under the Stock Incentive Plan, only unvested time-based restricted stock awarded in 2006 and later accelerates upon an involuntary termination or termination due to death, Disability or retirement. The time-based restricted stock award granted to Mr. Arntzen on February 17, 2007, which vested on February 15, 2012, would have vested only based on the period of service from the grant date through the termination date if Mr. Arntzen's employment would have been terminated due to involuntary termination, death or Disability prior to February 15, 2012. The value represents the Year End Closing Price multiplied by the number of shares that vest. All other unvested restricted stock would have been forfeited.
- (6) All of the NEOs received performance share units in 2010 and 2011. Upon termination, the NEOs would receive a pro-rated portion of the award based on actual performance as of the termination date. Assuming a December 31, 2011 termination date, the award would have paid out at zero due to failure to meet the performance threshold. In addition, Mr. Arntzen received a performance-based restricted stock unit award on October 12, 2011 under the Stock Incentive Plan. As of December 31, 2011, the performance goal on this award had not been achieved. Therefore, the award would have been forfeited without payments upon the date of termination.
- (7) Cash severance for termination following a change of control is equal to the sum of the NEO's annual salary plus target annual bonus times the NEO's severance multiple as follows: three times for Mr. Arntzen and two times for Messrs. Itkin, Blackley and Johnston and Ms. Zabrocky.
- (8) Continued healthcare coverage for termination following a change of control for up to 36 months for Mr. Arntzen, and 24 months for Messrs. Itkin, Blackley and Johnston and Ms. Zabrocky.
- (9) Continued employer contributions under any qualified or nonqualified defined contribution pension plan or arrangement equal to 36 months for Mr. Arntzen, and 24 months for Messrs. Itkin, Blackley and Johnston and Ms. Zabrocky.
- (10) Under the Stock Incentive Plan, all unvested options and restricted stock vest upon a change of control regardless of whether a termination has occurred. Note that an exception is made to Mr. Arntzen's performance-based restricted unit award granted on October 12, 2011, under which in the event of a Change of Control upon or following the achievement of the performance goal and prior to October 12, 2016, 100% of any earned RSUs under the award would vest upon the Change of Control and in the event of a Change of Control prior to the achievement of the performance goal and prior to October 12, 2016, then any RSUs under the award will not vest upon the Change of Control, but will remain outstanding subject to the terms of the award and the Stock Incentive Plan. As of December 31, 2011, the performance goal under this award had not been achieved. Therefore, the award would have been forfeited without payment upon the date of termination. The stock option value represents the intrinsic value (based on the Year End Closing Price) of unvested stock options that would vest in the event of a change of control. The restricted stock (including performance shares) value is equal to the number of shares that vest multiplied by the Year End Closing Price.
- (11) The Corporation would have provided a gross-up to cover excise taxes only if the "parachute payments" would have exceeded 110% of the Section 280G safe harbor threshold. None of the NEOs would have been subject to the excise taxes upon a Change of Control occurring on December 31, 2011. This provision was eliminated from the new agreements that became effective on January 1, 2012. The Corporation no longer provides excise tax gross-ups of any kind.

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DIRECTOR COMPENSATION

The Board of Directors believes that the fees that are paid to its non-management directors are reasonable and competitive with the fees paid to non-management directors of comparable companies. In order to demonstrate the Board's commitment to reducing the Corporation's general and administrative costs, the Board approved reductions in certain cash fees payable to the Corporation's non-management directors, effective for the one year periods from July 1, 2009 to June 30, 2010, from July 1, 2010 to June 30, 2011 and from July 1, 2011 to June 30, 2012, respectively. On December 31, 2011, the Board approved the following reductions or elimination in cash fees payable to the Registrant's non-employee directors during calendar 2012.

Elimination of meeting fees for members of the Board (\$2,000 per meeting), Audit Committee (\$2,000 per meeting), Compensation Committee (\$1,500 per meeting previously reduced from \$2,000 per meeting) and Corporate Governance and Nominating Committee (\$1,000 per meeting previously reduced from \$2,000 per meeting).

