SL GREEN REALTY CORP
Form 4
June 25, 2013

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
MEAD JAMES E
(Last) (First) (Middle)
C/O SL GREEN REALTY CORP., 420 LEXINGTON AVENUE
(Street)
NEW YORK, NY 10170
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SL GREEN REALTY CORP [SLG]

3. Date of Earliest Transaction (Month/Day/Year)
06/24/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
6.50% Series I Cumulative Redeemable Preferred Stock	06/24/2013		P		1,000	A	$ 23.55	2,000	I	By Mead Family Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MEAD JAMES E C/O SL GREEN REALTY CORP. 420 LEXINGTON AVENUE NEW YORK, NY 10170			Chief Financial Officer	

Signatures

/s/ James Mead	06/25/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. rit;font-size:10pt;">, consisted of four Handysize Product Carriers, two lightering ATBs and five clean ATBs. These vessels are pledged as collateral under the term loan agreements and OBS ABL Facility and have an aggregate carrying value of $588,733.

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Vessel activity, excluding construction in progress, for the three years ended December 31, 2018 is summarized as follows:

	Vessel Cost	Accumulated Depreciation	Net Book Value
Balance at December 31, 2015	$1,156,117	$ (313,392)	$842,725
Impairment	(264,095)	163,563	
Depreciation	—	(58,489)	
Balance at December 31, 2016	892,022	(208,318)	683,704
Impairment	(6,957)	1,079	
Depreciation	—	(37,681)	
Disposals	(35,352)	27,287	
Balance at December 31, 2017	849,713	(217,633)	632,080
Depreciation	—	(33,851)	
Disposals	(3,845)	2,545	
Balance at December 31, 2018	$845,868	$ (248,939)	$596,929

The total of vessel additions can differ from expenditures for vessels as shown in the consolidated statements of cash flows because of the timing of when payments were made.

Drydocking activity for the three years ended December 31, 2018 is summarized as follows:

	2018	2017	2016
Balance at January 1	$23,914	$31,172	$58,166
Additions	14,031	8,787	2,626
Sub-total	37,945	39,959	60,792
Drydock amortization	(11,846)	(16,045)	(25,747)
Impairments	—	—	(3,873)
Balance at December 31	$26,099	$23,914	$31,172

NOTE 7 — EQUITY METHOD INVESTMENT

Investment in affiliated company is comprised of the Company’s 37.5% interest in Alaska Tanker Company, LLC, which manages vessels carrying Alaskan crude for BP West Coast Products, LLC (“BP”). In the first quarter of 1999, OSG, BP, and Keystone Shipping Company formed Alaska Tanker Company, LLC (“ATC”) to manage the vessels carrying Alaskan crude oil for BP. ATC provides marine transportation services in the environmentally sensitive Alaskan crude oil trade. Each member in ATC is entitled to receive its respective share of any incentive charter hire payable by BP to ATC. The Company has accounted for the investment in ATC as an equity–method investment because the Company does not individually retain the power to significantly impact the economic performance of ATC and the Company’s maximum exposure to losses in ATC is limited to their initial capital investment in ATC, which is not material. As of December 31, 2018, the carrying value of the Company’s investment in ATC was $3,585, which includes the Company’s respective share of distribution of $3,538.

Under Rule 3-09 of Regulation S-X, the Company is required to file separate audited financial statements of Alaska Tanker Company, LLC, for the year ended December 31, 2018. The Company expects to file those financial statements by amendment to our Annual Report on Form 10-K/A on or before March 29, 2019.

