

PEOPLES BANCORP INC
Form S-4/A
November 13, 2014
Table of Contents

As filed with the Securities and Exchange Commission on November 13, 2014

Registration No. 333-199152

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

Amendment No. 1
to
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Peoples Bancorp Inc.
(Exact name of Registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation or organization)	6021 (Primary Standard Industrial Classification Code Number) 138 Putnam Street, Marietta, Ohio	31-0987416 (I.R.S. Employer Identification Number)
--	---	---

(740) 373-3155

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

M. Ryan Kirkham, Esq.

Corporate Counsel

Peoples Bancorp Inc.

138 Putnam Street, Marietta, Ohio

(740) 376-7574

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Susan B. Zaunbrecher, Esq.

Dinsmore & Shohl LLP

First Financial Center

255 E. Fifth Street, Suite 1900

Cincinnati, Ohio 45202

Phone: (513) 977-8171

Cynthia A. Shafer, Esq.

Vorys, Sater, Seymour and Pease LLP

Great American Tower

301 East Fourth Street, Suite 3500

Cincinnati, Ohio 45202

Phone: (513) 723-4009

Edgar Filing: PEOPLES BANCORP INC - Form S-4/A

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 Non-accelerated filer (do not check if smaller reporting company)

Accelerated filer
 Smaller reporting company

If applicable, place an in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i)(Cross-Border Tender Offer)

Exchange Act Rule 14d-1(d)(Cross-Border Third Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed	Proposed	Amount of registration fee
		maximum offering price per share	maximum aggregate offering price (2)	
Common Shares, no par value	3,500,000	N/A	\$72,500,898.40	\$8,424.60

(1) Represents an estimate of the maximum number of shares of common shares, no par value per share, of Peoples Bancorp Inc. that Registrant anticipates issuing in connection with the proposed merger to which this registration statement relates.

(2) Pursuant to Rule 457(c) and (f)(3) under the Securities Act, and estimated solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price was calculated as (A) the product of (i) \$28.89, the average of the high and low prices per share of NB&T Financial Group, Inc. common stock as reported on the NASDAQ Capital Market® on September 29, 2014, the latest practicable date prior to the date of filing of this registration statement, and (ii) 3,429,560, the estimated maximum number of shares of common stock of NB&T Financial Group, Inc. that may be exchanged in the merger, minus (B) \$26,579,090, the estimated aggregate amount of cash to be paid by Peoples Bancorp Inc. for the NB&T Financial Group, Inc. common shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

Table of Contents

THE INFORMATION IN THIS JOINT PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE MAY NOT ISSUE THESE SECURITIES UNTIL THE REGISTRATION STATEMENT IS EFFECTIVE. THIS JOINT PROXY STATEMENT/PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS

DATED NOVEMBER 13, 2014, SUBJECT TO COMPLETION

Proxy Statement and Prospectus of

Peoples Bancorp Inc.

MERGER PROPOSAL

Proxy Statement of

NB&T Financial Group, Inc.

YOUR VOTE IS VERY IMPORTANT

Peoples Bancorp Inc. (Peoples) and NB&T Financial Group, Inc. (NB&T Financial), have entered into an Agreement and Plan of Merger dated as of August 4, 2014 (the Merger Agreement), which provides for the merger of NB&T Financial with and into Peoples (the Merger). Consummation of the Merger is subject to certain conditions, including, but not limited to, obtaining the requisite vote of the shareholders of Peoples and NB&T Financial and the approval of the Merger by various regulatory agencies.

Under the terms of the Merger Agreement, shareholders of NB&T Financial will be entitled to receive from Peoples, after the Merger is completed, merger consideration payable in the form of a combination of cash and Peoples common shares to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each NB&T Financial common share will be converted into the right to receive: (i) 0.9319 Peoples common shares, and (ii) \$7.75 in cash. The aggregate Merger consideration to be paid to NB&T Financial shareholders under the Merger Agreement is approximately \$109 million, which includes the cash payment for outstanding NB&T Financial stock options.

Peoples will not issue any fractional shares of common stock in connection with the Merger. Instead, each holder of NB&T Financial common shares who would otherwise be entitled to receive a fraction of a Peoples common share (after taking into account all shares of NB&T Financial common shares owned by such holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the Peoples fractional common share to which such holder would otherwise be entitled to multiplied by the average closing sale price of a Peoples common share on the NASDAQ Global Select Market® for the 10 consecutive trading days immediately preceding the effective date of the Merger.

Peoples and NB&T Financial will each hold a special meeting of its shareholders to vote on the adoption and approval of the Merger Agreement. The special meeting of Peoples shareholders will be held at: , local time, on , 2015, at the Lafayette Hotel, 101 Front Street, Marietta, Ohio 45750. The special meeting of NB&T Financial s shareholders will be held at: , local time, on , 2015, aNB&T Financial s main office at

48 North South Street, Wilmington, Ohio 45177.

At each special meeting, shareholders will be asked to approve and adopt the Merger Agreement, and the transactions contemplated thereby, including the Merger. Shareholders will also be asked to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the Merger Agreement and the transactions contemplated thereby, including the Merger.

This document is a proxy statement of both Peoples and NB&T Financial, that each is using to solicit proxies for use at their respective special meetings of shareholders to vote on the Merger. It is also a prospectus relating to Peoples issuance of its common shares in connection with the Merger. This joint proxy statement/prospectus describes Peoples special meeting, NB&T Financial's special meeting, the Merger proposal and other related matters.

The boards of directors of Peoples and NB&T Financial each approved the Merger Agreement and the transactions contemplated thereby, including the Merger, and recommend that shareholders vote FOR the approval of the Merger Agreement, and FOR the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement.

Peoples common shares are traded on the NASDAQ Global Select Market[®] under the symbol PEBO. On August 4, 2014, the date of execution of the Merger Agreement, the closing price of Peoples common shares was \$24.08 per share. On _____, 2014, the closing price of Peoples common shares was \$ _____ per share. NB&T Financial's common shares are traded on the NASDAQ Capital Market[®] under the symbol NBTF. On August 4, 2014, the date of execution of the Merger Agreement, the closing price of NB&T Financial's common shares was \$20.98. On _____, 2014, the closing price of NB&T Financial's common shares was \$ _____.

You are encouraged to read this document, including the materials incorporated by reference into this document, carefully. In particular, you should read the Risk Factors section beginning on page 28 for a discussion of the risks related to the Merger and owning Peoples common shares after the Merger.

Whether or not you plan to attend your company's special meeting, your board urges you to vote by completing, signing and returning the enclosed proxy card in the enclosed postage-paid envelope.

If you are an NB&T Financial shareholder as of _____, 2014, the record date, and you do not vote your shares in favor of the adoption and approval of the Merger Agreement, under the Ohio General Corporation Law (OGCL), you will have the right to demand the fair cash value for your NB&T Financial common shares. To exercise your dissenters' rights, you must adhere to the specific requirements of the OGCL; see *DISSENTERS' RIGHTS* on page 44 of this joint proxy statement/prospectus and the complete text of the applicable sections of the OGCL attached to this joint proxy statement/prospectus as Annex B. No holder of Peoples common shares is entitled to exercise any rights of a dissenting shareholder under the OGCL.

Not voting by proxy or at the special meeting will have the same effect as voting against the adoption and approval of the Merger Agreement. Your board urges you to read carefully this joint proxy statement/prospectus, which contains a detailed description of your company's special meeting, the Merger proposal, Peoples common shares to be issued in the Merger and other related matters.

Sincerely,

Charles W. Sulerzyski
President & Chief Executive Officer

Sincerely,

John J. Limbert
President & Chief Executive Officer

Peoples Bancorp Inc.

NB&T Financial Group, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of Peoples common shares to be issued in the Merger or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the Merger described in this joint proxy statement/prospectus are not savings accounts, deposit accounts or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other federal or state governmental agency.

This joint proxy statement/prospectus is dated _____, 2014, and it

is first being mailed to Peoples and NB&T Financial shareholders on or about _____, 2014.

Table of Contents

Notice of Special Meeting of Shareholders

To be held at _____, local time, on _____, 2015, at

48 North South Street, Wilmington, Ohio 45177

To the Shareholders of NB&T Financial Group, Inc.:

Notice is hereby given that a special meeting of the shareholders of NB&T Financial Group, Inc. (NB&T Financial) will be held at _____, local time, on _____, 2015, at NB&T Financial s main office at 48 North South Street, Wilmington, Ohio 45177, for the purpose of considering and voting on the following matters:

1. A proposal to adopt and approve the Agreement and Plan of Merger dated as of August 4, 2014, by and between Peoples Bancorp Inc. and NB&T Financial Group, Inc.;
2. A proposal to approve, on an advisory basis, specified compensation that may be payable to the named executive officers of NB&T Financial in connection with the Merger;
3. A proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Agreement and Plan of Merger; and
4. Any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The board of directors of NB&T Financial Group, Inc. is unaware of any other business to be transacted at the special meeting.

Holders of record of NB&T Financial common shares at the close of business on _____, 2014, the record date, are entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. The affirmative vote of the holders of at least a majority of NB&T Financial s shares is required to adopt and approve the Agreement and Plan of Merger.

A proxy statement/prospectus and proxy card for the special meeting are enclosed. A copy of the Agreement and Plan of Merger is attached as Annex A to the proxy statement/prospectus.

Your vote is very important, regardless of the number of shares of NB&T Financial common stock you own. Please vote as soon as possible to make sure that your shares of common stock are represented at the special meeting. If you are a holder of record, you may cast your vote in person at the special meeting or, to ensure that your shares of NB&T Financial common stock are represented at the special meeting, you may vote your shares by completing, signing and returning the enclosed proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name), please follow the voting instructions provided by your broker, bank or nominee.

The NB&T Financial board of directors unanimously recommends that you vote (1) FOR the adoption and approval of the Agreement and Plan of Merger, (2) FOR the approval of the specified compensation, and (3) FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

By Order of the Board of Directors,

John J. Limbert
President & Chief Executive Officer
NB&T Financial Group, Inc.

, 2014

Table of Contents

Notice of Special Meeting of Shareholders

To be held at _____, local time, on _____, 2015, at

the Lafayette Hotel, 101 Front Street, Marietta, Ohio 45750

To the Shareholders of Peoples Bancorp Inc.:

Notice is hereby given that a special meeting of the shareholders of Peoples Bancorp Inc. will be held at _____, local time, on _____, 2015, at the Lafayette Hotel, 101 Front Street, Marietta, Ohio 45750, for the purpose of considering and voting on the following matters:

1. A proposal to adopt and approve the Agreement and Plan of Merger dated as of August 4, 2014, by and between Peoples Bancorp Inc. and NB&T Financial Group, Inc.;
2. A proposal to approve the issuance of up to 3,500,000 Peoples common shares to be issued in connection with the Merger;
3. A proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Agreement and Plan of Merger; and
4. Any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The board of directors of Peoples Bancorp Inc. is unaware of any other business to be transacted at the special meeting.

Holders of record of Peoples Bancorp Inc. common shares at the close of business on _____, 2014, the record date, are entitled to notice of and to vote at the special meeting and any adjournment or postponement of the special meeting. The affirmative vote of the holders of at least a majority of Peoples shares is required to adopt and approve the Agreement and Plan of Merger.

A proxy statement/prospectus and proxy card for the special meeting are enclosed. A copy of the Agreement and Plan of Merger is attached as Annex A to the proxy statement/prospectus.

Your vote is very important, regardless of the number of shares of Peoples Bancorp Inc. common stock you own. Please vote as soon as possible to make sure that your shares of common stock are represented at the special meeting. If you are a holder of record, you may cast your vote in person at the special meeting or, to ensure that your shares of Peoples Bancorp Inc. common stock are represented at the special meeting, you may vote your shares by completing, signing and returning the enclosed proxy card. If your shares are held in a stock brokerage account or by a bank or other nominee (in street name), please follow the voting instructions provided by your broker, bank or nominee.

The Peoples Bancorp Inc. board of directors unanimously recommends that you vote (1) FOR the adoption and approval of the Agreement and Plan of Merger, (2) FOR the proposal to approve the issuance of common shares and (3) FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

By Order of the Board of Directors,

Charles W. Sulerzyski
President & Chief Executive Officer
Peoples Bancorp Inc.

, 2014

Table of Contents**WHERE YOU CAN FIND MORE INFORMATION**

Peoples and NB&T Financial are publicly traded companies that file annual, quarterly and other reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the SEC). You may obtain copies of these documents by mail from the public reference room of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 for further information on the public reference room. Peoples and NB&T Financial also file reports and other information with the SEC electronically, and the SEC maintains a web site located at www.sec.gov containing this information. Certain information filed by Peoples with the SEC is also available, without charge, through Peoples website at www.peoplesbancorp.com under the Investor Relations section, and NB&T Financial's website at www.nbtirect.com/About-Us/Investor-Relations.

Peoples has filed with the SEC a registration statement on Form S-4 to register its common shares to be issued to NB&T Financial shareholders as part of the merger consideration. This document is a part of that registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and request a copy of the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This joint proxy statement/prospectus incorporates by reference important business and financial information about Peoples and NB&T Financial from documents filed with or furnished to the SEC, that are not included in or delivered with this joint proxy statement/prospectus. See *INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE* on page 99. These documents are available, without charge, to you upon written or oral request at the applicable company's address and telephone number listed below:

Peoples Bancorp Inc.	NB&T Financial Group, Inc.
138 Putnam Street	48 North South Street
P.O. Box 738	Wilmington, Ohio 45177
Marietta, Ohio 45750	Attention: Craig F. Fortin
Attention: Investor Relations	(937) 382-1441
(740) 373-3155	

To obtain timely delivery of these documents, you must request the information no later than _____, 2014 in order to receive them before the Peoples special meeting and no later than _____, 2014 in order to receive them before the NB&T Financial special meeting.

Peoples' common shares are traded on the NASDAQ Global Select Market[®] under the symbol PEBO. NB&T Financial's common shares are traded on the NASDAQ Capital Market[®] under the symbol NBTF.

Neither Peoples nor NB&T Financial has authorized anyone to provide you with any information other than the information included in this document and documents which are incorporated by reference. If anyone provides you

with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this document and the documents incorporated by reference are accurate only as of their respective dates. Each of Peoples and NB&T Financial's business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS</u>	1
<u>SUMMARY</u>	6
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR PEOPLES</u>	16
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR NB&T FINANCIAL</u>	19
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	20
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	26
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	27
<u>RISK FACTORS</u>	28
<u>FORWARD-LOOKING STATEMENTS</u>	32
<u>THE SPECIAL MEETING OF SHAREHOLDERS OF NB&T FINANCIAL</u>	34
<u>Time, Date and Place</u>	34
<u>Matters to be Considered</u>	34
<u>Record Date; Shares Outstanding and Entitled to Vote</u>	34
<u>Votes Required; Quorum</u>	34
<u>Solicitation and Revocation of Proxies</u>	35
<u>Participants in the NB&T Financial ESOP</u>	36
<u>PROPOSALS SUBMITTED TO NB&T FINANCIAL SHAREHOLDERS</u>	37
<u>THE SPECIAL MEETING OF SHAREHOLDERS OF PEOPLES</u>	39
<u>Time, Date and Place</u>	39
<u>Matters to be Considered</u>	39
<u>Record Date; Shares Outstanding and Entitled to Vote</u>	39
<u>Votes Required; Quorum</u>	39
<u>Solicitation and Revocation of Proxies</u>	40
<u>PROPOSALS SUBMITTED TO PEOPLES SHAREHOLDERS</u>	42
<u>DISSENTERS' RIGHTS</u>	44
<u>THE MERGER</u>	45
<u>The Proposed Merger</u>	45
<u>Background of the Merger</u>	45
<u>NB&T Financial's Reasons for the Merger</u>	52
<u>Recommendation of the NB&T Financial Board of Directors</u>	54
<u>Opinion of NB&T Financial's Financial Advisor</u>	54
<u>Peoples' Reasons for the Merger</u>	66
<u>Recommendation of the Peoples Board of Directors</u>	67
<u>Opinion of Peoples' Financial Advisor</u>	67
<u>Regulatory Approvals Required</u>	75
<u>Interests of NB&T Financial Directors and Officers in the Merger</u>	75

<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	78
<u>Accounting Treatment</u>	82
<u>Resale of Peoples Common Shares</u>	82
<u>Employee Matters</u>	82

Table of Contents

<u>THE MERGER AGREEMENT</u>	84
<u>The Merger and Subsidiary Bank Merger</u>	84
<u>Effective Time</u>	84
<u>Merger Consideration</u>	84
<u>Surrender of Certificates</u>	85
<u>NB&T Financial Stock Options</u>	85
<u>Indemnification and Directors and Officers and Company Liability Insurance</u>	85
<u>NASDAQ Stock Listing</u>	85
<u>Conditions to Consummation of the Merger</u>	86
<u>Representations and Warranties</u>	87
<u>NB&T Financial's Conduct of Business Pending the Merger</u>	89
<u>Sale of Subsidiary Title Company</u>	92
<u>Peoples' Conduct of Business Pending the Merger</u>	92
<u>Expenses of the Merger</u>	92
<u>Termination of the Merger Agreement</u>	92
<u>Voting Agreements</u>	93
<u>Acquisition Proposals and Termination Fee</u>	93
<u>Amendment</u>	94
<u>COMPARISON OF CERTAIN RIGHTS OF NB&T FINANCIAL AND PEOPLES SHAREHOLDERS</u>	95
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF NB&T FINANCIAL</u>	97
<u>EXPERTS</u>	99
<u>LEGAL MATTERS</u>	99
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	99
<u>Annexes:</u>	
ANNEX A Agreement and Plan of Merger	A-1
ANNEX B Dissenters' Rights Under Section 1701.85 of the Ohio General Corporation Law	B-1
ANNEX C Opinion of Keefe, Bruyette & Woods, Inc.	C-1
ANNEX D Opinion of Raymond James & Associates, Inc.	D-1

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS

The following are answers to certain questions that you may have regarding the special meetings. You are urged to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.

