

AUDIT COMMITTEE CHARTER  
OF  
OVERSEAS SHIPHOLDING GROUP, INC.  
(the "Company")

**Purpose**

The Audit Committee is a committee of the Board of Directors (the "Board"). It shall assist the Board in the oversight and monitoring of (1) the quality and integrity of the financial statements and the financial reporting process of the Company, (2) the Company's compliance with applicable legal and regulatory requirements, (3) the independent registered public accounting firm's qualifications and independence, and (4) the performance of the Company's internal audit function and independent registered public accounting firm.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's annual proxy statement or Annual Report on Form 10-K.

**Committee Membership**

The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange (the "NYSE"), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the

"Exchange Act") and the rules and regulations of the Commission. All members of the Audit Committee shall be financially literate in accordance with the rules of the NYSE and at least one member shall be an audit committee financial expert as defined by the Commission. Unless the Board determines otherwise, Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

The members of the Audit Committee shall be appointed by the Board. Audit Committee members may be replaced by the Board.

### **Meetings**

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Audit Committee shall meet periodically with management, the internal auditors and the independent registered public accounting firm in separate executive sessions. In discharging its oversight role, the Committee may request any officer or employee of the Company or the Company's independent registered public accounting firm, outside counsel or any officer or employee of the Company to attend any Committee meeting in order to provide information or advice in connection with the matters to be addressed at the meeting.

### **Committee Authority and Responsibilities**

The Audit Committee shall have direct authority and responsibility for the appointment of the independent registered public accounting firm, subject to shareholder ratification, and the replacement of the independent registered public accounting firm. The Audit Committee shall be directly responsible for establishing the compensation and overseeing of the work of the independent registered public accounting firm (including resolution of disagreements between

management and the independent registered public accounting firm regarding financial reporting) in preparing or issuing an audit report or related work. The Company shall pay the independent registered public accounting firm the compensation established by the Audit Committee. The independent registered public accounting firm shall report directly to the Audit Committee.

The Audit Committee shall preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Audit Committee at its next scheduled meeting.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall pay the fees of such advisors that are approved by the Audit Committee.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance.

The following are the principal duties and responsibilities of the Audit Committee and are set forth as a guide, with the understanding that the committee may supplement them as appropriate.

To the extent it deems necessary or appropriate, the Audit Committee shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent registered public accounting firm the annual audited financial statements, including disclosures made in Management's Discussion and Analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.
2. Review and discuss with management and the independent registered public accounting firm the Company's quarterly financial statements and management's discussion and analysis of such statements prior to the filing of its Form 10-Q, including the results of the independent registered public accounting firm's review of the quarterly financial statements.
3. Review and discuss with management and the independent registered public accounting firm significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, the Company's internal controls (including any major issues as to the adequacy of such controls) and, if needed, any special steps adopted in light of material control deficiencies.
4. Review and discuss with, and receive any reports made by, the independent registered public accounting firm with respect to the following quarterly:
  - (a) All critical accounting policies and practices used.

- (b) All alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment prepared by the independent registered public accounting firm.
  - (c) Other material written communications between the independent registered public accounting firm and management, such as any management representation letter, schedule of unadjusted differences, reports on observations and recommendations on internal controls, engagement letters and independence letters.
  - (d) All adjustments proposed by the independent registered public accounting firm that were "passed" as immaterial or otherwise.
5. Discuss with management the Company's earnings press releases, including the use, and procedures for the use, of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
  6. Discuss with management and the independent registered public accounting firm the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
  7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
  8. Discuss with, and receive reports made by, the independent registered public accounting firm covering the matters required to be communicated to the Audit Committee under the

standards of the Public Company Accounting Oversight Board (“PCAOB”) relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

9. Review management’s report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accounting firm’s report on (1) management’s assessment and (2) the effectiveness of internal control over financial reporting.
10. Discuss with management, the internal auditors, and the independent registered public accounting firm, management’s process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any significant deficiencies or material weaknesses identified.
11. Discuss with the independent registered public accounting firm the characterization of deficiencies in internal control over financial reporting and any differences between management’s assessment of the deficiencies and the assessment of the independent registered public accounting firm. The Audit Committee shall also discuss with management its remediation plan to address any internal control deficiencies. The Audit Committee shall provide feedback on the disclosures describing any identified material weaknesses and management’s remediation plans.
12. Discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act.
13. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weakness therein

and any fraud involving management or other employees who have a significant role in the Company's internal controls.

#### Oversight of the Company's Relationship with the Independent Registered Public

##### Accounting Firm

14. Review and evaluate the lead partner of the independent registered public accounting firm team.
15. Obtain and review a report from the independent registered public accounting firm at least annually regarding (a) the independent registered public accounting firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, (d) all relationships between the independent registered public accounting firm and the Company, (e) the independent registered public accounting firm's independence as required by Independence Standards Board No. 1 and (f) the status of the independent registered public accounting firm's registration with the PCAOB. Evaluate the qualifications, performance and independence of the independent registered public accounting firm, including considering whether the provision of permitted non-audit services is compatible with maintaining the registered public accounting firm's independence, taking into account the opinions of management and internal auditors. The Audit Committee shall present its conclusions with respect to the independent registered public accounting firm to the Board.

16. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.
17. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent registered public accounting firm who participated in any capacity in the audit of the Company consistent with the requirements of the Commission and the New York Stock Exchange.
18. Discuss with the independent registered public accounting firm issues on which the Company's audit team consulted their national office, and matters of audit quality and consistency.
19. Meet with the independent registered public accounting firm prior to the audit to discuss the planning and staffing of the audit.

#### Oversight of the Company's Internal Audit Function

20. Meet separately on a periodic basis with the director of the internal audit function to discuss issues and concerns warranting the attention of the Audit Committee.
21. Review the significant reports to management prepared by the internal auditing department and management's responses.
22. Discuss with the independent registered public accounting firm and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

#### Compliance Oversight Responsibilities

23. Obtain from the independent registered public accounting firm assurance that Section 10A(b) of the Exchange Act has not been implicated.
24. Review reports and disclosures of insider and affiliated party transactions.



25. Review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
26. Discuss with management and the independent registered public accounting firm any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
27. Discuss with the Company's attorneys legal matters that may have a material impact on the financial statements or the Company's compliance policies.
28. Review with the Company's management the Company's overall anti-fraud programs and controls.
29. Review the Company's compliance and ethics programs, including consideration of legal and regulatory requirements, and review with management its periodic evaluation of the effectiveness of such programs. The Audit Committee shall also review the Company's code of conduct and any programs that management has established to monitor compliance with such code. The Audit Committee shall review and discuss with management any reports of evidence of a material violation of securities laws or breaches of fiduciary duty by the Company.
30. Review with management the activities of the Company's Political Action Committee (the "PAC") and reports of the PAC.

### **Limitation of Audit Committee's Role**

The Company's management has the primary responsibility for the financial statements and the reporting process, including the Company's system of internal controls and disclosure controls and procedures. The independent registered public accounting firm audits the Company's financial statements and expresses an opinion on the financial statements based on the audit; attests to any report of the Company's management on the Company's internal controls for financial reporting required by the rules of the Commission; and reviews the Company's interim financial statements. The Audit Committee oversees (i) the accounting and financial reporting processes of the Company and (ii) the audits or reviews of the financial statements of the Company on behalf of the Board.

While the Audit Committee has the responsibilities and authority set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or reviews or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations or that the Company's internal controls for financial reporting are in compliance with law and other applicable requirements. These are the responsibilities of management and the independent registered public accounting firm.