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A condensed summary of the assets and liabilities of the equity method investment follows:

	Years Ended December 31,	
	2018	2017
Current assets	$38,949	$38,091
Total assets	$38,949	$38,091
Current liabilities	$21,652	$20,555
Non-current liabilities	17,286	18,814
Equity/(deficiency)	11	(1,278)
Total liabilities and equity	$38,949	$38,091

A condensed summary of the results of operations of the equity method investments follows:

	Years Ended December 31,		
	2018	2017	2016
Shipping revenues	$105,115	$106,894	$110,503
Ship operating expenses	(95,315)	(97,903)	(100,752)
Income from vessel operations	9,800	8,991	9,751
Net income	$9,461	$9,993	$9,751

NOTE 8 — INTANGIBLE ASSETS

Intangible Assets

Intangible assets activity for three years ended December 31, 2018 is summarized as follows:

	Total
Balance at January 1, 2016	$50,217
Amortization	(4,600)
Balance at December 31, 2016	45,617
Amortization	(4,600)
Balance at December 31, 2017	41,017
Amortization	(4,600)
Balance at December 31, 2018	$36,417

As discussed in Note 3, “Summary of Significant Accounting Policies,” the Company’s intangible assets at December 31, 2018 and 2017 consist of long-term customer relationships acquired as part of the 2006 purchase of Maritrans, Inc. The gross intangible assets were $92,000 at December 31, 2018 and 2017. The unamortized balance of the Company's intangible assets at December 31, 2018 will be recognized over the remaining useful life, which is eight years. Amortization of intangible assets for the five years subsequent to December 31, 2018 is expected to approximate $4,600 per year.

NOTE 9 — DEBT

Debt consists of the following:

	Years Ended December 31,	
	2018	2017
Term loan, due 2023, net of unamortized discount and deferred costs of $7,528	$317,472	$—
Term loan, due 2026, net of unamortized discount and deferred costs of $124	27,376	—
7.5% Election 2 notes due 2021, net of unamortized discount and deferred costs of $4 and $6	297	295
7.50% notes due 2024	390	390
OBS term loan net of unamortized discount and deferred costs of $7,037	—	448,251
Total debt	345,535	448,936
Less current installments of long-term debt	23,240	28,160
Total long-term debt	$322,295	$420,776

The weighted average interest rate for debt outstanding at December 31, 2018 and 2017 was 7.49% and 5.51%, respectively.

Exit Financing Facilities and Term Loans

Capitalized terms used hereafter have the meaning given in this Annual Report on Form 10-K or in the respective transaction documents referred to below, including subsequent amendments thereto.

As discussed in Note 2, “Chapter 11 Filing and Emergence from Bankruptcy,” to support the Equity Plan, OSG and certain of its subsidiaries entered into secured debt facilities including: (i) a secured asset-based revolving loan facility of $75,000, among the Parent Company, OBS, certain OBS subsidiaries, Wells Fargo Bank, National Association, as

Administrative Agent, and the other lenders party thereto (the “OBS ABL Facility”), secured by a first lien on substantially all of the U.S. Flag assets of OBS and its subsidiaries and a second lien on certain other specified U.S. Flag assets; and (ii) a secured term loan of $603,000, among the Parent Company, OBS, certain OBS subsidiaries, Jefferies Finance LLC (“Jefferies”), as Administrative Agent, and other lenders party thereto (the “OBS Term Loan”), secured by a first lien on certain specified U.S. Flag assets of OBS and its subsidiaries and a second lien on substantially all of the other U.S. Flag assets of OBS and its subsidiaries and collectively with the OBS ABL Facility and the OBS Term Loan, (the “Exit Financing Facilities”), among OSG, Jefferies, as Administrative Agent, and other lenders party thereto.

Interest on the Exit Financing Facilities was calculated, at the Company’s option, based upon (i) an alternate base rate (“ABR”) plus the applicable margin or (ii) Adjusted LIBOR plus the applicable margin. ABR is defined as the highest of (i) the Base Rate (the prime rate published in The Wall Street Journal), (ii) the Federal Funds Effective Rate plus 0.50%, (iii) the one-month Adjusted LIBOR Rate plus 1.00% and (iv) 2.00% per annum. The OBS ABL Facility applicable margin varies based upon undrawn availability under the commitment and is subject to certain pricing adjustments. The OBS ABL Facility provides for quarterly payment of commitment fees at a rate of 0.50% for each quarter during which the daily average Total Revolving Exposure is less than 50% of Total Revolving Commitments or 0.375% for each quarter during which the daily average the Total Revolving Exposure is greater than or equal to 50% of Total Revolving Commitments.