Q: Why am I receiving this joint proxy statement/prospectus?

A: You are receiving this joint proxy statement/prospectus because Peoples Bancorp Inc. (Peoples) and NB&T Financial Group, Inc. (NB&T Financial) have entered into an Agreement and Plan of Merger dated as of August 4, 2014 (the Merger Agreement), attached to this joint proxy statement/prospectus as Annex A, pursuant to which NB&T Financial will be merged with and into Peoples, with Peoples being the surviving entity (the Merger). Thereafter, at the time specified by Peoples Bank in its certificate of merger filed with the OCC, The National Bank and Trust Company, a national banking association and wholly-owned subsidiary of NB&T Financial (NBTC), will merge with and into Peoples Bank, National Association, a national banking association and wholly owned subsidiary of Peoples (Peoples Bank), with Peoples Bank being the surviving entity, which transaction is referred to as the subsidiary bank merger. The Merger Agreement must be adopted and approved by the holders of at least a majority of Peoples common shares outstanding and entitled to vote at the special meeting, and by a majority of the NB&T Financial common shares entitled to vote at the special meeting. This joint proxy statement/prospectus contains important information about the Merger and the special meetings of the shareholders of Peoples and NB&T Financial, and you should read it carefully. The enclosed voting materials allow you to vote your company's common shares without attending the special meeting.

Q: Why are Peoples and NB&T Financial proposing to merge?

A: NB&T Financial believes that the Merger is in the best interests of its shareholders and other constituencies because, among other reasons, the merger consideration will provide enhanced value and increased liquidity to NB&T Financial shareholders. Furthermore, as a result of the Merger, NB&T Financial will become part of a larger banking institution, improving its ability to compete with larger financial institutions and better serve its customers' needs while maintaining the community bank philosophy that both institutions currently share. To review NB&T Financial's reasons for the Merger in more detail, see *THE MERGER NB&T Financial's Reasons for the Merger* on page 52 of this joint proxy statement/prospectus.

Peoples believes that the Merger is in the best interests of its shareholders and will benefit Peoples and its shareholders by enabling Peoples to further expand into the markets currently served by NB&T Financial and strengthening the competitive position of the combined organization. Furthermore, Peoples believes its increased asset size after the Merger will create additional economies of scale and provide opportunities for asset and earnings growth in an extremely competitive banking environment. To review Peoples' reasons for the Merger in more detail, see *THE MERGER Peoples' Reasons for the Merger* on page 66 of this joint proxy statement/prospectus.

Q: What will NB&T Financial shareholders receive in the Merger?

A: Under the terms of the Merger Agreement, shareholders of NB&T Financial will be entitled to receive from Peoples, after the Merger is completed, merger consideration payable in the form of a combination of cash and Peoples common shares to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each NB&T Financial common share will be converted into the right to receive: (i) 0.9319 Peoples common shares, and (ii) \$7.75 in cash.

Peoples will not issue any fractional shares of common stock in connection with the Merger. Instead, each holder of NB&T Financial common shares who would otherwise be entitled to receive a fraction of a

Table of Contents

Peoples common share (after taking into account all shares of NB&T Financial common shares owned by such holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the Peoples fractional common share to which such holder would otherwise be entitled multiplied by the average closing sale price of a Peoples common share on the NASDAQ Global Select Market® for the 10 consecutive trading days immediately preceding the effective date of the Merger.

Q: Can I make an election to select the form of merger consideration I desire to receive?

A: No. Each NB&T Financial common share will be exchanged for the same combination of cash and Peoples common shares if the Merger closes.

Q: Does NB&T Financial anticipate paying any dividends prior to the effective date of the Merger?

A: Yes. Under the terms of the Merger Agreement, NB&T Financial is permitted to pay to its shareholders its usual and customary cash dividend of no greater than \$0.30 per share per quarter, with a dividend of such amount paid immediately prior to the effective date prorated for the portion of the quarter in which the effective date occurs. Subject to compliance with applicable law, NB&T Financial plans to pay such a dividend.

Q: When and where will the Peoples and NB&T Financial special meetings of shareholders take place?

A: The special meeting of Peoples shareholders will be held at: _____, local time, on _____, 2015, at the Lafayette Hotel, 101 Front Street, Marietta, Ohio 45750. The special meeting of shareholders of NB&T Financial will be held at _____, local time, on _____, 2015, at NB&T Financial's main office at 48 North South Street, Wilmington, Ohio 45177.

Q: What matters will be considered at the Peoples and NB&T Financial special meetings?

A: The shareholders of Peoples will be asked to (1) vote to adopt and approve the Merger Agreement; (2) vote to approve the issuance of up to 3,500,000 Peoples common shares to be issued in connection with the Merger, (3) vote to approve the adjournment of the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and (4) vote on any other business which properly comes before the special meeting.

The shareholders of NB&T Financial will be asked to (1) vote to adopt and approve the Merger Agreement; (2) vote to approve the advisory (non-binding) proposal on specified compensation, (3) vote to approve the adjournment of the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and (4) vote on any other business which properly comes before the special meeting.

Q: Is my vote needed to adopt and approve the Merger Agreement and to approve the other matters?

A: The adoption and approval of the Merger Agreement requires the affirmative vote of the holders of at least a majority of the Peoples common shares outstanding and entitled to vote, and by the holders of at least a majority of the NB&T Financial common shares outstanding and entitled to vote. The directors of NB&T Financial, who, collectively, beneficially own 443,571 NB&T Financial common shares, entered into a voting agreement with Peoples, pursuant to which they agreed, subject to certain terms and conditions, to vote all of their shares in favor of the adoption and approval of the Merger Agreement. The directors of Peoples did not enter into a similar voting agreement.

The special meetings may be adjourned, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement. The affirmative vote of the holders of a majority of the Peoples and NB&T Financial common shares represented, in person or proxy, at the respective special meeting is required to adjourn such special meeting. In addition, the affirmative vote of a majority of the NB&T Financial and Peoples common shares

Table of Contents

represented in person or by proxy at the respective special meeting and entitled to vote at the special meeting is required to approve the NB&T Financial advisory (non-binding) proposal on specified compensation and the Peoples proposal to issue up to 3,500,000 common shares in connection with the Merger, respectively.

Q: What will happen if NB&T Financial shareholders do not approve the NB&T Financial advisory (non-binding) proposal on specified compensation?

A: The SEC, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, adopted rules that require NB&T Financial to seek an advisory (non-binding) vote with respect to certain payments that will or may be made to NB&T Financial's named executive officers in connection with the Merger. The vote on the NB&T Financial advisory (non-binding) proposal on specified compensation is a vote separate and apart from the vote to approve the NB&T Financial Merger proposal. You may vote for the compensation proposal and against the NB&T Financial Merger proposal, or vice versa. Because the vote on the NB&T Financial advisory (non-binding) proposal on specified compensation is advisory only, it will not be binding on NB&T Financial or Peoples and will have no impact on whether the Merger is completed or on whether any contractually obligated payments are made to NB&T Financial's named executive officers.

Q: How do I vote?

A: If you were the record holder of a Peoples or NB&T Financial common share as of _____, 2014, or _____, 2014, respectively, you may vote in person by attending your company's special meeting or, to ensure that your common shares are represented at the special meeting, you may vote your shares by signing and returning your company's enclosed proxy card in the postage-paid envelope provided by each of Peoples and NB&T Financial.

If you hold your Peoples or NB&T Financial common shares in the name of a broker, bank or other nominee, please see the discussion below regarding shares held in street name.

Q: What will happen if I fail to vote or abstain from voting?

A: If you fail to return your proxy card or vote in person at the special meeting or if you mark **ABSTAIN** on your proxy card or ballot at the special meeting with respect to the proposal to adopt and approve the Merger Agreement or the Peoples proposal to approve the issuance of shares, it will have the same effect as a vote **AGAINST** the proposal.

If you mark **ABSTAIN** on your proxy card or ballot with respect to the NB&T Financial proposal to approve the specified compensation or the adjournment of your company's special meeting, if necessary, to solicit additional proxies, it will have the same effect as a vote **AGAINST** the proposal. The failure to return your proxy card or vote in person, however, will have no effect on the proposal to approve the specified compensation or on the proposal to adjourn your company's special meeting, if necessary, to solicit additional proxies.

Q: How do I vote if I own shares through the NB&T Financial ESOP?

A: If you participate in the NB&T Financial Employee Stock Ownership Plan (the ESOP), you will receive a vote authorization form for the plan that reflects all shares you may direct the trustee to vote on your behalf under the plan. Under the terms of the ESOP, the trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the NB&T Financial common shares allocated to his or her account. The trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated NB&T Financial common shares held by the ESOP, deemed allocated shares for which no voting instructions are received and shares for which ESOP participants have voted to abstain in the trustee's discretion.

Table of Contents

Q: How will my shares be voted if I return a blank proxy card?

A: If you sign, date and return your proxy card and do not indicate how you want your common shares to be voted, then your shares will be voted **FOR** the adoption and approval of the Merger Agreement and, if necessary, **FOR** the approval of the adjournment of the special meeting to solicit additional proxies.

Q: If my common shares are held in a stock brokerage account or by a bank or other nominee in street name, will my broker, bank or other nominee vote my shares for me?

A: No. You must provide your broker, bank or nominee (the record holder of your common shares) with instructions on how to vote your common shares. Please follow the voting instructions provided by your broker, bank or nominee. If you do not provide voting instructions to your broker, bank or nominee, then your common shares **will not** be voted by your broker, bank or nominee.

Assuming a quorum is present, if you are a Peoples or NB&T Financial shareholder and you do not instruct your broker, bank or other nominee on how to vote your shares,

your broker, bank or other nominee may not vote your shares on the proposal to approve the Merger, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker, bank or other nominee may not vote your shares on NB&T Financial's compensation proposal, Peoples proposal to issue common shares, or either company's adjournment proposal, which broker non-votes will have no effect on the vote count for either of such proposals.

Under the rules of the NASDAQ Stock Market, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NASDAQ determines to be non-routine without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the Peoples and NB&T Financial special meetings are such non-routine matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

Q: Can I change my vote after I have submitted my proxy?

A: Peoples shareholders may revoke a proxy at any time before a vote is taken at the special meeting by: (i) filing a written notice of revocation with Peoples' Corporate Secretary, at 138 Putnam Street, Marietta, Ohio 45750; (ii) executing and returning another proxy card with a later date; or (iii) attending the special meeting and giving notice of revocation in person.

NB&T Financial shareholders may revoke a proxy at any time before a vote is taken at the special meeting by: (i) filing a written notice of revocation with NB&T Financial's Corporate Secretary, at 48 North South Street, Wilmington, Ohio 45177; (ii) executing and returning another proxy card with a later date; or (iii) attending the

special meeting and giving notice of revocation in person.

Your attendance at the special meeting will not, by itself, revoke your proxy.

If you hold your common shares in street name and you have instructed your broker, bank or nominee to vote your common shares, you must follow directions received from your broker, bank or nominee to change your vote.

Q: If I do not favor the adoption and approval of the Merger Agreement, what are my dissenters rights?

A: If you are an NB&T Financial shareholder as of _____, 2014, the record date, and you do not vote your shares in favor of the adoption and approval of the Merger Agreement and you do not return an unmarked proxy card, you will have the right under Section 1701.85 of the Ohio General Corporation Law

Table of Contents

(OGCL) to demand the fair cash value for your NB&T Financial common shares. The right to make this demand is known as dissenters' rights. To exercise your dissenters' rights, you must deliver to NB&T Financial a written demand for payment of the fair cash value of your shares before the vote on the Merger is taken at the special shareholders' meeting. The demand for payment must include your address, the number and class of NB&T Financial common shares owned by you, and the amount you claim to be the fair cash value of the your NB&T Financial shares, and should be mailed to: NB&T Financial Group, Inc., Attention: Craig F. Fortin, 48 North South Street, Wilmington, Ohio 45177. NB&T Financial shareholders who wish to exercise their dissenters' rights must either: (i) vote against the Merger or not return the proxy card, and (ii) deliver written demand for payment prior to the NB&T Financial shareholder vote. For additional information regarding dissenters' rights, see *DISSENTERS' RIGHTS* on page 44 of this joint proxy statement/prospectus and the complete text of the applicable sections of the OGCL attached to this joint proxy statement/prospectus as Annex B. No holder of Peoples common shares is entitled to exercise any rights of a dissenting shareholder under the OGCL.

Q: When is the Merger expected to be completed?

A: We are working to complete the Merger as quickly as possible. We expect to complete the Merger in the first quarter of 2015, assuming shareholder approvals and all applicable governmental approvals have been received by that date and all other conditions precedent to the Merger have been satisfied or waived.

Q: Should NB&T Financial shareholders send in their stock certificates now?

A: No. Either at the time of closing or shortly after the Merger is completed, the Exchange Agent for the Merger will send you a letter of transmittal with instructions informing you how to send in your stock certificates to the Exchange Agent. You should use the letter of transmittal to exchange your NB&T Financial stock certificates for the merger consideration. Do not send in your stock certificates with your proxy form.

Q: What do I need to do now?

A: After carefully reviewing this joint proxy statement/prospectus, including its Annexes, please complete, sign and date the enclosed proxy card and return it in the enclosed postage-paid envelope as soon as possible. By submitting your proxy, you authorize the individuals named in your company's proxy to vote your common shares at your company's special meeting of shareholders in accordance with your instructions. ***Your vote is very important. Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions to ensure that your common shares will be voted at the special meeting.***

Q: Who can answer my questions?

A: If you have questions about the Merger or desire additional copies of this joint proxy statement/prospectus or additional proxy cards, please contact your company at the applicable address below:
Peoples Bancorp Inc.

Attention: Investor Relations

138 Putnam Street

Marietta, Ohio 45750

(740) 373-3155

NB&T Financial Group, Inc.

Attention: Craig F. Fortin

48 North South Street

Wilmington, Ohio 45177

(937) 382-1441

Table of Contents

SUMMARY

*This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. You should read carefully this entire document and its Annexes and all other documents to which this joint proxy statement/prospectus refers before you decide how to vote. In addition, we incorporate by reference important business and financial information about Peoples and NB&T Financial into this document. For a description of this information, see **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE** on page 99. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled **WHERE YOU CAN FIND MORE INFORMATION** in the forepart of this document. Each item in this summary includes a page reference, where applicable, directing you to a more complete description of that item.*

The Companies

Peoples Bancorp Inc.

Peoples Bancorp Inc.

138 Putnam Street

Marietta, Ohio 45750

Phone: (740) 373-3155

Peoples is a financial holding company registered under the Bank Holding Company Act of 1956, as amended, and was incorporated under the laws of the State of Ohio in 1980. Peoples offers diversified financial products and services through 55 financial service locations and 54 automated teller machines (ATM) in central, northeastern and southeastern Ohio, west central West Virginia and northeastern Kentucky through its financial service subsidiaries. Peoples operates principally through its wholly-owned subsidiary, Peoples Bank. Peoples' other wholly-owned subsidiary is Peoples Investment Company. Peoples Bank's operating subsidiaries include Peoples Insurance Agency, LLC (Peoples Insurance) and PBNA, L.L.C., an asset management company. Peoples Investment Company owns Peoples Capital Corporation.

On January 21, 2014, Peoples entered into an Agreement and Plan of Merger with Midwest Bancshares, Inc. (Midwest). Subsequently, on May 30, 2014, Peoples consummated the merger with Midwest in a stock and cash transaction valued at approximately \$12.6 million. Immediately following the merger of Midwest into Peoples, First National Bank of Wellston (First National), a wholly-owned subsidiary of Midwest, was merged into Peoples Bank. At that time, First National's two offices, located in Jackson and Wellston, Ohio, became offices of Peoples Bank.

On April 4, 2014, Peoples entered into an Agreement and Plan of Merger with Ohio Heritage Bancorp, Inc. (Ohio Heritage). Subsequently, on August 22, 2014, Peoples consummated the merger with Ohio Heritage in a stock and cash transaction valued at \$37.6 million. Immediately following the merger of Ohio Heritage into Peoples, Ohio Heritage Bank, a wholly-owned subsidiary of Ohio Heritage, merged into Peoples Bank, with Peoples Bank as the surviving entity. At that time, Ohio Heritage Bank's six offices, located in Coshocton, Mount Vernon, Heath, Newark and New Philadelphia, Ohio, became offices of Peoples Bank.