Elimination of the annual retainers for the Chairman of the Compensation Committee (\$10,000) and for the Chairman of the Corporate Governance and Nominating Committee (\$5,000 previously reduced from \$7,500).

Reduction of the annual retainer, payable quarterly, for the Chairman of the Audit Committee from \$15,000 to \$10,000.

Reduction of the annual retainer, payable quarterly, for the nonexecutive Chairman of the Board to \$83,333 (previously reduced from \$125,000 to \$112,500).

During 2011, non-management directors received an annual retainer, payable quarterly, of \$45,000 which reflects a \$5,000 reduction in the retainer adopted in June 2009 which is scheduled to expire on June 30, 2012. During 2011, non-management directors also received a fee of \$2,000 for each meeting of the Board of Directors they attended. The Chairmen of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee received an additional fee of \$15,000 per year, \$10,000 per year and \$5,000 per year, respectively, payable quarterly. Each member of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee received meeting fees of \$2,000, \$1,500 and \$1,000 respectively, for each Committee meeting the member attended.

Under the 2004 Stock Incentive Plan, the Board has the discretion to grant various types of equity-based awards to non-employee directors. On June 7, 2011, the Board granted 3,766 restricted stock units to each continuing non-employee director of the Corporation under the 2004 Stock Incentive Plan, which units awarded to each director on the grant date had a market value of \$99,987. Each restricted stock unit represents a contingent right to receive one share of Common Stock upon such non-employee director's termination of service as a Board member. One-quarter of the restricted stock units vest on each of (i) the earlier of (a) the first anniversary of the grant date and (b) the next annual meeting of the Corporation's stockholders and (ii) the second, third and fourth anniversaries of the grant date provided that if a non-employee director ceases to be a director on or after the first vesting date for any reason other than for Cause the non-employee director automatically vests in the remaining unvested restricted stock units. The restricted stock units have no voting rights, may not be transferred or otherwise disposed while the holder is a director and pay dividends in the form of additional restricted stock units at the same time dividends are paid on the Common Stock in an amount equal to the result obtained by dividing (i) the product of (x) the amount of units owned by the holder on the record date for the dividend on the Common Stock times (y) the dividend per share on the Common Stock by (ii) the closing price of a share of Common Stock on the payment date for the dividend on the Common Stock, which restricted stock units vest immediately upon payment.

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Effective July 1, 2008, the Board adopted the Overseas Shipholding Group, Inc. Non-Employee Director Deferred Compensation Plan (the "Deferred Compensation Plan") to provide an opportunity for directors of the Corporation who are not employees of the Corporation or a subsidiary to defer all or a portion of their "eligible director fees" in the form of cash. Such directors may elect to invest the deferred fees in a cash account and/or in Common Stock of the Corporation in the form of a unit measurement called a "phantom share." A phantom share is the equivalent of one share of the Corporation's common stock. The Corporation believes that the Deferred Compensation Plan enhances the Corporation's ability to attract and retain directors of outstanding competence.

"Eligible director fees" invested in the cash account earn interest quarterly at a rate equal to the Corporation's then long-term borrowing rate under the Corporation's principal credit facility. Each phantom share is credited with the same cash dividend as is paid on a share of Common Stock at the same time such cash dividend is paid and is deemed reinvested in phantom shares (based on the fair market value of a share of common stock on the date the cash dividend is paid). Shares of Common Stock available for issuance under the Deferred Compensation Plan will be issued from treasury shares. For 2011, Messrs. Batkin, Coleman, Fribourg, Merkin, Oudi Recanati and Vettier elected to participate in the Deferred Compensation Plan.

In December 2011, the Board requested that non-employee directors defer payment of all cash fees payable during 2012 pursuant to the Deferred Compensation Plan and all the members of the Board agreed to do so.

The following table shows the total compensation paid to the Corporation's non-employee directors for the year ended December 31, 2011.

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(3)	All Other Compensation \$(4)	Total (\$)
G. Allen Andreas III	71,000	99,987			170,987
Alan R. Batkin	60,000	99,987			