

COMPENSATION COMMITTEE CHARTER

OF

OVERSEAS SHIPHOLDING GROUP, INC.
(the "Company")

Purpose

The Board of Directors (the "Board") shall have a Compensation Committee (the "Committee") which shall (1) carry out the Board's responsibilities relating to compensation of the Company's executive officers, (2) prepare an annual report on executive compensation for inclusion in the Company's proxy statement or Annual Report on Form 10-K, in accordance with applicable rules and regulations and (3) provide such other guidance with respect to compensation matters as the Committee deems appropriate.

Committee Membership

The Committee shall consist of no fewer than two members of the Board who meet all applicable independence requirements set forth in Section 303A of the New York Stock Exchange Listed Company Manual and in Rule 16b-3 under the Securities Exchange Act of 1934, as well any additional requirements in effect or established from time to time by the Securities and Exchange Commission and/or the New York Stock Exchange. Upon the recommendation of the Board's Corporate Governance and Nominating Committee, the Board shall select the members of the Committee and its chairman at the Annual Meeting of the Board, and the Board shall have the power at any time to change the membership of the Committee.

Meetings

The Committee shall meet at least twice per year. The Committee may request any officer or employee of the Company to attend meetings of the Committee or to meet with members of, or consultants to, the Committee. Members of the Committee may participate in meetings of the Committee by telephone conference call. The Committee may act by unanimous written consent in lieu of a meeting.

Committee Authority and Responsibilities

The Committee shall have sole authority to retain and terminate (i) compensation consultants and (ii) any other advisors whom the Committee believes are necessary to assist it in carrying out its duties. The Committee shall have sole authority to approve such consultants' and advisors' fees and other retention terms.

The Committee shall report regularly to the Board summarizing any significant issues considered by the Committee and any action it has taken.

The principal duties and responsibilities of the Committee are as follows:

1. Make recommendations to the Board as to the Company's general compensation philosophy.
2. Review and approve those corporate goals and objectives established by the Board that are relevant to the compensation of the Company's Chief Executive Officer (the "CEO"), evaluate the performance of the CEO in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation.
3. Review and approve annual compensation, including benefits and perquisites of all executive officers of the Company, and report such determinations and actions to the Board.

4. Review and approve employment agreements, severance agreements, change of control agreements and other similar agreements relating to executive officers.
5. Establish or modify incentive-compensation plans and equity-based plans, and monitor such plans and their administration, including administering the Company's 1998 Stock Option Plan.
6. Prepare an Annual Report of the Compensation Committee on Executive Compensation for inclusion in the Company's annual proxy statement or Annual Report on Form 10-K in accordance with the applicable rules and regulations of the Securities and Exchange Commission.
7. Prepare and distribute to the Board an annual performance self-evaluation of the Committee setting forth to what extent it complied with its duties under this Charter. The Committee shall review and reassess the adequacy of this Charter and recommend to the Board any changes to it.
8. Undertake any other duties and responsibilities relating to compensation matters that the Board may delegate to the Committee.
9. Undertake such other responsibilities as the Committee deems appropriate for it to carry out its purpose under this Charter.