On April 21, 2014, Peoples and Peoples Bank entered into an Agreement and Plan of Merger with North Akron Savings Bank, a state-chartered savings bank (North Akron). Subsequently, on October 24, 2014, Peoples

consummated the merger with North Akron in a stock and cash transaction valued at \$20.1 million. At the time of the merger, North Akron merged into Peoples Bank, with Peoples Bank as the surviving entity. At that time, North Akron's four offices, located in Akron, Cuyahoga Falls, Munroe Falls and Norton, Ohio, became offices of Peoples Bank.

Table of Contents

On August 7, 2014, Peoples closed its private placement offering of shares of its common stock. The Company intends to use a portion of the net proceeds of approximately \$40 million to fund the NB&T Financial acquisition.

Peoples' primary business activities are conducted through Peoples Bank, a full-service community bank. Peoples Bank was first chartered as an Ohio banking corporation under the name The Peoples Banking and Trust Company in Marietta, Ohio, in 1902 and reorganized as a national banking association under its current name in 2000. Peoples Bank, as a national bank, is subject to regulation, examination and oversight by the Office of the Comptroller of the Currency (the OCC), the Board of Governors of the Federal Reserve System (the Federal Reserve) and the Consumer Financial Protection Bureau (the CFPB). Peoples Bank's products and services include traditional banking products, such as deposit accounts, lending products and trust services. Peoples Bank provides services through traditional branch offices, ATMs and telephone and internet-based banking. Brokerage services are offered exclusively through an unaffiliated registered broker-dealer located at Peoples Bank's offices. Peoples also makes available credit cards to consumers and businesses, as well as merchant credit card processing services, through joint marketing arrangements with third parties.

Peoples Insurance was first chartered in 1994 as an Ohio corporation under the name Northwest Territory Property and Casualty Insurance Agency, Inc. In late 1995, Peoples Insurance was awarded insurance agency powers in the State of Ohio, becoming the first insurance agency in Ohio to be affiliated with a financial institution. In 2009, Peoples Insurance was converted from an Ohio corporation to an Ohio limited liability company under its current name.

Peoples Investment Company, its subsidiary Peoples Capital Corporation, and PBNA, L.L.C. were formed to optimize Peoples' consolidated capital position and provide new investment opportunities as a means of enhancing profitability. These opportunities include, but are not limited to, investments in low-income housing tax credit funds or projects, venture capital and other higher risk investments that Peoples Bank is limited or restricted from participating in. Presently, the operations of these companies do not represent a material part of Peoples' overall business activities.

Through Peoples' financial services units noted above, Peoples makes a complete line of banking, investment, insurance and trust solutions available to its customers and clients. These products and services include the following:

various demand deposit accounts, savings accounts, money market accounts and certificates of deposit;

commercial, consumer and real estate mortgage loans (both commercial and residential) and lines of credit;

debit and ATM cards;

corporate and personal trust services;

safe deposit rental facilities;

money orders and cashier's checks;

full range of life, health and property and casualty insurance products; and

custom-tailored fiduciary and wealth management services.

At September 30, 2014, Peoples had total assets of approximately \$2.4 billion, total loans of approximately \$1.5 billion, total deposits of approximately \$1.8 billion, and total shareholders' equity of approximately \$319.3 million.

Peoples' common shares are traded on the NASDAQ Global Select Market[®] (sometimes referred to herein as, the NASDAQ) under the symbol PEBO . Peoples is subject to the reporting requirements under the

Table of Contents

Securities Exchange Act of 1934, as amended, and, therefore, files reports, proxy statements and other information with the SEC. Further important business and financial information about Peoples is incorporated by reference into this joint proxy statement/prospectus. See *INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE* on page 99 of this joint proxy statement/prospectus.

NB&T Financial Group, Inc.

NB&T Financial Group, Inc.

48 North South Street

Wilmington, Ohio 45177

Phone: (937) 382-1441

NB&T Financial is a financial holding company which owns all of the issued and outstanding common shares of NBTC. NBTC is engaged in the commercial banking business primarily in southwestern Ohio, providing a variety of consumer and commercial financial services. The primary business of NBTC consists of accepting deposits, through various consumer and commercial deposit products, and using such deposits to fund loans secured by residential and non-residential real estate, commercial and agricultural loans and consumer loans, including automobile loans. All of the foregoing deposit and lending services are available at each of NBTC's full-service offices. NBTC also has a trust department with assets under management of approximately \$263.2 million. NBTC also, through its wholly-owned subsidiary, NB&T Insurance Group, Inc., offers annuities and brokerage services to NBTC's customers. As of June 30, 2014, NBTC had 205 employees.

On December 31, 2009, Community National Corporation (CNC) merged into NB&T Financial and CNC's subsidiary, Community National Bank (CNB), located in Franklin, Ohio, merged into NBTC. The merger added approximately \$86 million to NB&T Financial's assets and \$76 million in deposits. CNB had five branches located in Warren, Montgomery and Butler counties in Ohio. NB&T Financial paid \$3.6 million in cash and issued 237,582 common shares of NB&T Financial in exchange for all of the outstanding common shares of CNC.

On March 19, 2010, NBTC assumed all the deposits and acquired certain assets and other liabilities of American National Bank in Parma, Ohio, from the Federal Deposit Insurance Corporation (the FDIC), pursuant to the terms of a purchase and assumption agreement. As part of the acquisition, NBTC and the FDIC entered into loss-sharing agreements that collectively covered approximately \$48.2 million of assets, consisting almost entirely of commercial real estate loans and commercial and industrial loans. In 2012, the FDIC and NBTC terminated the single-family loss-sharing agreement which covered approximately \$800,000 of remaining assets.

As a registered financial holding company under the Bank Holding Company Act, NB&T Financial is subject to regulation, examination and oversight by the Federal Reserve. NBTC, as a national bank, is subject to regulation, examination and oversight by the OCC, the Federal Reserve and the CFPB. NBTC is a member of the Federal Reserve Bank of Cleveland. In addition, since its deposits are insured by the FDIC, NBTC is also subject to some regulation, oversight and special examination by the FDIC. NBTC must file periodic financial reports with the FDIC, the OCC and the Federal Reserve Bank of Cleveland. Examinations are conducted periodically by these federal regulators to determine whether NBTC and NB&T Financial are in compliance with various regulatory requirements and are operating in a safe and sound manner.

Since its incorporation in 1980, NB&T Financial's activities have been limited primarily to holding the common shares of NBTC.

At September 30, 2014, NB&T Financial had total assets of approximately \$649.9 million, total loans of approximately \$401.2 million, total deposits of approximately \$557.2 million and total shareholders' equity of approximately \$71.2 million.

Table of Contents

NB&T Financial's common shares are traded on the NASDAQ Capital Market® (sometimes referred to herein as, the NASDAQ) under the symbol NBTF. NB&T Financial is subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, and, therefore, files reports, proxy statements and other information with the SEC. Further important business and financial information about NB&T Financial is incorporated by reference into this joint proxy statement/prospectus. See *INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE* on page 99 of this joint proxy statement/prospectus.

The Merger (page 45)

The Merger Agreement provides that, if all of the conditions are satisfied or waived, NB&T Financial will be merged with and into Peoples, with Peoples surviving. Thereafter, at a later time specified by Peoples Bank in its certificate of merger filed with the OCC, NBTC will be merged with and into Peoples Bank. The Merger Agreement is attached to this joint proxy statement/prospectus as Annex A and is incorporated in this joint proxy statement/prospectus by reference. *We encourage you to read the Merger Agreement carefully, as it is the legal document that governs the Merger.*

What NB&T Financial shareholders will receive in the Merger (page 84)

Under the terms of the Merger Agreement, shareholders of NB&T Financial will be entitled to receive from Peoples, after the Merger is completed, merger consideration payable in the form of a combination of cash and Peoples common shares to be calculated as set forth in the Merger Agreement. At the effective time of the Merger, each NB&T Financial common share will be converted into the right to receive: (i) 0.9319 Peoples common share, and (ii) \$7.75 in cash, subject to adjustment under certain circumstances set forth in the Merger Agreement. The Merger Agreement requires that the Merger consideration be adjusted if either: (i) the number of NB&T Financial common shares outstanding immediately prior to the effective time of the Merger exceeds the number of shares outstanding as of the date the Merger Agreement was signed, with certain exceptions for stock benefit plans, or (ii) Peoples changes the number of its common shares outstanding prior to the effective time of the Merger by way of a stock split, stock dividend, recapitalization or similar transaction with respect to the outstanding Peoples common shares, and the record date is prior to the effective time. Following the Merger, NB&T Financial shareholders will own approximately 18% of the outstanding Peoples common shares. Additionally, while NB&T Financial has historically paid a \$0.30 per share quarterly dividend, Peoples currently pays a \$0.15 per share quarterly dividend.

In addition, if, prior to the effective time of the Merger and during the time period specified in the Merger Agreement, both the market value of Peoples common shares and the NASDAQ Bank Index drop below certain pre-determined thresholds, NB&T Financial will have the right to terminate the Merger Agreement, unless Peoples increases the exchange ratio for the stock portion of the Merger consideration to an extent specified in the Merger Agreement.

Peoples will not issue any fractional shares of common stock in connection with the Merger. Instead, each holder of NB&T Financial common shares who would otherwise be entitled to receive a fraction of a Peoples common share (after taking into account all shares of NB&T Financial common shares owned by such holder at the effective time of the Merger) will receive cash, without interest, in an amount equal to the Peoples fractional common share to which such holder would otherwise be entitled multiplied by the average closing sale price of a Peoples common share on the NASDAQ for the 10 consecutive trading days immediately preceding the effective date of the Merger.

What holders of NB&T Financial Stock Options will receive (page 85)

Immediately prior to the effective time of the Merger, all rights with respect to NB&T Financial's common shares pursuant to NB&T Financial's stock option plans shall be cancelled in exchange for a cash payment equal

Table of Contents

to \$31.00 less the exercise price per share of such NB&T Financial stock option. The vesting of all unvested NB&T Financial stock options will be accelerated immediately prior to cancellation in exchange for the cash payment.

As of October 31, 2014, there were outstanding NB&T Financial stock options to purchase 242,050 shares, 202,038 of which were vested. Options to purchase 226,050 NB&T Financial common shares, or 93.4% of all outstanding option shares, are held by directors and executive officers of NB&T Financial, and options to purchase 16,000 shares, or 6.6%, are held by other individuals. The average exercise price of the outstanding NB&T Financial stock options is \$19.71. The aggregate cash payment to the holders of NB&T Financial stock options will be approximately \$2,731,914.

Exchange of NB&T Financial common shares (page 85)

Once the Merger is complete, Wells Fargo Shareowner Services, as exchange agent (the Exchange Agent), will mail you transmittal materials and instructions for exchanging your NB&T Financial stock certificates for Peoples common shares to be issued by book-entry transfer.

NB&T Financial special meeting of shareholders (page 34)

A special meeting of shareholders of NB&T Financial will be held at _____, local time, on _____, 2015, at NBTC's main office at 48 North South Street, Wilmington, Ohio 45177, for the purpose of considering and voting on the following matters:

a proposal to adopt and approve the Merger Agreement;

a proposal to approve, on an advisory basis, specified compensation that may be payable to the named executive officers of NB&T Financial in connection with the Merger;

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and

any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The NB&T Financial board of directors is presently unaware of any other business to be transacted at the special meeting.

You are entitled to vote at the special meeting if you owned NB&T Financial common shares as of the close of business on _____, 2014. As of _____, 2014, a total of NB&T Financial common shares were outstanding and eligible to be voted at the NB&T Financial special meeting. As of the same date, there were no NB&T Financial preferred shares outstanding or eligible to be voted at the NB&T Financial special meeting.

Peoples special meeting of shareholders (page 39)

A special meeting of shareholders of Peoples will be held at _____, local time, on _____, 2015, at the Lafayette Hotel, 101 Front Street, Marietta, Ohio 45750, for the purpose of considering and voting on the following

matters:

a proposal to adopt and approve the Merger Agreement;

a proposal to approve the issuance of up to 3,500,000 Peoples common shares to be issued in connection with the Merger;

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to adopt and approve the Merger Agreement; and

Table of Contents

any other business which properly comes before the special meeting or any adjournment or postponement of the special meeting. The Peoples board of directors is presently unaware of any other business to be transacted at the special meeting.

You are entitled to vote at the special meeting if you owned Peoples common shares as of the close of business on _____, 2014. As of _____, 2014, a total of _____ Peoples common shares were outstanding and eligible to be voted at the Peoples special meeting. As of the same date, there were no Peoples preferred shares outstanding or eligible to be voted at the Peoples special meeting.

Required vote (pages 34, 39)

The adoption and approval of the Merger Agreement by Peoples will require the affirmative vote of the holders of at least _____ Peoples common shares, which is a majority of the Peoples common shares outstanding and entitled to vote at the Peoples special meeting. A quorum, consisting of the holders of _____ of the outstanding Peoples common shares, must be present in person or by proxy at the Peoples special meeting before any action, other than the adjournment of the special meeting, can be taken. The affirmative vote of the holders of a majority of the Peoples common shares represented, in person or proxy, at the special meeting is required to adjourn the special meeting, if necessary, to solicit additional proxies.

The adoption and approval of the Merger Agreement by NB&T Financial will require the affirmative vote of the holders of at least 1,716,749 NB&T Financial common shares, which is a majority of the NB&T Financial common shares outstanding and entitled to vote at the NB&T Financial special meeting. A quorum, consisting of the holders of 1,716,749 of the outstanding NB&T Financial common shares, must be present in person or by proxy at the NB&T Financial special meeting before any action, other than the adjournment of the special meeting, can be taken. The affirmative vote of the holders of a majority of the NB&T Financial common shares represented, in person or proxy, at the special meeting is required to adjourn the special meeting, if necessary, to solicit additional proxies.

As of _____, 2014, directors of _____ Peoples owned an aggregate of Peoples common shares, an amount equal to approximately _____ % of the outstanding Peoples common shares. As of the same date, directors of NB&T Financial owned an aggregate of NB&T Financial common shares, an amount equal to approximately _____ % of the outstanding NB&T Financial common shares.

No beneficial owners of Peoples common shares have made a commitment to vote in favor of the adoption and approval of the Merger Agreement. The directors of NB&T Financial, who collectively have the power to vote approximately 12.9% of the outstanding NB&T Financial common shares, entered into a voting agreement with Peoples on August 4, 2014, pursuant to which they agreed, subject to certain terms and conditions, to vote all of their shares in favor of the adoption and approval of the Merger Agreement. Excluding such shares held by NB&T Financial directors, the adoption and approval of the Merger Agreement will require the affirmative vote of the holders of at least 1,273,178 NB&T Financial common shares, or 42.6% of the non-committed outstanding shares.

As of the date of this joint proxy statement/prospectus, Peoples and its directors, executive officers and affiliates beneficially owned no NB&T Financial common shares, and NB&T Financial and its directors, executive officers and affiliates beneficially owned no Peoples common shares. Peoples Bank acts as trustee for 555,898 Peoples common shares. NBTC acts as trustee for 460,584 NB&T Financial common shares, 299,132 of which are held as trustee for the ESOP. NBTC will not, though, cast any votes in connection with the Merger with respect to shares held in the ESOP. NBTC has appointed Bankers Trust Company of South Dakota (Bankers Trust) to serve as trustee of the ESOP in connection with the Merger. Each participant in the ESOP will have the right to instruct Bankers Trust how to cast the votes attributable to the participant's shares, and Bankers Trust will have the right to vote in its discretion any shares with respect to which a participant has not provided instruction.

Table of Contents

Recommendation to NB&T Financial shareholders (page 54)

The board of directors of NB&T Financial unanimously approved the Merger Agreement. The board of directors of NB&T Financial believes that the Merger is in the best interests of NB&T Financial and its shareholders, and, as a result, the directors unanimously recommend that NB&T Financial shareholders vote **FOR** the adoption and approval of the Merger Agreement and **FOR** the proposal to adjourn the special meeting, if necessary and appropriate, to solicit additional proxies.

In reaching this decision, the board of directors of NB&T Financial considered many factors, which are described in the section captioned *THE MERGER Background of the Merger* and *THE MERGER NB&T Financial's Reasons for the Merger* beginning on page 45 and page 52, respectively, of this joint proxy statement/prospectus.

Opinion of NB&T Financial's Financial Advisor (page 54)

In connection with the Merger, NB&T Financial's financial advisor, Keefe, Bruyette & Woods, Inc. (KBW), delivered a written opinion, dated August 4, 2014, to the NB&T Financial board of directors as to the fairness, from a financial point of view of the merger consideration in the Merger to be received by the holders of NB&T Financial common shares. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as Annex C to this document. **The opinion was for the information of, and was directed to, the NB&T Financial board (in its capacity as such) in connection with its consideration of the financial terms of the Merger. The opinion did not address the underlying business decision of NB&T Financial to engage in the Merger or enter into the Merger Agreement or constitute a recommendation to the NB&T Financial board in connection with the Merger, and it does not constitute a recommendation to any holder of NB&T Financial common shares or any shareholder of any other entity as to how to vote in connection with the Merger or any other matter.**

Recommendation to Peoples shareholders (page 67)

The board of directors of Peoples unanimously approved the Merger Agreement. The board of directors of Peoples believes that the Merger is in the best interests of Peoples and its shareholders, and, as a result, the directors unanimously recommend that Peoples shareholders vote **FOR** the adoption and approval of the Merger Agreement, **FOR** the approval of the issuance of up to 3,500,000 common shares in connection with the Merger, and **FOR** the proposal to adjourn the special meeting, if necessary and appropriate, to solicit additional proxies.

In reaching this decision, the board of directors of Peoples considered many factors which are described in the section captioned *THE MERGER Background of the Merger* and *THE MERGER Peoples Reasons for the Merger* beginning on page 45 and page 66, respectively, of this joint proxy statement/prospectus.

Opinion of Peoples' Financial Advisor (page 67)

At the July 24, 2014 meeting of Peoples' board of directors, Raymond James & Associates, Inc. (Raymond James) provided the board with a preliminary overview of certain valuation analyses performed as of the date of the meeting. Raymond James advised the board that its analyses were as of such date and based upon and subject to various qualifications and assumptions described in the meeting, including the outcome of preliminary due diligence and subject to further review of transaction terms and negotiation. At this meeting the board did not request and Raymond James did not provide an opinion. At the request of Peoples' board of directors on August 4, 2014, Raymond James rendered its opinion that, as of August 4, 2014, from a financial point of view, the merger consideration to be paid by Peoples pursuant to the Merger Agreement was fair, based upon and subject to the qualifications, assumptions and

other matters considered in connection with the preparation of its

Table of Contents

opinion. The full text of Raymond James's written opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this document as Annex D. **The opinion was provided for the information of Peoples' board of directors (solely in its capacity as such) in connection with, and for purposes of, its consideration of the Merger and the opinion only addressed whether the merger consideration to be paid by Peoples in the Merger pursuant to the Merger Agreement was fair, from a financial point of view, to Peoples. The opinion did not address any other term or aspect of the Merger Agreement or the Merger contemplated thereby. The opinion does not constitute a recommendation to the board or to any holder of Peoples common shares as to how the board, such shareholder or any other person should vote or otherwise act with respect to the Merger or any other matter.**

Material U.S. federal income tax consequences of the Merger (page 78)

Peoples and NB&T Financial intend that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and it is a condition to the obligation of NB&T Financial to complete the Merger that it receives a legal opinion to that effect. If treated as a reorganization, for U.S. federal income tax purposes (i) no gain or loss will be recognized by Peoples or NB&T Financial as a result of the Merger, (ii) NB&T Financial shareholders will recognize gain (but not loss) in an amount not to exceed any cash received in exchange for NB&T Financial common shares in the Merger (other than any cash received in lieu of a fractional Peoples common share, as discussed below under the section entitled *THE MERGER - Material U.S. Federal Income Tax Consequences of the Merger - Cash In Lieu of a Fractional Shares* beginning on page 81) and (iii) NB&T Financial shareholders who exercise dissenters' rights and receive solely cash in exchange for NB&T Financial common shares in the Merger will recognize gain or loss equal to the difference between the amount of cash received and their tax basis in their shares.

All NB&T Financial shareholders should read carefully the description under the section captioned *THE MERGER - Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 78 of this joint proxy statement/prospectus and should consult their own tax advisors concerning these matters. All NB&T Financial shareholders should consult their tax advisors as to the specific tax consequences of the Merger to them, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws.

Interests of directors and executive officers of NB&T Financial (page 75)

The directors and some of the executive officers of NB&T Financial have interests in the Merger that are different from, or in addition to, the interests of NB&T Financial shareholders generally. These include:

continued indemnification and continued insurance for directors and officers of NB&T Financial for events occurring before the Merger;

the potential for two NB&T Financial directors to serve on the board of directors of Peoples, upon Peoples election; and

upon the consummation of the Merger, lump sum payments to be paid to certain directors, executive officers and other key employees pursuant to employment and/or severance agreements.

Each of Peoples and NB&T Financial's board of directors was aware of these interests and considered them in approving the Merger Agreement. See *THE MERGER Interests of NB&T Financial Directors and Executive Officers in the Merger* beginning on page 75 of this joint proxy statement/prospectus.

Table of Contents

Dissenters' rights of NB&T Financial shareholders (page 44)

Under Ohio law, NB&T Financial shareholders who do not vote in favor of the adoption and approval of the Merger Agreement and deliver a written demand for payment for the fair cash value of their NB&T Financial common shares prior to the NB&T Financial special meeting, will be entitled, if and when the Merger is completed, to receive the fair cash value of their NB&T Financial common shares. The right to make this demand is known as dissenters' rights. NB&T Financial shareholders' right to receive the fair cash value of their NB&T Financial common shares, however, is contingent upon strict compliance with the procedures set forth in Section 1701.85 of the OGCL. An NB&T Financial shareholder's failure to vote against the adoption and approval of the Merger Agreement will not constitute a waiver of such shareholder's dissenters' rights, so long as such shareholder does not vote in favor of the Merger Agreement or return an unmarked proxy card.

For additional information regarding dissenters' rights, see *DISSENTERS' RIGHTS* on page 44 of this joint proxy statement/prospectus and the complete text of Section 1701.85 of the OGCL attached to this joint proxy statement/prospectus as Annex B. If NB&T Financial shareholders should have any questions regarding dissenters' rights, such shareholders should consult with their own legal advisers.

Certain differences in shareholder rights (page 95)

When the Merger is completed, NB&T Financial shareholders (other than those exercising dissenters' rights) will receive Peoples common shares and, therefore, will become Peoples shareholders. As Peoples shareholders, your rights will be governed by Peoples' Amended Articles of Incorporation and Regulations, as well as Ohio law. Notably, NB&T Financial shareholders will own less of the combined company and as such will have decreased voting power. Also, while NB&T Financial directors could only be removed for cause and upon the vote of a majority of the shareholders, a Peoples director may be removed with or without cause and only upon the vote of 75% of the shareholders. With respect to the vote to pass actions, certain actions not unanimously approved by the NB&T Financial board required an 80% shareholder vote to pass. As Peoples shareholders, certain actions that are voted against by three or more members of Peoples' board of directors will require the affirmative vote of 75% of shares entitled to vote. See *COMPARISON OF CERTAIN RIGHTS OF NB&T FINANCIAL AND PEOPLES SHAREHOLDERS* beginning on page 95 of this joint proxy statement/prospectus.

Regulatory approvals required for the Merger (page 75)

The Merger cannot be completed until Peoples receives necessary regulatory approvals, which include the approval of the Federal Reserve and the approval of the OCC. Peoples has submitted an application to the OCC for such approval and has received approval from the OCC. Peoples will also submit an application to the Federal Reserve.

Conditions to the Merger (page 86)

As more fully described in this joint proxy statement/prospectus and in the Merger Agreement, the completion of the Merger depends on the adoption and approval of the Merger Agreement by Peoples' and NB&T Financial's shareholders and receipt of the required regulatory approvals, in addition to satisfaction of, or where legally permissible, waiver of, other customary conditions. Although Peoples and NB&T Financial anticipate the closing of the Merger will occur in the first quarter of 2015, neither Peoples nor NB&T Financial can be certain when, or if, the conditions to the Merger will be satisfied or, where permissible, waived, or that the Merger will be completed. See *THE MERGER AGREEMENT Conditions to Consummation of the Merge* beginning on page 86 of this joint proxy statement/prospectus.

Termination of the Merger Agreement (page 92)

Peoples and NB&T Financial may mutually agree to terminate the Merger Agreement and abandon the Merger at any time before the Merger is effective, whether before or after shareholder approval, if the board of

Table of Contents

directors of each approves such termination by vote of a majority of the members of its entire board. In addition, either Peoples or NB&T Financial, acting alone, may terminate the Merger Agreement and abandon the Merger at any time before the Merger is effective under the following circumstances:

if any of the required regulatory approvals is denied;

if the Peoples or NB&T Financial shareholders do not adopt and approve the Merger Agreement at their respective special shareholder meetings;

if there is a material breach by the other party of any representation, warranty, covenant or agreement contained in the Merger Agreement that cannot be or has not been cured within 30 days of notice of the breach; or

if the Merger has not been consummated by March 31, 2015, unless the failure to complete the Merger by that date is due to the knowing action or inaction of the party seeking to terminate.

Peoples, acting alone, may terminate the Merger Agreement and abandon the Merger at any time before the Merger is effective upon written notice to NB&T Financial if the NB&T Financial board of directors:

accepts or agrees to accept a superior acquisition proposal;

fails to recommend to the NB&T Financial shareholders in this joint proxy statement/prospectus that they adopt the Merger Agreement;

changes NB&T Financial's recommendation to shareholders, including by publicly approving, endorsing or recommending, or publicly proposing to approve, endorse or recommend, any other acquisition proposal; or

fails to comply with its obligations under the Merger Agreement.

NB&T Financial, acting alone, may also terminate the Merger Agreement and abandon the Merger at any time before the Merger is effective upon written notice to Peoples:

if NB&T Financial intends to enter into an agreement relating to a superior acquisition proposal in accordance with the terms of the Merger Agreement; or

if, prior to the effective time of the Merger and during the time period specified in the Merger Agreement, both the market value of Peoples' common shares and the NASDAQ Bank Index drop below certain

pre-determined thresholds; subject, however, to Peoples' right to cure by providing notice to NB&T Financial that Peoples intends to proceed with the Merger by paying additional consideration.

Acquisition proposals and termination fee (page 93)

Because NB&T Financial has entered into the Merger Agreement, a binding legal agreement, if (a) Peoples terminates the Merger Agreement due to NB&T Financial's acceptance of another superior acquisition proposal, failure to recommend to the shareholders adoption of the Merger Agreement, or NB&T Financial's breach of the voting agreement or the Merger Agreement's prohibition on solicitation of other acquisition proposals, or (b) NB&T Financial terminates the Merger Agreement with the intention of entering into or accepting an alternate, superior proposal, then, in the case of either (a) or (b) above, NB&T Financial shall pay to Peoples a sum of \$4.368 million. See *THE MERGER AGREEMENT Acquisition Proposals and Termination Fee* beginning on page 93 of this joint proxy statement/prospectus.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR PEOPLES**

The following table summarizes financial results achieved by Peoples for the periods and at the dates indicated and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, Peoples' Consolidated Financial Statements and the notes to the Consolidated Financial Statements contained in reports that Peoples has previously filed with the SEC. Historical financial information for Peoples can be found in its Annual Report on Form 10-K for the fiscal year ended December 31, 2013. The information at and for the nine months ended September 30, 2014 and 2013 is unaudited. However, in the opinion of management of Peoples, all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of the results of operations for the unaudited periods have been made. The selected operating data presented below for the nine months ended September 30, 2014 and 2013 are not necessarily indicative of the results that may be expected for future periods. See *WHERE YOU CAN FIND MORE INFORMATION* in the forepart of this document for instructions on how to obtain the information that has been incorporated by reference. You should not assume the results of operations for past periods noted below indicate results for any future period.

The information below has been derived from Peoples' Consolidated Financial Statements.

	Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
<i>Dollars in thousands, except per share</i>							
Operating Data							
Total interest income	\$ 57,410	\$ 48,686	\$ 67,071	\$ 69,470	\$ 75,133	\$ 89,335	\$ 102,100
Total interest expense	7,950	8,880	11,686	14,995	21,154	29,433	40,260
Net interest income	49,460	39,806	55,385	54,475	53,979	59,902	61,840
Recovery of) provision for loan losses	211	(3,446)	(4,410)	(4,716)	7,998	26,916	25,720
Net impairment losses on investment securities						(1,786)	(7,700)
Net gain (loss) on investment securities and other transactions	(125)	413	334	(778)	(443)	(39)	1,340
Total non-interest income	29,750	28,287	37,220	34,971	32,944	31,634	32,050
FDIC insurance expense	878	754	1,036	1,002	1,867	2,470	3,440
Other expense	60,149	49,116	67,229	62,472	59,464	54,572	55,240
Deferred dividends (a)					1,343	2,052	1,870
Net income available to common shareholders	\$ 12,490	\$ 12,460	\$ 17,574	\$ 20,385	\$ 11,212	\$ 3,529	\$ 2,310
Balance Sheet Data							
Total investment securities	\$ 705,759	\$ 690,473	\$ 680,526	\$ 709,085	\$ 669,228	\$ 641,307	\$ 751,860
Loans, net of deferred fees and costs	1,503,351	1,057,165	1,196,234	985,172	938,506	960,718	1,052,050
Allowance for loan losses	17,556	16,902	17,065	17,811	23,717	26,766	27,250
Total intangible assets	99,269	71,417	77,603	68,525	64,475	64,870	65,590
Total assets	2,433,763	1,919,705	2,059,108	1,918,050	1,794,161	1,837,985	2,001,820
Non-interest-bearing deposits	500,330	356,767	409,891	317,071	239,837	215,069	198,000
Total retail interest-bearing deposits	1,321,618	1,031,479	1,121,826	1,119,633	1,047,189	1,059,066	1,095,460

Edgar Filing: PEOPLES BANCORP INC - Form S-4/A

Brokered certificates of deposits	39,671	49,620	49,041	55,599	64,054	87,465	102,420
Short-term borrowings	71,897	106,843	113,590	47,769	51,643	51,509	76,920
Long-term borrowings	157,454	124,146	121,826	128,823	142,312	157,703	246,110
Senior subordinated debentures held by subsidiary trust					22,600	22,565	22,530
Preferred stockholders equity ^(a)						38,645	38,540
Common stockholders equity	319,332	222,247	221,553	221,728	206,657	192,036	205,420
Intangible assets ^(b)	2,334,494	1,848,288	1,981,505	1,849,525	1,729,686	1,773,115	1,936,220
Intangible equity ^(b)	220,063	150,830	143,950	153,203	142,182	165,811	178,360
Intangible common equity ^(b)	\$ 220,063	\$ 150,830	\$ 143,950	\$ 153,203	\$ 142,182	\$ 127,166	\$ 139,820

Table of Contents

	Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
<i>Values in thousands, except per share</i>							
Common Share Data							
Earnings per common share basic	\$ 1.09	\$ 1.17	\$ 1.65	\$ 1.92	\$ 1.07	\$ 0.34	\$
Earnings per common share diluted	1.08	1.16	1.63	1.92	1.07	0.34	
Dividends declared per share	0.45	0.40	0.54	0.45	0.30	0.40	
Book value per share ^(c)	22.57	20.97	20.89	21.02	19.67	18.36	1
Carrying value per share ^{(b) (c)}	\$ 15.55	\$ 14.23	\$ 13.57	\$ 14.52	\$ 13.53	\$ 12.16	\$ 1
Weighted-average number of common shares outstanding basic	11,348,625	10,574,130	10,581,222	10,527,885	10,482,318	10,424,474	10,363,000
Weighted-average number of common shares outstanding diluted	11,464,020	10,664,999	10,679,417	10,528,286	10,482,318	10,431,990	10,374,000

The levels of the fair value hierarchy established by ASC 820 are as follows:

Level 1-Quoted prices in active markets for identical assets or liabilities

Level 2-Quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3-Inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The estimated fair values of the Company's financial instruments, other than derivatives, that are not measured at fair value on a recurring basis, categorized based upon the fair value hierarchy, are as follows:

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Fair Value	Level 1	Level 2
March 31, 2015:			
Cash ⁽¹⁾	\$ 595,331	\$595,331	\$-
8.125% notes due 2018	(300,270)	-	(300,270)
OBS Term Loan due 2019	(604,462)	-	(604,462)
OIN Term Loan due 2019	(632,238)	-	(632,238)
7.5% Election 1 notes due 2021	(5,747)	-	(5,747)
7.5% Election 2 notes due 2021	(131,426)	-	(131,426)
7.5% notes due 2024	(604)	-	(604)
December 31, 2014:			
Cash ⁽¹⁾	\$ 512,404	\$512,404	\$-
8.125% notes due 2018	(294,300)	-	(294,300)
OBS Term Loan due 2019	(589,863)	-	(589,863)
OIN Term Loan due 2019	(618,981)	-	(618,981)
7.5% Election 1 notes due 2021	(5,511)	-	(5,511)
7.5% Election 2 notes due 2021	(131,773)	-	(131,773)
7.5% notes due 2024	(626)	-	(626)

(1) Includes restricted cash of \$118,010 and \$123,178 at March 31, 2015 and December 31, 2014, respectively.

*Derivatives**Interest Rate Risk*

The Company uses interest rate caps and swaps for the management of interest rate risk exposure. The interest rate caps effectively convert a portion of the Company's debt from a floating to a fixed rate and were designated and qualified as cash flow hedges. At March 31, 2015, OBS and OIN were party to two separate interest rate cap agreements ("Interest Rate Cap") each with a start date of February 5, 2015 with major financial institutions covering notional amounts of \$375,000 and \$400,000, respectively, to limit the floating interest rate exposure associated with their respective term loans. The Interest Rate Cap agreements contain no leverage features. The OBS Interest Rate Cap has a cap rate of 2.5% through February 5, 2017, at which time the cap rate increases to 3.0% through the termination date of February 5, 2018. The OIN Interest Rate Cap has a cap rate of 2.5% through the termination date of February 5, 2017.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Tabular disclosure of derivatives location

Derivatives are recorded in the March 31, 2015 balance sheet on a net basis by counterparty when a legal right of offset exists. The following table presents information with respect to the fair values of derivatives reflected in the March 31, 2015 balance sheet on a gross basis by transaction.

	Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Amount	Balance Sheet Location	Amount
March 31, 2015				
Derivatives designated as hedging instruments:				
Interest rate caps:				
Long-term portion	Other assets	\$ 927	Other liabilities	\$ -
Total derivatives designated as hedging instruments		\$ 927		\$ -
December 31, 2014				
Derivatives designated as hedging instruments:				
Interest rate caps:				
Long-term portion	Other assets	\$2,115	Other liabilities	\$ -
Total derivatives designated as hedging instruments		\$2,115		\$ -

The Interest Rate Cap agreements had no effect on the consolidated statement of operations for the three month period ended March 31, 2015.

The effect of cash flow hedging relationships recognized in other comprehensive income/(loss) excluding amounts reclassified from accumulated other comprehensive income (effective portion), including hedges of equity method investees, for the three months period ended March 31, 2015 and March 31, 2014 follows:

Three Months Ended

	March 31,	
	2015	2014
Interest rate swaps	\$ (7,431)	\$ (6,843)
Interest rate caps	(1,187)	-
Total	\$ (8,618)	\$ (6,843)

See Note 8, “Equity Method Investments,” for additional information relating to derivatives held by the Company’s equity method investees and Note 13, “Accumulated Other Comprehensive Loss,” for disclosures relating to the impact of derivative instruments on accumulated other comprehensive loss.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fair Value Hierarchy

The following table presents the fair values, which are pre-tax, for assets and liabilities measured on a recurring basis (excluding investments in affiliated companies):

	Fair Value	Level 1	Level 2	
Assets at March 31, 2015:				
Derivative Assets (interest rate caps)	\$ 927	\$ -	\$ 927	(1)
Assets at December 31, 2014:				
Derivative Assets (interest rate caps)	\$ 2,115	\$ -	\$ 2,115	(1)

For interest rate caps, fair values are derived using valuation models that utilize the income valuation approach. (1) These valuation models take into account contract terms such as maturity, as well as other inputs such as interest rate yield curves and creditworthiness of the counterparty and the Company.

Note 11 — Taxes:

For the three months ended March 31, 2015 and 2014, the Company recorded an income tax provision of \$ 2,660 and \$ 1,329, respectively, which represents an effective tax rate of 6% and 10%, respectively.

As of March 31, 2015 and December 31, 2014, the Company had a reserve for uncertain tax positions of \$42,635 and \$34,520, respectively, after taking into consideration tax attributes, such as net operating loss carryforwards, and interest of \$672 and \$534, respectively. Taxes otherwise payable on current year taxable income earned by the Company's domestic subsidiaries are recorded as an unrecognized tax benefit based on the anticipated use of net operating loss carryforwards (recorded as a deferred tax asset) previously offset in full by unrecognized tax benefits. Such increase in unrecognized tax benefits is offset by a reduction in deferred tax liabilities.

The Company's application for a Pre-Filing Agreement with the IRS with respect to OSG's payments as guarantor made during 2014 has been accepted by the IRS and the examination of the Company's position by the IRS has commenced. As a result, the Company believes that it is reasonably possible that a decrease of up to \$179,151 in unrecognized tax benefits may occur within the next twelve months. Such decrease could result in an increase in the Company's deferred tax assets for net operating loss carryforwards or an increase in its tax basis in foreign subsidiaries.

Note 12 — Capital Stock and Stock Compensation:

Warrant Conversions

During the three months ended March 31, 2015, the Company issued 694,517 shares of Class B Common Stock as a result of the exercise of 695,945 Class B Warrants.

Page 24

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Stock Compensation

The Company accounts for stock compensation expense in accordance with the fair value based method required by ASC 718, *Compensation – Stock Compensation*. Such fair value based method requires share based payment transactions to be measured based on the fair value of the equity instruments issued.

Director Compensation - Restricted Common Stock

On March 3, 2015, Mr. John J. Ray, III resigned from the Board of Directors of Overseas Shipholding Group, Inc. Pursuant to a waiver letter agreement entered into by the Company and Mr. Ray in connection with his resignation, 32,282 shares of the 58,333 shares originally granted to Mr. Ray, relating to his period of service as a director, vested on March 3, 2015. The balance of his restricted stock awards (26,051 shares) was forfeited and cancelled. The incremental compensation expense recognized as a result of the difference between the grant date fair value of the vested shares and estimated fair value of the Company's Class A common stock on March 3, 2015 was approximately \$8.

Management Compensation - Restricted Stock Units and Stock Options

During the three months ended March 31, 2015, the Company entered into employment agreements with certain executive officers which provide for stock compensation grants comprised of a \$1,500 grant of time-based restricted stock units which vest over a three year period; and two grants aggregating \$4,000, one-third as stock options, one-third as time based restricted stock units and one-third as performance based restricted stock units, each subject to three year vesting. Also, during the three months ended March 31, 2015, the Company granted restricted stock units awards totaling \$2,040 to certain employees, each award subject to three years vesting. All of the aforementioned awards were made pursuant to Form of Grant Agreements which are conditioned upon shareholder approval of the Management Plan within 12 months of the grant date. Therefore, for book purposes, stock compensation will not be recorded, until the specified grant condition is satisfied.

There were no stock options, restricted common stock, restricted stock units or performance related grants under the 2004 Plan during the three months ended March 31, 2014.

Stock compensation expense related to awards of stock option grants, restricted stock units and restricted stock of \$357 and \$542 was recorded for the three months ended March 31, 2015 and 2014, respectively.

Page 25

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 13 — Accumulated Other Comprehensive Loss:

The components of accumulated other comprehensive loss, net of related taxes, in the consolidated balance sheets follow:

As of	March 31, 2015	December 31, 2014
Unrealized losses on derivative instruments, substantially entered into by the Company's equity method joint venture investees	\$ (65,123)	\$ (61,547)
Items not yet recognized as a component of net periodic benefit cost (pension and other postretirement plans)	(21,337)	(21,833)
	\$ (86,460)	\$ (83,380)

The changes in the balances of each component of accumulated other comprehensive loss, net of related taxes, during the three months ended March 31, 2015 and 2014 follow:

	Unrealized losses on cash flow hedges	Items not yet recognized as a component of net periodic benefit cost (pension and other postretirement plans)	Total
Balance as of December 31, 2014	\$ (61,547)	\$ (21,833)	\$ (83,380)
Current period change excluding amounts reclassified from other comprehensive income	(8,302)	496	(7,806)
Amounts reclassified from accumulated other comprehensive income	4,726	-	4,726
Total change in accumulated other comprehensive income	(3,576)	496	(3,080)
Balance as of March 31, 2015	\$ (65,123)	\$ (21,337)	\$ (86,460)
Balance as of December 31, 2013	\$ (59,263)	\$ (10,081)	\$ (69,344)

Current period change excluding amounts reclassified from other comprehensive income	(6,843)	(104)	(6,947)
Amounts reclassified from accumulated other comprehensive income	5,065		-		5,065	
Total change in accumulated other comprehensive income	(1,778)	(104)	(1,882)
Balance as of March 31, 2014	\$ (61,041)	\$ (10,185)	\$ (71,226))

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Amounts reclassified out of each component of accumulated other comprehensive loss follow:

Amounts Reclassified Out of Accumulated Other Comprehensive Income

Accumulated Other Comprehensive Loss Component	Three Months Ended March 31,		Statement of Operations Line Item
	2015	2014	
Unrealized losses on cash flow hedges:			
Interest rate swaps entered into by the Company's equity method joint venture investees	\$ (4,726)	\$ (5,065)	Equity in income of affiliated companies
	\$ (4,726)	\$ (5,065)	Total before and net of tax

See Note 8, "Equity Method Investments," for additional information relating to derivatives held by the Company's equity method investees and Note 10, "Fair Value of Financial Instruments, Derivatives and Fair Value," for additional disclosures relating to derivative instruments.

The income tax expense/(benefit) allocated to each component of other comprehensive loss follows:

	Unrealized gains/(losses) on cash flow hedges	Items not yet recognized as a component of net periodic benefit cost	net totals
For the three months ended March 31, 2015			
Current period change excluding amounts reclassified from accumulated other comprehensive loss	\$ 316	\$ -	\$ 316
Amounts reclassified from accumulated other comprehensive loss	-	-	-
Total change in accumulated other comprehensive loss	\$ 316	\$ -	\$ 316

For the three months ended March 31, 2014 the income tax expense/(benefit) allocated to each component of other comprehensive loss was de minimus.

Note 14 — Leases:

1. Charters-in:

As of March 31, 2015, the Company had commitments to charter-in 17 vessels. All of these charters-in are accounted for as operating leases, of which 13 are bareboat charters and four are time charters. Lease expense relating to charters-in is included in “charter hire expenses” on the condensed consolidated statements of operations. The future minimum commitments and related number of operating days under these operating leases are as follows:

Page 27

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Bareboat Charters-in at

<i>March 31, 2015</i>	Amount	Operating Days
2015	\$74,145	3,575
2016	99,038	4,758
2017	98,219	4,713
2018	93,200	3,929
2019	111,819	3,470
Thereafter	50,300	2,008
Net minimum lease payments	\$526,721	22,453

Time Charters-in at

<i>March 31, 2015</i>	Amount	Operating Days
2015	\$17,584	1,596
2016	1,004	73
Net minimum lease payments	\$18,588	1,669

The future minimum commitments for time charters-in excludes amounts with respect to vessels chartered-in where the duration of the charter was one year or less at the inception but includes amounts with respect to workboats employed in the International Crude Tankers Lightering business. Time charter-in commitments have been reduced to reflect estimated days that the vessels will not be available for employment due to drydock because the Company does not pay time charter hire when time chartered-in vessels are not available for its use. Certain of the bareboat charters-in provide for the payment of profit share to the owners of the vessels calculated in accordance with the respective charter agreements. Because such amounts and the periods impacted are not reasonably estimable they are not currently reflected in the table above. Certain of the charters in the above tables also provide the Company with renewal and purchase options.

2. Charters-out:

The future minimum revenues, before reduction for brokerage commissions, expected to be received on noncancelable time charters and certain contracts of affreightment (“COAs”) for which minimum annual revenues can be reasonably estimated and the related revenue days (revenue days represent calendar days, less days that vessels are not available for employment due to repairs, drydock or lay-up) are as follows:

At March 31, 2015	Amount	Revenue Days
-------------------	--------	--------------

2015	\$324,838	7,132
2016	283,393	5,194
2017	178,914	2,808
2018	123,156	1,699
2019	78,067	933
Thereafter	176,082	2,078
Future minimum revenues	\$1,164,450	19,844

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Future minimum revenues do not include (1) the Company's share of time charters entered into by the pools in which it participates, (2) the Company's share of time charters entered into by the joint ventures, which the Company accounts for under the equity method and (3) COAs for which minimum annual revenues cannot be reasonably estimated. Revenues from those COAs that are included in the table above of \$19,373 (2015), \$22,023 (2016), \$22,347 (2017), \$22,698 (2018), \$23,031 (2019) and \$6,356 (2020) are based on minimum annual volumes of cargo to be loaded during the contract periods at a fixed price and do not contemplate early termination of the COAs as provided in the agreements. Amounts that would be due to the Company in the event of the cancellation of the COA contracts have not been reflected in the table above. Revenues from a time charter are not generally received when a vessel is off-hire, including time required for normal periodic maintenance of the vessel. In arriving at the minimum future charter revenues, an estimated time off-hire to perform periodic maintenance on each vessel has been deducted, although there is no assurance that such estimate will be reflective of the actual off-hire in the future.

Note 15 — Pension and Other Postretirement Benefit Plans:

The net periodic benefit cost for the Company's domestic defined benefit pension (for which the benefits have been frozen) and postretirement health care and life insurance plans was not material during the three months ended March 31, 2015 and 2014.

The Company does not expect to make contributions to its domestic defined benefit pension plan in 2015 because any minimum contributions required for 2015 will be met from excess contributions made during 2014 as a result of the provisions of the Highway and Transportation Funding Act of 2014 enacted in August 2014.

Certain of the Company's foreign subsidiaries have or had pension plans that, in the aggregate, are not significant to the Company's consolidated financial position. The liabilities for such pension plans are included in other liabilities in the condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014. In August 2014, OSG provided a guarantee to the Trustees of the OSG Ship Management (UK) Ltd. Retirement Benefits Plan (the "Scheme"), which superseded entirely a guarantee previously entered into in November 2010, in respect to the obligations of OSG Ship Management (UK) Ltd., the principal employer of the Scheme, in the amount not to exceed GBP 4,896 (\$7,235 and \$7,601 at March 31, 2015 and December 31, 2014, respectively).

Note 16 – Severance Costs:

Severance related costs are recognized over the period commencing on the date on which the affected employees are notified and ending on the date when required services are completed.

Page 29

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Costs Associated with Exit or Disposal Activities

On January 13, 2014, the Company announced that certain subsidiaries of OSG that own or charter-in 33 International Flag vessels (which was subsequently increased to 46 vessels) intended to outsource certain management services, including, but not limited to, the technical management, certain aspects of commercial management and crew management to V. Ships UK Limited (“V.Ships”). Charges relating to employee transition and termination benefits and similar transition and termination costs (“Outsourcing RIF”) and set-up, wind down and transition costs (“Transition Costs”) are included separately in the condensed consolidated statement of operations. Management does not expect to incur any significant additional Outsourcing RIF costs in the remainder of 2015. Outsourcing RIF severance costs of \$17,020 were incurred for the year ended 2014, of which \$6,683 was incurred for the three months ended March 31, 2014 comprised of \$1,427 and \$2,716 relating to the International Crude Tankers and International Product Carriers business segments, respectively, with the balance relating to corporate offices. Transition Costs of \$194 incurred for the three months ended March 31, 2014 included \$90 and \$60 relating to the International Crude Tankers and International Product Carriers business segments, respectively, with the balance relating to corporate offices. Management does not expect to incur significant additional costs relating to the winding down of activities of its foreign office locations in 2015.

Activity relating to the reserves for the Outsourcing RIF for the three months ended March 31, 2015 and March 31, 2014 is summarized as follow:

Activity for the three months ended March 31,	2015	2014
Balance as of January 1,	\$1,159	\$-
Original estimate	-	6,334
Utilized	(693)	(289)
Balance at March 31,	\$466	\$6,045

The above table excludes related professional fees, which are expensed as incurred.

Note 17 — Contingencies:

The Company’s policy for recording legal costs related to contingencies is to expense such legal costs as incurred.

Class Action Lawsuits and Derivative Actions

The Company has fully and finally resolved all potential direct claims by members of the putative class of securities claimants through a settlement effectuated through the Equity Plan, which became effective on August 5, 2014. Under the terms of that settlement, the Equity Plan provides for full satisfaction of the claims of the putative class through (i) \$7,000 in cash, which was paid on August 5, 2014, (ii) 15% of the net litigation recovery in the action against Proskauer, described below, (iii) \$5,000 in cash, payable following the entry of a final order resolving the Proskauer action, (iv) \$3,000 in cash, payable by the reorganized Company on August 5, 2015, (v) proceeds of any residual interest the Company has in certain director and officer insurance policies, and (vi) any remaining cash in the class E1 disputed claims reserve established by the Equity Plan following resolution of all other class E1 claims. The settlement proceeds will be held in escrow pending allocations and distributions to members of the putative class to be determined by the district court overseeing the Exchange Act claims.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The settled claims stem from the Company's filing of a Form 8-K on October 22, 2012 disclosing that on October 19, 2012 the Audit Committee of the Board of Directors of the Company, on the recommendation of management, concluded that the Company's previously issued financial statements for at least the three years ended December 31, 2011 and associated interim periods, and for the fiscal quarters ended March 31, 2012 and June 30, 2012, should no longer be relied upon. Shortly thereafter several putative class action suits were filed in the United States District Court for the Southern District of New York (the "Southern District") against the Company, its then President and Chief Executive Officer, its then Chief Financial Officer, its then current and certain former members of its Board of Directors, its current independent registered public accounting firm, and underwriters of the Company's public offering of notes in March 2010 (the "Offering"). The Company's former independent registered public accounting firm was later added as a defendant. Subsequent to the Company's filing for relief under Chapter 11, these suits were consolidated and the plaintiffs filed an amended complaint that does not name the Company as a defendant. The consolidated suit is purportedly on behalf of purchasers of Company securities between March 1, 2010 and October 19, 2012 and purchasers of notes in the Offering. The plaintiffs allege that documents that the Company filed with the SEC were defective, inaccurate and misleading, that the plaintiffs relied on such documents in purchasing the Company's securities, and that, as a result, the plaintiffs suffered losses. The plaintiffs assert claims under the Securities Act against all defendants and claims under the Securities Exchange Act of 1934 (the "Exchange Act") against the then former President and former Chief Financial Officer of the Company. Following additional amendments on plaintiffs' Exchange Act claims and motion to dismiss briefing, on April 28, 2014, the Southern District denied the motion to dismiss the Exchange Act claims filed by the then former President and former Chief Financial Officer on the third amended complaint. On July 2, 2014, the Southern District issued a scheduling order provided that discovery would be completed by July 22, 2015. On October 20, 2014, the plaintiffs moved for leave to file another amended complaint alleging claims under the Exchange Act against the Company's current and former independent registered public accounting firms, and on November 28, 2014, the Southern District denied the plaintiffs' motion. On February 17, 2015, the Company's former independent registered public accounting firm requested that the Southern District strike the class allegations in the active complaint as they relate to that firm. On March 2, 2015, the Southern District stayed all depositions to allow the Company's former independent registered public accounting firm to move for summary judgment or judgment on the pleadings. On March 18, 2015, our former independent registered public accounting firm moved for summary judgment. On April 14, 2015, the Southern District stayed all discovery related to merits experts pending the resolution of that motion. Briefing of that motion is now complete.

The plaintiffs in the Southern District action filed a proof of claim against the Company in the Bankruptcy Court. Pursuant to a settlement with such plaintiffs and the putative class on whose behalf their claim is filed, their direct claims against the Company are fully and finally resolved based on the Equity Plan treatment described above. Separately, certain of the defendants in the Southern District have filed claims in the Bankruptcy Court against the Company for indemnification or reimbursement based on potential losses incurred in connection with such action. Certain of those indemnification claims, asserted by former directors of the Company, have been released pursuant to the Equity Plan. In addition, the indemnification claims asserted by the Company's former underwriters have been capped at no more than \$1,500, pursuant to orders of the Bankruptcy Court. All claims of the defendants in the Southern District against the Company are subordinated pursuant to Section 510(b) of the Bankruptcy Code and are classified in Class E1. Under the Equity Plan, subordinated claims against the Company are limited to recoveries from

a segregated reserve of \$2,000 to be funded by the Company pursuant to the Equity Plan. The Equity Plan and related confirmation order do not permit any recoveries by the defendants beyond this \$2,000 cap. Any amounts remaining following full and complete satisfaction of all Class E1 claims, including claims of defendants in the Southern District, will be distributed to members of the putative class pursuant to the terms of the settlement described above. The Equity Plan and confirmation order foreclose the defendants in the Southern District from pursuing any other or further remedies against the Company.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As such, management estimates the amount of its exposure with respect to the actions pending before the Southern District described above at between zero and \$2,000.

Proskauer Action

On February 23, 2014, Proskauer and four of its partners filed an action in the Supreme Court of the State of New York, County of New York (the “Supreme Court”) against the then Senior Vice President, General Counsel and Secretary and the former Chief Financial Officer alleging that the defendants engaged in tortious and fraudulent conduct that caused significant harm to the plaintiffs and the Company. The plaintiffs alleged that the defendants made false representations and thereby deceived and misled Proskauer into providing legal advice to the Company, which was the subject of the Company’s malpractice suit against Proskauer and four of its partners filed on November 18, 2013 in the Bankruptcy Court. On May 1, 2014, the defendants in the action filed by Proskauer and four of its partners filed motions to dismiss the action. On June 9, 2014, the plaintiffs filed an amended complaint that included certain additional factual allegations and an additional claim against the former Chief Financial Officer of the Company. On July 18, 2014, the defendants filed motions to dismiss the plaintiffs’ amended complaint. On January 15, 2015, the Supreme Court dismissed the plaintiffs’ amended complaint against the defendants. On March 2, 2015, the plaintiffs appealed the Supreme Court’s decision to the Appellate Division of the Supreme Court, First Department. On February 21, 2014, the Bankruptcy Court declined to hear the Company’s malpractice claims against Proskauer and four of its partners that were filed on November 18, 2013 under the doctrine of permissive abstention, and on March 11, 2014, the Company re-filed its malpractice claims against such defendants in the Supreme Court. On April 11, 2014, Proskauer and four of its partners filed a motion to dismiss the malpractice action, and on September 10, 2014, the Supreme Court denied the motion to dismiss the legal malpractice for breach of duty of care claim but granted the motion to dismiss the legal malpractice for breach of duty of loyalty claim as subsumed within the duty of care claim. Proskauer and four of its partners appealed this decision to the Appellate Division of the Supreme Court, First Department and on February 11, 2015 the appellate court heard oral argument on the appeal. A ruling on the appeal is pending. In addition, on December 3, 2014, the Company filed a motion with the Supreme Court for partial summary judgment on whether the “joint and several” liability provisions of certain of the Company’s prior loan agreements, which are the focus of the malpractice action, are unambiguous as a matter of law. That motion is fully briefed, and a court hearing on this motion is scheduled for June 11, 2015.

On May 15, 2014, the Supreme Court issued a scheduling order for discovery in the Company’s malpractice action against Proskauer. Discovery has now commenced. Under the terms of the scheduling order, all discovery will be completed by September 30, 2015.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEC Investigation

On November 13, 2012, the Company received from the staff of the SEC's Division of Enforcement (the "Staff") a request for documents relating to the statements in the Company's October 22, 2012 Form 8-K. On January 29, 2013, the SEC issued a formal order of private investigation of the Company. The Company has provided documents to the SEC and intends to continue to cooperate fully with the SEC's investigation.

The Equity Plan provides for funding for potential liabilities that the SEC may assert in connection with its proof of claim (the "SEC Claim") to the extent that the SEC Claim is allowed. The SEC filed the SEC Claim in respect of contingent and unliquidated amounts that the SEC may assert against the Company as a result of the outcome of its investigation of the Company and certain of its advisors. Pursuant to the Equity Plan, the Debtors will fund a cash reserve of up to \$5,000 to satisfy any liabilities on account of the SEC Claim, solely to the extent and upon the entry of a final order of the Bankruptcy Court providing that the SEC Claim or any portion thereof is allowed. The SEC and the Debtors have agreed that there is no inference, assertion, concession, admission, determination or conclusion that should be drawn from the establishment of the reserve, as the SEC's investigation of the Company, its advisors and individuals inside and outside of the Company is ongoing, and the SEC will make a determination of whether there were securities laws violations only at the conclusion of its investigation. The SEC has reached no such conclusion, and the Staff sought a reserve solely in recognition of the fact that the SEC had not completed its investigation prior to the Equity Plan's confirmation.

Environmental Incident

On July 16, 2013 the Company received notification through its compliance reporting system that possible pollution violations from one of its Marshall Islands-flagged vessels had occurred. The report alleged that there had been improper discharges of bilge holding tank contents directly overboard and not, as required by Company policies and law, through the installed Oily Water Separator or to shore side reception facilities.

On July 26, 2013, after conducting a preliminary investigation, the Company informed the Marshall Islands Maritime Administration (the "Flag State") of potential violations of law and the Flag State commenced an investigation. The Company has cooperated with the Flag State preliminary investigation. On July 31, 2013, the Company voluntarily disclosed to the U.S. Coast Guard and the U.S. Department of Justice the results of the Company's and the Flag State's preliminary investigations, including possible improper discharges from the vessel's bilge holding tank and apparent

false entries in, or apparent omission of required entries from, the vessel's Oil Record Book Part I while the vessel was in U.S. waters. On June 4, 2014 the U.S. Coast Guard accepted the Company's self-reporting of this matter under the Coast Guard's voluntary disclosure policy. Under such policy, the Coast Guard will not recommend to the U.S. Department of Justice or other prosecuting authority that criminal charges be brought against the Company arising from this matter. The Company is cooperating with the Department of Justice in its investigation resulting from the voluntary disclosures. Any liabilities for potential fines or penalties that may be imposed in connection with this matter cannot be estimated at this time.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Legal Proceedings Arising in the Ordinary Course of Business

The Company is a party, as plaintiff or defendant, to various suits in the ordinary course of business for monetary relief arising principally from personal injuries (including without limitation exposure to asbestos and other toxic materials), wrongful death, collision or other casualty and to claims arising under charter parties. A substantial majority of such personal injury, wrongful death, collision or other casualty claims against the Company are covered by insurance (subject to deductibles not material in amount). Each of the claims involves an amount which, in the opinion of management, should not be material to the Company's financial position, results of operations and cash flows.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward looking statements. Such forward-looking statements represent the Company's reasonable expectation with respect to future events or circumstances based on various factors and are subject to various risks and uncertainties and assumptions relating to the Company's operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. Undue reliance should not be placed on any forward-looking statements and consideration should be given to the following factors when reviewing such statement. Such factors include, but are not limited to:

- the highly cyclical nature of OSG's industry;
- fluctuations in the market value of vessels;
- declines in charter rates, including spot charter rates or other market deterioration;
- an increase in the supply of vessels without a commensurate increase in demand;
- the adequacy of OSG's insurance to cover its losses;
- constraints on capital availability;
- changing economic, political and governmental conditions in the United States and/or abroad and general conditions in the oil and natural gas industry;
- changes in fuel prices;
- acts of piracy on ocean-going vessels;
- terrorist attacks and international hostilities and instability;
- the effect of the Company's indebtedness on its ability to finance operations, pursue desirable business operations and successfully run its business in the future;
- the Company's ability to generate sufficient cash to service its indebtedness and to comply with debt covenants;
- the Company's ability to make additional capital expenditures to expand the number of vessels in its fleet and to maintain all its vessels;
- the availability and cost of third party service providers for technical and commercial management of the Company's International Flag fleet;
- fluctuations in the contributions of the Company's joint ventures to its profits and losses;
- the Company's ability to renew its time charters when they expire or to enter into new time charters;
- termination or change in the nature of OSG's relationship with any of the Commercial Pools in which it participates;
- competition within the Company's industry and OSG's ability to compete effectively for charters with companies with greater resources;
- the Company's ability to realize benefits from its past acquisitions or acquisitions it may make in the future;
- changes in demand in specialized markets in which the Company currently trades;

· increasing operating costs and capital expenses as the Company's vessels age, including increases due to limited shipbuilder warranties or the consolidation of suppliers;

- refusal of certain customers to use vessels of a certain age;
- the Company's ability to replace its operating leases on favorable terms, or at all;

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

changes in credit risk with respect to the Company's counterparties on contracts;
the failure of contract counterparties to meet their obligations;
the Company's ability to attract, retain and motivate key employees;
work stoppages or other labor disruptions by the unionized employees of OSG or other companies in related industries;
unexpected drydock costs;
the potential for technological innovation to reduce the value of the Company's vessels and charter income derived therefrom;
the impact of an interruption in or failure of the Company's information technology and communication systems upon the Company's ability to operate;
seasonal variations in OSG's revenues;

the Company's compliance with 46 U.S.C. sections 50501 and 55101 (commonly known as the "Jones Act") limitations on U.S coastwise trade, the waiver, modification or repeal of the Jones Act limitations or changes in international trade agreements;

government requisition of the Company's vessels during a period of war or emergency;
the Company's compliance with requirements imposed by the U.S. government restricting calls on ports located in countries subject to sanctions and embargoes;
the Company's compliance with complex laws, regulations and in particular, environmental laws and regulations, including those relating to the emission of greenhouse gases;
delays and costs overruns in construction projects;
any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 or other applicable regulations relating to bribery;

the impact of litigation, government inquiries and investigations;
governmental claims against the Company;
the arrest of OSG's vessels by maritime claimants;

the potential for audit or material adjustment by the IRS of certain tax benefits recognized by the Company;
the Company's ability to use its net operating loss carryforwards;

the shipping income of OSG's foreign subsidiaries becoming subject to current taxation in the United States; and
changes in laws, treaties or regulations;

The Company assumes no obligation to update or revise any forward looking statements. Forward looking statements in this Quarterly Report on Form 10-Q and written and oral forward looking statements attributable to the Company or its representatives after the date of this Quarterly Report on Form 10-Q are qualified in their entirety by the cautionary statement contained in this paragraph and in other reports hereafter filed by the Company with the Securities and Exchange Commission.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

General:

We are a leading provider of ocean transportation services for crude oil and refined petroleum products, and the only major tanker company to operate in both the U.S. Flag and International Flag fleet markets. We operate our vessels in two strategic business units: we serve the U.S. Flag market through our subsidiary OBS and the International Flag market through our subsidiary OIN. Our U.S. Flag business operates as a single reportable segment. Our International Flag business includes two reportable segments: International Crude Tankers and International Product Carriers.

As of March 31, 2015, we owned or operated a fleet of 80 vessels aggregating 7.5 million dwt and 864,800 cbm, including 17 vessels that have been chartered-in under operating leases. Our 24-vessel U.S. Flag fleet includes tankers and ATBs, of which 22 operate under the Jones Act and two operate internationally in the U.S. Maritime Security Program. Our 56-vessel International Flag fleet includes ULCC, VLCC, Aframax and Panamax crude tankers and LR1, LR2 and MR product carriers, as well as the FSO and LNG joint venture vessels (the “JV Vessels”). Revenues from our U.S. Flag fleet and JV Vessels are derived predominantly from time charter agreements which, within a contract period, provide a more predictable level of revenues. Revenues from our International Flag fleet (other than the JV Vessels) are derived predominantly from spot market voyage charters and those vessels are predominantly employed in the spot market via market-leading commercial pools. Revenues from our International Flag fleet constituted 50% and 53% of our total TCE revenues during the three months ended March 31, 2015 and 2014, respectively. Revenues from our U.S. Flag segment constituted 50% and 47% of our total TCE revenues during the three months ended March 31, 2015 and 2014, respectively.

All dollar amounts are in thousands, except daily dollar amounts and per share amounts.

Our Emergence from Bankruptcy

We emerged from Bankruptcy on August 5, 2014. During the period from November 14, 2012 through August 4, 2014, we conducted our business in the ordinary course as debtors-in-possession under the protection of the Bankruptcy Court. Pursuant to the Equity Plan, all claims allowed by the Bankruptcy Court (other than subordinated claims) are either reinstated or paid in full in cash plus interest for the period from November 14, 2012 through the Effective Date, at either the contractual rate as provided by statute, or, at the rate of 2.98%, as set forth in the Equity Plan.

As part of an overall strategy to position the Company to successfully emerge from Chapter 11 with a smaller, more concentrated fleet without the need for costly systems, multiple offices and the associated expenses, we embarked on an organizational restructuring process over the past 24-months that notably involved (i) rejecting 25 executory contracts relating to above-market charter agreements (17 of the vessels were redelivered and 8 were renegotiated), (ii) exiting our full service International Crude Tankers Lightering business to focus only on ship-to-ship Lightering services, (iii) outsourcing the technical and commercial management of our International Flag conventional tanker fleet and (iv) deleveraging our balance sheet by using a combination of cash on hand and proceeds from two exit financing facilities and an equity offering to pay down \$2,131,290 of our pre-petition debt obligations of \$2,577,290 (gross of original issue discount). As of March 31, 2015 our total debt (including the Exit Financing Facilities) was \$1,665,612. We believe these actions have positioned us to compete more effectively in the markets in which we operate.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

The following is a discussion and analysis of the Company's financial condition as of March 31, 2015 and results of operations for the three month periods ended March 31, 2015 and 2014. You should consider the foregoing when reviewing the condensed consolidated financial statements and this discussion and analysis. You should read this section together with the condensed consolidated financial statements, including the notes thereto. This Quarterly Report on Form 10-Q includes industry data and forecasts that we have prepared based, in part, on information obtained from industry publications and surveys. Third-party industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. In addition, certain statements regarding our market position in this report are based on information derived from the Company's market studies and research reports. Unless we state otherwise, statements about the Company's relative competitive position in this report are based on our management's beliefs, internal studies and management's knowledge of industry trends.

Operations and Oil Tanker Markets:

The Company's revenues are highly sensitive to patterns of supply and demand for vessels of the size and design configurations owned and operated by the Company and the trades in which those vessels operate. Rates for the transportation of crude oil and refined petroleum products from which the Company earns a substantial majority of its revenues are determined by market forces such as the supply and demand for oil, the distance that cargoes must be transported, and the number of vessels expected to be available at the time such cargoes need to be transported. The demand for oil shipments is significantly affected by the state of the global economy, levels of U.S. domestic production and OPEC exports. The number of vessels is affected by newbuilding deliveries and by the removal of existing vessels from service, principally because of storage, scrappings or conversions. The Company's revenues are also affected by the mix of charters between spot (voyage charter) and long-term (time or bareboat charter). Because shipping revenues and voyage expenses are significantly affected by the mix between voyage charters and time charters, the Company manages its vessels based on TCE revenues. Management makes economic decisions based on anticipated TCE rates and evaluates financial performance based on TCE rates achieved.

The International Energy Agency ("IEA") estimates global oil consumption for the first quarter at 92.7 million barrels per day ("b/d"), an increase of 1.0 million b/d, or 1.1%, over the same quarter in 2014. The increase was mainly caused by higher demand in non-OECD areas. The estimate for global oil consumption for all of 2015 is 93.5 million b/d, an increase of 1.1% compared with 2014. OECD demand in 2015 is estimated to be flat, remaining at around 45.6 million b/d.

Global oil production in the first quarter of 2015 reached 94.0 million b/d, an increase of 2.1 million b/d over the first quarter of 2014. OPEC crude oil production (excluding natural gas liquids and non-conventional oils) continued their higher production levels, averaging 30.3 million b/d in the first quarter of 2015, an increase from 29.9 million b/d in the first quarter of 2014, although unchanged from the fourth quarter of 2014. Non-OPEC production growth, largely

driven by the United States, increased by 1.5 million b/d in the first quarter of 2015 compared with the first quarter of 2014 to reach 57.2 million b/d. Oil production in the United States in the first quarter of 2015 reached 12.6 million b/d, an increase of 1.5 million b/d over the first quarter of 2014.

U.S. refinery throughput decreased by about 0.1 million b/d in the first quarter compared with the comparable quarter in 2014. Crude oil imports, however, decreased by about 0.4 million b/d as local production growth more than offset the change in crude runs. Imports from OPEC countries were reduced by 0.9 million b/d, mainly due to reductions of imports from Venezuela, West Africa and Saudi Arabia. Chinese imports of crude oil increased by 7.5% from the first quarter of 2014 to the first quarter of 2015, reaching 6.5 million b/d. This has had a continued positive impact on VLCC rates in 2015.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

During the first quarter of 2015, the tanker fleet of vessels over 10,000 deadweight tons (“dwt”) increased by 3.4 million dwt primarily comprised of Handysize (1.2 million dwt increase), Aframax (1.0 million dwt increase), VLCCs (0.7 million dwt increase) and Suezmaxes (0.6 million dwt increase).

Year over year, the total tanker orderbook at March 31, 2015 gained 5.3 million dwt attributable primarily to increases for Suezmaxes with smaller increases in the VLCC and Panamax orderbooks. The MR orderbook decreased by 3.6 million dwt as ships under construction are being delivered with few new orders.

VLCC freight rates continued their upward trend in the first quarter of 2015, driven by higher Chinese imports, lower bunker prices, as well as a general tightness of tonnage availability. The other crude segments followed the VLCC lead with improved rates throughout the first quarter. MR earnings also continued their upward trend.

TCE rates for prompt Jones Act Product Carriers and large Articulated Tug Barges (“ATBs”) averaged \$90,700 and \$61,900 per day, respectively, during the first quarter of 2015, representing a decrease of 4% and an increase of 2%, respectively, for each class of vessel compared with the first quarter of 2014. These are estimated rates as there was little spot-market activity in the first quarter of 2015 because nearly all vessels were committed to time charters in the U.S. Flag coastwise trades. Spot voyages only occurred when time-charter customers relet their vessels for the occasional voyage or Delaware Bay lightering vessels were employed when underutilized in the lightering service. The slight softening in rates in the first quarter of 2015 compared with the same quarter of 2014 for Jones Act Product Carriers reflects the uncertainty created by the sharp drop in crude oil prices (and what that might mean to domestic crude oil production) in the fourth quarter of 2014. The charter rates for ATBs were also negatively affected by the uncertainty created by falling crude oil prices, but the impact was more than offset by the benefit resulting from the decrease in fuel costs.

The average monthly rate of production from the Eagle Ford formation increased by approximately 419,000 b/d in March 2015 compared with March 2014. Eagle Ford oil is transported through pipeline infrastructure to Corpus Christi where it is loaded on Jones Act vessels for transportation to refineries in Texas, Louisiana and Mississippi and the Philadelphia area.

As of March 31, 2015, the industry’s entire Jones Act fleet of Product Carriers and large ATBs (defined as vessels having carrying capacities of between 140,000 barrels and 350,000 barrels, which excludes numerous tank barges below 140,000 barrel capacity and 10 much larger tankers dedicated exclusively to the Alaskan crude oil trade) consisted of 73 vessels. There were no newbuild deliveries or vessels scrapped during the first quarter of 2015. In addition to the 73 vessels mentioned above, there are two late-1970s-built Alaskan crude tankers (Kodiak and Sierra)

that were sold by Exxon to competitors who were expected to redeploy them into the lower 48 coastwise trade. The Kodiak, renamed the Eagle Ford, has been redeployed into the Eagle Ford crude trade. Exxon is expected to deliver the Sierra in the second quarter of 2015 at which time it is expected to join the Eagle Ford trade.

Page 39

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

The industry's firm Jones Act orderbook as of March 31, 2015, with deliveries scheduled between the second quarter of 2015 and the third quarter of 2017 consisted of 24 vessels (14 Product Carriers and ten large ATBs). Options for an additional two Product Carriers and four ATBs remain open.

Delaware Bay lightering volumes averaged 72,000 b/d in the first quarter of 2015 compared with 96,000 b/d in the first quarter of 2014. The decrease resulted from Delaware Bay refineries sourcing increased amounts of crude oil from North American sources via rail and U.S. Flag vessels at the expense of crude imports. Our lightering ATBs have offset reduced lightering demand by occasionally carrying crude from the U.S. Gulf Coast to refineries in the Philadelphia area.

Update on Critical Accounting Policies:

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S., which require the Company to make estimates in the application of its accounting policies based on the best assumptions, judgments and opinions of management. For a description of all of the Company's material accounting policies, see Note 3, "Summary of Significant Accounting Policies," to the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K for 2014. There have been no changes in the Company's evaluation of its critical accounting policies since December 31, 2014.

RESULTS FROM VESSEL OPERATIONS

During the first quarter of 2015, results from vessel operations improved by \$30,502 to income of \$65,132 from income of \$34,630 in the first quarter of 2014. This increase reflects the impact of a significant decrease in charter hire expense, a growth in TCE revenues, and lower non-bankruptcy related general and administrative expenses and severance costs. Such impacts were partially offset by a quarter-over-quarter increase in vessel expenses.

The decrease in charter hire expense in the first quarter of 2015 compared with the first quarter of 2014 was principally the result of the redeliveries of ten vessels (eight Aframaxes, one Suezmax and one MR) at the expiry of their short-term time charters in 2014.

Also contributing to the improvement in results from vessel operations was an increase in TCE revenues in the current quarter of \$7,089, or 3%, to \$221,642 from \$214,553 in the first quarter of 2014 due to (i) a strengthening of rates in all of the International Flag sectors, most notably in the VLCC and Handysize Product Carrier fleets and (ii) a continued robust Jones Act market benefitting the U.S. Flag segment. These positive factors were partially offset by a 1,432 day decrease in revenue days, which reflects the vessel redeliveries discussed above, the Company's exit from the full service International Flag Lightering business upon the expiry of its Lightering contracts in September 2014, and the sale of two VLCCs and one Panamax in December 2014.

The increase in vessel expenses resulted primarily from (i) reactivation costs incurred in conjunction with the Company's ULCC being taken out of lay-up in the current quarter, (ii) incremental costs relating to redelivery of one of the Company's Panamaxes that had previously been bareboat chartered-out, and (iii) technical management fees paid to V.Ships. As discussed in further detail in Note 16, "Severance Costs," the Company began transferring management of 46 of its International Flag conventional tankers to V.Ships in March 2014 and completed the 46 vessel transfers by September of 2014. Three of the transferred vessels were subsequently sold during the fourth quarter of 2014. With the reactivation of the ULCC and Panamax bareboat charter out redelivery, there were 45 vessels under V.Ships' technical management as of March 31, 2015. Vessel operating expenses in the first quarter of 2015 included approximately \$1,600 in technical management fees, compared with approximately \$100 in the first quarter for 2014. These increases in vessel expenses are more than offset by a decrease in general and administrative expenses.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

See Note 6, “Business and Segment Reporting,” to the condensed consolidated financial statements for additional information on the Company’s segments, including equity in income of affiliated companies and reconciliations of (i) time charter equivalent revenues to shipping revenues and (ii) income/(loss) from vessel operations for the segments to income before income taxes and reorganization items, as reported in the condensed consolidated statements of operations. Information with respect to the Company’s proportionate share of revenue days for vessels operating in companies accounted for using the equity method is shown below in the discussion of “Equity in Income of Affiliated Companies.”

International Crude Tankers

	Three Months Ended March 31,	
	2015	2014
TCE revenues	\$ 66,821	\$ 82,921
Vessel expenses	(20,836)	(21,414)
Charter hire expenses	(1,549)	(14,176)
Depreciation and amortization	(12,445)	(14,260)
Income from vessel operations ^(a)	\$ 31,991	\$ 33,071
Average daily TCE rate	\$ 33,868	\$ 24,228
Average number of owned vessels ^(b)	24.0	28.9
Average number of vessels chartered-in under operating leases	-	10.7
Number of revenue days ^(c)	1,973	3,421
Number of ship-operating days: ^(d)		
Owned vessels	2,160	2,600
Vessels bareboat chartered-in under operating leases	-	90
Vessels time chartered-in under operating leases	-	682
Vessels spot chartered-in under operating leases	-	191

(a) Income from vessel operations by segment is before general and administrative expenses, technical management transition costs, severance and relocation costs and gain/(loss) on disposal of vessels.

(b) The average is calculated to reflect the addition and disposal of vessels during the period.

(c) Revenue days represent ship-operating days less days that vessels were not available for employment due to repairs, drydock or lay-up. Revenue days are weighted to reflect the Company’s interest in chartered-in vessels.

(d) Ship-operating days represent calendar days.

The following table provides a breakdown of TCE rates achieved for the three months ended March 31, 2015 and 2014, between spot and fixed earnings and the related revenue days. The information in these tables is based, in part,

on information provided by the pools or commercial joint ventures in which the segment's vessels participate.

Page 41

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

Three months ended March 31,	2015		2014	
	Spot Earnings	Fixed Earnings	Spot Earnings	Fixed Earnings
VLCCs: *				
Average rate	\$49,280	\$-	\$32,024	\$16,748
Revenue days	648	-	892	10
Suezmaxes:				
Average rate	\$-	\$-	\$15,603	\$-
Revenue days	-	-	38	-
Aframaxes: **				
Average rate	\$30,932	\$-	\$26,927	\$-
Revenue days	620	-	1,108	-
Panamaxes:				
Average rate	\$27,695	\$14,007	\$26,664	\$11,870
Revenue days	348	354	359	427

The 2014 average rates reported in the above tables represent VLCCs under 15 years of age. The Company did not operate any VLCCs aged 15 years and older in the first quarter of 2015. The average spot TCE rates earned by

* Company's VLCCs on an overall basis during the three months ended March 31, 2014 was \$30,421.

The 2015 average rates reported for Aframaxes exclude TCE revenues from the Company's International Flag

**Lightering service only business. The average rates and related days previously reported in 2014 have been adjusted to exclude the Company's International Flag Lightering business for comparative purposes.

During the first quarter of 2015, TCE revenues for the International Crude Tankers segment decreased by \$16,100, or 19%, to \$66,821 from \$82,921 in the first quarter of 2014. This decrease in TCE revenues resulted from a 1,448 day decrease in revenue days. The decrease in revenue days reflects a reduction in the International Crude Tankers Lightering fleet associated with the Company's exit from the full service International Flag Lightering business upon the expiry of its Lightering contracts in September 2014. Such reduction included the sale of two 1994-built Aframaxes that had been utilized in the International Flag Lightering business, one in March 2014, and a second in September 2014. Also contributing to the decrease in revenue days were 538 fewer chartered-in days in the Aframax fleet, as well as the Company's sale of a 1996-built VLCC, a 1997-built VLCC and a 2004-built Panamax in December 2014. Partially offsetting the decline in revenue days was a strengthening in average daily rates across all fleets in the segment, with the increased rates in the VLCC sector being especially significant. The Company's ULCC commenced an 11-month time charter for storage in April 2015.

Vessel expenses decreased by \$578 to \$20,836 in the first quarter of 2015 from \$21,414 in the first quarter of 2014. The change in vessel expenses is primarily due to a 530 day decrease in owned and bareboat chartered-in vessels resulting from the fleet changes noted above, offset by an increase in average daily vessel expenses of \$1,522. The

increased average daily vessel expenses were driven by reactivation costs incurred for the ULCC associated with its removal from lay-up, higher drydock deviation fuel costs and technical management fees paid to V.Ships. Charter hire expenses decreased by \$12,627 to \$1,549 in the first quarter of 2015 from \$14,176 in the first quarter of 2014, resulting from a decrease of 963 chartered-in days in the current period, driven by the return of vessels discussed above. The only vessels in the segment chartered-in by the Company during the first quarter of 2015 were workboats employed by the International Flag Lightering business. Depreciation expense decreased by \$1,815 to \$12,445 in the current quarter from \$14,260 in the first quarter of 2014, reflecting the 2014 vessel sales noted above.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

International Product Carriers

	Three Months Ended March 31,	
	2015	2014
TCE revenues	\$ 43,517	\$ 31,239
Vessel expenses	(14,467)	(12,890)
Charter hire expenses	(7,797)	(8,948)
Depreciation and amortization	(6,977)	(6,411)
Income from vessel operations	\$ 14,276	\$ 2,990
Average daily TCE rate	\$ 18,300	\$ 13,327
Average number of owned vessels	19.0	18.0
Average number of vessels chartered-in under operating leases	7.9	9.0
Number of revenue days	2,378	2,344
Number of ship-operating days:		
Owned vessels	1,710	1,620
Vessels bareboat chartered-in under operating leases	270	270
Vessels time chartered-in under operating leases	437	540

The following table provides a breakdown of TCE rates achieved for the three months ended March 31, 2015 and 2014 between spot and fixed earnings and the related revenue days. The information is based, in part, on information provided by the pools or commercial joint ventures in which certain of the segment's vessels participate.

Three months ended March 31,	2015		2014	
	Spot Earnings	Fixed Earnings	Spot Earnings	Fixed Earnings
Aframax Product Carriers:				
Average rate	\$26,755	\$-	\$-	\$-
Revenue days	90	-	-	-
Panamax Product Carriers:				
Average rate	\$29,741	\$15,732	\$34,926	\$13,346
Revenue days	90	270	105	255
Handysize Product Carriers:				
Average rate	\$18,846	\$9,816	\$12,646	\$10,047
Revenue days	1,761	167	1,766	218

During the first quarter of 2015, TCE revenues for the International Product Carrier segment increased by \$12,278, or 39%, to \$43,517 from \$31,239 in the first quarter of 2014. This increase in TCE revenues resulted primarily from significant period-over-period increases in average daily spot rates earned by the Handysize Product Carrier fleet. Also contributing to the increased TCE revenues was the delivery of a newbuild LR2 in July 2014.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

Vessel expenses for the International Product Carrier segment increased by \$1,577 to \$14,467 in the first quarter of 2015 from \$12,890 in the first quarter of 2014. The increase reflects the LR2 newbuild delivery noted above along with increased average daily vessel expenses of \$493 per day, which related to higher crew and repair costs and V.Ships technical management fees. Charter hire expenses decreased by \$1,151 to \$7,797 in the first quarter of 2015 from \$8,948 in the first quarter of 2014 reflecting 103 fewer chartered-in days in the Handysize Product Carrier fleet, as vessels were returned to their owners at the expiry of their charters. Depreciation and amortization increased by \$566 to \$6,977 in the first quarter of 2015 from \$6,411 in the first quarter of 2014, principally due to the LR2 delivery discussed above.

U.S. Flag

	Three Months Ended March 31,	
	2015	2014
TCE revenues	\$ 111,212	\$ 100,432
Vessel expenses	(33,907)	(32,388)
Charter hire expenses	(22,552)	(22,358)
Depreciation and amortization	(17,226)	(16,779)
Income from vessel operations	\$ 37,527	\$ 28,907
Average daily TCE rate	\$ 53,659	\$ 48,077
Average number of owned vessels	14.0	14.0
Average number of vessels chartered in under operating leases	10.0	10.0
Number of revenue days	2,073	2,089
Number of ship-operating days:		
Owned vessels	1,260	1,260
Vessels bareboat chartered-in under operating leases	900	900

The following table provides a breakdown of TCE rates achieved for the three months ended March 31, 2015 and 2014 between spot and fixed earnings and the related revenue days.

Three months ended March 31,	2015		2014	
	Spot Earnings	Fixed Earnings	Spot Earnings	Fixed Earnings
Jones Act Handysize Product Carriers:				
Average rate	\$-	\$64,777	\$-	\$57,589
Revenue days	-	1,070	-	1,018
Non-Jones Act Handysize Product Carriers:				
Average rate	\$28,103	\$-	\$29,470	\$-
Revenue days	164	-	180	-
ATBs:				
Average rate	\$-	\$38,429	\$-	\$34,540

Revenue days	-	690	-	712
Lightering:				
Average rate	\$71,390	\$-	\$65,751	\$-
Revenue days	149	-	179	-

Page 44

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

During the first quarter of 2015, TCE revenues for the U.S. Flag segment increased by \$10,780, or 11%, to \$111,212 from \$100,432 in the first quarter of 2014. This increase reflects the continued strength of the Jones Act market, which allowed the Company's Jones Act Handysize Product Carriers and ATBs to achieve higher rates upon the expiry of their prior time charters.

U.S. Flag vessel expenses increased by \$1,519 to \$33,907 in the first quarter of 2015 from \$32,388 in the first quarter of 2014, due to an increase in average daily vessel expenses of \$703 per day, which resulted primarily from higher crew costs.

Two reflagged U.S. Flag Product Carriers participate in the U.S. Maritime Security Program, which ensures that militarily useful U.S. Flag vessels are available to the U.S. Department of Defense in the event of war or national emergency. Each of the vessel owning companies receives an annual subsidy, subject in each case to annual congressional appropriations, which is intended to offset the increased cost incurred by such vessels from operating under the U.S. Flag. The Company is scheduled to receive \$3.1 million per year for each vessel from 2015 through 2018, \$3.5 million from 2019 through 2021, and \$3.7 million from 2022 through 2025.

General and Administrative Expenses

During the first quarter of 2015, general and administrative expenses decreased by \$5,143 to \$19,282 from \$24,425 in the first quarter of 2014 principally due to the following:

- a decrease of \$6,483 in employee compensation and benefits relating to (i) the outsourcing of the technical management and certain aspects of commercial management and crew management of the International Flag fleet, and (ii) costs recognized in 2014 related to retention bonus programs put into place as a result of the Company's Bankruptcy filing. This net decrease in employee compensation and benefits also reflects current period costs totaling \$640 relating to a new retention bonus plan approved by the Board of Directors in December 2014. Awards under the retention bonus plan will be paid in a lump sum following completion the of the retention period in December 2016; and

- a decrease in rent and facility related expenses and travel and entertainment totaling \$783.

These decreases were partially offset by higher accounting and audit related fees of \$651 and legal and consulting fees of \$1,733 incurred in the period subsequent to the Company's emergence from bankruptcy.

Beginning in the second quarter of 2015, general and administrative expenses are expected to increase by approximately \$600 per quarter as a result of additional compensation and benefit expenses incurred for new hires. Also as discussed in Note 12, "*Capital Stock and Stock Compensation*", during the quarter ended March 31, 2015, the Company made awards of restricted stock units and stock options under the 2014 Management Plan, which are subject to shareholder approval in June 2015. Accordingly compensation expense will not be recognized until such specified grant condition is satisfied. Compensation expense related to these grants expected to be recognized in 2015 subsequent to the shareholders meeting will be approximately \$1,700.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

Equity in Income of Affiliated Companies:

During the first quarter of 2015, equity in income of affiliated companies increased by \$3,918 to \$12,412 from \$8,494 in the first quarter of 2014. The quarter-over-quarter increase was principally attributable to a \$3,687 increase in equity in income from the LNG joint venture. The increase of the LNG joint venture results was primarily driven by a 40 day reduction in offhire days during the quarter ended March 31, 2015 compared with 40 offhire days during the quarter ended March 31, 2014 for repairs to one of the LNG joint venture's vessels that was involved in a collision in late December 2013. Also contributing to the improvement in the LNG joint venture results was a \$2,200 reimbursement received from the joint venture's charterer for increased costs incurred by the joint venture related to maintaining an inventory of ship spare parts.

Additionally, the Company has a 37.5% interest in ATC, a company that operates U.S. Flag tankers to transport Alaskan crude oil for BP. ATC earns additional income (in the form of incentive hire paid by BP) based on meeting certain predetermined performance standards. Such income is included in the U.S. Flag segment.

The following table summarizes OSG's proportionate share of the revenue days for the respective vessels held in its vessel owning equity method investments, excluding ATC. Revenue days are adjusted for OSG's percentage ownership in order to state the revenue days on a basis comparable to that of a wholly-owned vessel. The ownership percentages reflected below are the Company's actual ownership percentages as March 31, 2015 and 2014.

Three months ended March 31,	2015		2014		
	Revenue Days	% of Ownership	Revenue Days	% of Ownership	
LNG Carriers operating on long-term charters	180	49.9	% 160	49.9	%
FSOs operating on long-term charter	90	50.0	% 90	50.0	%
Total	270		250		

Interest Expense:

Interest expense was \$28,569 in the first quarter of 2015 compared with \$123 in the first quarter of 2014. Interest expense for the first quarter of 2015 reflects interest expense of \$8,830 and \$19,703 associated with the Company's reinstated Unsecured Senior Notes and the Exit Financing Facilities, respectively. Because interest on the Company's

secured and unsecured debt subsequent to the Petition Date was not expected to be an allowed claim, the Company ceased accruing interest on such debt as of the Petition Date. The interest expense for the first quarter of 2014 of \$123 relates to mortgage insurance premiums which are classified as interest expense.

Income Tax Provision:

For the three months ended March 31, 2015 and 2014, the Company recorded an income tax provision of \$ 2,660 and \$ 1,329, respectively, which represents an effective tax rate of 6% and 10%, respectively. The decrease in the effective tax rate for the 2015 period was substantially due to a change in the mix of U.S. versus foreign income, offset in part by a decrease in nondeductible reorganization costs. The foreign income is primarily attributable to operations of companies domiciled in the Marshall Islands, which are not subject to income tax.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

The Company's application for a Pre-Filing Agreement with the IRS with respect to OSG's payments as guarantor made during 2014 has been accepted and the examination of the Company's position by the IRS has commenced. The Company anticipates the resolution of this matter by December 31, 2015 and, as such, the amount of unrecognized tax benefits associated with the position may change significantly. If the IRS accepts the Company's position, we would record deferred tax assets related to the tax effect of an increase in net operating loss carryforwards of up to \$438,363 and a decrease in its tax basis in foreign subsidiaries of up to \$477,835, both depending on the final determination by the IRS of the allowed amount of payments as guarantor. In addition, OSG anticipates filing a refund claim for the carryback of 2014 net operating losses, which may result in an IRS examination of the 2012 and 2013 tax years.

EBITDA and Adjusted EBITDA:

EBITDA represents net income before interest expense, income taxes and depreciation and amortization expense. Adjusted EBITDA consists of EBITDA adjusted for the impact of certain items that we do not consider indicative of our ongoing operating performance. EBITDA and Adjusted EBITDA are presented to provide investors with meaningful additional information that management uses to monitor ongoing operating results and evaluate trends over comparative periods. EBITDA and Adjusted EBITDA do not represent, and should not be a substitute for, net income or cash flows from operations determined in accordance with GAAP. EBITDA and Adjusted EBITDA have limitations as analytical tools, and should not be considered them in isolation, or as a substitute for analysis of our results reported under GAAP. Some of the limitations are:

· EBITDA and Adjusted EBITDA do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

· EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; and

· EBITDA and Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt.

While EBITDA and Adjusted EBITDA are frequently used as a measure of operating results and performance, neither of them is necessarily comparable to other similarly titled captions of other companies due to differences in methods of calculation.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

The following table reconciles net income, as reflected in the condensed consolidated statements of operations, to EBITDA and Adjusted EBITDA:

	Three Months Ended March 31,	
	2015	2014
Net income	\$ 42,901	\$ 12,550
Income tax provision	2,660	1,329
Interest expense	28,569	123
Depreciation and amortization	37,119	37,945
EBITDA	111,249	51,947
Technical management transition costs	40	194
Severance and relocation costs	5	6,683
Gain on disposal of vessels and other property	(1,073)	(1,477)
Reorganization items, net	3,487	29,256
Adjusted EBITDA	\$ 113,708	\$ 86,603

Liquidity and Sources of Capital:

Working capital at March 31, 2015 was approximately \$613,000 compared with \$598,000 at December 31, 2014. Current assets are highly liquid, consisting principally of cash, interest-bearing deposits and receivables. The positive working capital position at March 31, 2015 and December 31, 2014 reflects the Company's emergence from bankruptcy with sufficient cash to settle allowed claims and fund ongoing working capital needs.

As of March 31, 2015, we had \$477,321 of cash and cash equivalents and \$118,010 of restricted cash. Management has designated cash reserves of \$40,011 as of March 31, 2015 to be utilized within the next twelve months for the settlement of certain unsecured claims, including disputed unsecured claims, and other bankruptcy related costs related to the Company's recent emergence from bankruptcy. Such restricted cash reserves will be subject to adjustment based upon the settlement of claims and other bankruptcy related costs and changes in estimates of future funding requirements. Additionally, restricted cash as of March 31, 2015 includes approximately \$77,999 of legally restricted cash relating to the OIN Term Loan. The OIN Term Loan stipulates that if annual aggregate cash proceeds of OIN asset sales exceed \$5,000, cash proceeds from each such sale are required to be reinvested in vessels within twelve months of such sale (principally by the end of 2015) or be used to prepay the principal balance outstanding of the OIN Term Loan. It is management's intent to reinvest the proceeds from the post emergence sales of certain International Flag vessels and other property through acquisitions of vessel assets during 2015 as part of the overall business strategy of modernizing the Company's fleet.

Approximately 54% of cash on hand, including restricted cash, at March 31, 2015 is held by the Company's foreign subsidiaries.

Page 48

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

Our current sources of funds are operating cash flows, proceeds from issuances of equity securities, additional borrowings as permitted under the Exit Financing Facilities and proceeds from the opportunistic sales of our vessels. In the past we have also obtained funds from the issuance of long-term debt securities. We or our subsidiaries may in the future complete similar transactions consistent with achieving the objectives of our business plan. Our current uses of funds are to fund working capital requirements, maintain the quality of our vessels, comply with U.S. and international shipping standards and environmental laws and regulations, and repay our outstanding loan facilities. The OBS Term Loan and OIN Facilities require, beginning with the annual period commencing January 1, 2015, that Excess Cash Flow (as that term is defined in the respective term loan agreements) be used to make mandatory prepayments of outstanding loans. To the extent permitted under the terms of the OBS Term Loan and OIN Financing Facilities we may also use cash generated by operations to finance capital expenditures to modernize and grow our fleet. Our ability to pay cash dividends is restricted under both the OBS Term Loan and OIN Facilities. We do not currently intend to resume the payment of cash dividends on our common stock in the foreseeable future. Future cash dividends, if any, will be at the discretion of the Board of Directors and will depend upon, among other things, our future operations and earnings, capital requirements, general financial condition, contractual restrictions and such other factors as our Board of Directors may deem relevant.

Net cash provided by operating activities in the three months ended March 31, 2015 was \$66,414, which is not necessarily indicative of the cash to be provided by operating activities for the year ending December 31, 2015.

Outlook

We believe the actions we have taken to improve our liquidity position including (i) deleveraging our balance sheet by using cash on hand and proceeds from drawdowns on our Exit Financing Facilities and issuance of equity under the Rights Offering and Equity Commitment Agreement to settle our allowed pre-petition debt and other claim liabilities, (ii) exiting the full service International Crude Tankers Lightering business, (iii) selling certain of our older vessels (specifically two International Flag Aframax, which had been employed in Lightering operations, two VLCCs and one Panamax, all of which operated in our International Crude Tankers segment), (iv) completing our newbuild program with the delivery of the Overseas Shenandoah in July 2014, and (v) reducing our overhead costs through the outsourcing of the technical and commercial management of our International Flag conventional fleet, have positioned us to generate sufficient cash to support our operations over the next twelve months as well as increasing our flexibility to actively pursue fleet renewal or growth opportunities that may arise within the diverse sectors in which we operate. Accordingly, we intend to reinvest the proceeds from the post emergence sales of certain International Flag vessels and other property into vessel assets to modernize and/or grow our fleet.

On May 4, 2015, we filed a Form S-1 Registration Statement with the Securities and Exchange Commission for an offering of our Class A Common Stock. The timing, number of shares and price of any such offering have not yet

been determined..

Off-Balance Sheet Arrangements

OSG guarantees debt and other obligations of certain of its equity method investees. The debt and other obligations are primarily due to banks in connection with financing the purchase and conversion of vessels and equipment used in the joint venture operations. As of March 31, 2015, the affiliated companies in which OSG held an equity interest had total bank debt outstanding of \$831,944 of which \$706,348 was nonrecourse to the Company.

Page 49

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

As of March 31, 2015, the maximum potential amount of future principal payments (undiscounted) that OSG could be required to make relating to equity method investees secured bank debt was \$69,125 and the carrying amount of the liability related to this guarantee was \$0. See Note 8, "Equity Method Investments," to the accompanying condensed consolidated financial statements for additional information.

Aggregate Contractual Obligations

A summary of the Company's long-term contractual obligations, excluding operating lease obligations for office space, as of March 31, 2015 follows:

	Balance of 2015	2016	2017	2018	2019	Beyond 2019	Total
Long-term debt ⁽¹⁾							
Unsecured senior notes - fixed rate	17,663	35,325	35,325	323,138	10,950	162,501	584,902
OBS term loan - floating rate	28,326	68,727	35,283	34,962	560,283	-	727,581
OIN term loan - floating rate	31,880	59,157	40,578	40,212	602,221	-	774,048
Operating lease obligations ⁽²⁾							
Bareboat Charter-ins	74,145	99,038	98,219	93,200	111,819	50,300	526,721
Time Charter-ins	17,584	1,004	-	-	-	-	18,588
Total	\$ 169,598	\$ 263,251	\$ 209,405	\$ 491,512	\$ 1,285,273	\$ 212,801	\$ 2,631,840

Amounts shown include contractual interest obligations. Interest obligations on fixed rate debt of \$445,900 as of March 31, 2015 range from 7.5% to 8.125%. The interest rate obligations of floating rate debt have been estimated based on the aggregate LIBOR floor rate of 1% and applicable margins for the OBS Term Loan and the OIN Term Loan of 5.25% and 5.75%, respectively. Amounts shown for the OBS Term Loan and OIN Term Loan for 2016 include estimated mandatory prepayments of \$37,000 and \$23,000, respectively, as a result of estimated Excess Cash Flows for the year ended December 31, 2015. Amounts shown for the OBS Term Loan and OIN Term Loan for years subsequent to 2016 exclude any estimated repayment as a result of Excess Cash Flows.

As of March 31, 2015, the Company had charter-in commitments for 17 vessels on leases that are accounted for as operating leases. Certain of these leases provide the Company with various renewal and purchase options. The future minimum commitments for time charters-in have been reduced to reflect estimated days that the vessels will not be available for employment due to drydock.

Risk Management:

Interest rate risk

The Company is exposed to market risk from changes in interest rates, which could impact its results of operations and financial condition. The Company manages this exposure to market risk through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. To manage its interest rate risk in a cost-effective manner, the Company, from time-to-time, enters into interest rate swap or cap agreements, in which it agrees to exchange various combinations of fixed and variable interest rates based on agreed upon notional amounts or to receive payments if floating interest rates rise above a specified cap rate. The Company uses such derivative financial instruments as risk management tools and not for speculative or trading purposes. In addition, derivative financial instruments are entered into with a diversified group of major financial institutions in order to manage exposure to nonperformance on such instruments by the counterparties.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

At March 31, 2015 and December 31, 2014, OBS and OIN were party to two separate Interest Rate Cap agreements each with a start date of February 5, 2015 with major financial institutions covering notional amounts of \$375,000 and \$400,000, respectively, to limit the floating interest rate exposure associated with their respective term loans. These agreements contain no leverage features. The OBS Interest Rate Cap has a cap rate of 2.5% through February 5, 2017, at which time the cap rate increases to 3.0% through the termination date of February 5, 2018. The OIN Interest Rate Cap has a cap rate of 2.5% through the termination date of February 5, 2017.

Available Information

The Company makes available free of charge through its internet website, www.osg.com, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission.

The public may also read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E. Washington D.C. 20549 (information on the operation of the Public Reference Room is available by calling the SEC at 1-800-SEC-0330). The SEC also maintains a web site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

The Company also makes available on its website, its corporate governance guidelines, its code of business conduct, insider trading policy, anti-bribery and corruption policy and charters of the Audit Committee, the Human Resources and Compensation Committee and the Corporate Governance and Risk Assessment Committee of the Board of Directors. Our website and the information contained on that site, or connected to that site, are not incorporated by reference into this Quarterly Report on Form 10-Q.

Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure

controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, the Company’s management, including the CEO and CFO, concluded that the Company’s current disclosure controls and procedures were effective as of March 31, 2015 to ensure that information required to be disclosed by the Company in the reports the Company files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms and (ii) accumulated and communicated to the Company’s management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in the Company’s internal control over financial reporting during the three months ending March 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 17, “Contingencies,” to the condensed consolidated financial statements for a description of the current legal proceedings, which is incorporated by reference in this Part II, Item 1.

Item 1A. Risk Factors

Please refer to the “Risk Factors” sections of the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 and the Company’s registration statement on Form S-1 (File No. 333-203844), filed on May 4, 2015, for a discussion of risks related to its industry and operations.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

See Exhibit Index on page 54.

Page 52

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OVERSEAS SHIPHOLDING GROUP, INC.
(Registrant)

Date: May 11, 2015 /s/ Ian T. Blackley
Ian T. Blackley
Chief Executive Officer

Date: May 11, 2015 /s/ Rick F. Oricchio
Rick F. Oricchio
Chief Financial Officer

Page 53

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES

EXHIBIT INDEX

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.
- 32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EX-101.INS XBRL Instance Document

EX-101.SCH XBRL Taxonomy Extension Schema

EX-101.CAL XBRL Taxonomy Extension Calculation Linkbase

EX-101.DEF XBRL Taxonomy Extension Definition Linkbase

EX-101.LAB XBRL Taxonomy Extension Label Linkbase

EX-101.PRE XBRL Taxonomy Extension Presentation Linkbase

NOTE: Instruments authorizing long-term debt of the Registrant and its subsidiaries, where the amounts authorized thereunder do not exceed 10% of total assets of the Registrant on a consolidated basis, are not being filed herewith. The Registrant agrees to furnish a copy of each such instrument to the Commission upon request.