On March 16, 2018 and March 29, 2018, the Company made a mandatory prepayment of $28,166 and optional prepayment of $47,000 on its OBS Term Loan, respectively. The aggregate net loss of $981 realized on these transactions during the year ended December 31, 2018 reflects a write-off of unamortized original issue discount and deferred financing costs associated with the principal reductions and is included in other expense in the consolidated statements of operations.

On November 19, 2018, two of the Company's subsidiaries closed on a loan from Wintrust Commercial Finance, a division of Wintrust Asset Finance Inc. (“Wintrust”), in the amount of $27,500. The loan is secured by first preferred ship mortgages on the Overseas Mykonos and Overseas Santorini, and a guaranty from the Company. The loan bears interest at a rate equal to the prevailing 30-Day LIBOR plus 4.00% and matures on November 19, 2026.

In addition, on November 19, 2018, the Company used the proceeds from the Wintrust loan to make a voluntary prepayment of $27,500 on its OBS Term Loan. The aggregate net loss of $191 realized on this transaction reflects a write-off of unamortized original issue discount and deferred financing costs associated with the principal reductions and is included in other expense in the consolidated statements of operations for the year ended December 31, 2018.

On December 21, 2018, OSG, as the Parent Company (as a guarantor), OSG Bulk Ships, Inc. (“OBS”) and certain OBS subsidiaries (the “Borrowers”) closed on a five-year $325,000 term loan credit facility with The Prudential Insurance Company of America and other syndicate lenders (the “Term Loan Credit Agreement”). The Company used the proceeds from the Term Loan Credit Agreement, along with a cash payment of $27,623 to payoff its existing OBS Term Loan. The Term Loan Credit Agreement bears interest at a rate equal to the prevailing 30-Day LIBOR plus 5.00% and matures on December 21, 2023. The aggregate net loss of $2,227 on this transaction reflects a write-off of original issue discount and deferred financing costs associated with the principal reductions and is included in other expense in the consolidated statements of operations for the year ended December 31, 2018.

The Borrowers' obligations under the Term Loan Credit Agreement (the “Guaranteed Obligations”) are guaranteed by OSG, and OSG has pledged the issued and outstanding shares of capital stock of OBS as security for the Guaranteed Obligations pursuant to a pledge agreement between the Company and PGIM, Inc. as collateral agent. The Borrowers’ obligations are also secured by security interests in all of the Borrowers’ assets and by mortgages covering two tankers, eight tugs and seven barges.

Upon 30 days’ prior written notice, the Borrowers may prepay the outstanding indebtedness in full (or in part) at par plus accrued interest and an additional sum as a premium that varies based on the date of the prepayment. Any amount prepaid under the Term Loan Credit Agreement may not be reborrowed. Additionally, certain events, such as the sale of vessels serving as collateral, will require a mandatory partial or full repayment. No prepayment premium shall apply to any such mandatory prepayment.

In connection with the Term Loan Credit Agreement, OSG and its affiliates also entered into an amendment to the OBS ABL Facility among OSG, OBS as administrative borrower, certain subsidiaries of OBS as co-borrowers, other guarantors, lender, Wells Fargo Bank, National Association, as administrative agent. Pursuant to such amendment, the OBS ABL Facility agreement was amended to permit the transactions contemplated under the Term Loan Credit Agreement, reduce the maximum credit line from $75,000 to $30,000, reduce the number of vessels that serve as collateral and extend the term through August 2, 2019. At December 31, 2018 and 2017, no amounts had been drawn under the OBS ABL Facility.

The applicable margins and floor interest rates for the Exit Financing Facilities and term loans is as follows:

Facility	OBS ABL Facility		OBS Term Loan		Term loan, due 2023		Term loan, due 2026	
Rate	ABR	LIBOR	ABR	LIBOR	ABR	LIBOR	ABR	LIBOR
Floor	None	None	2.00%	1.00%	None	0.00%	None	0.00%
Applicable Margin	1.25% - 1.75%	2.25% - 2.75%	3.25%	4.25%	None	4.00%	None	5.00%

Unsecured Senior Notes

The Company had the following unsecured notes issued and outstanding as of December 31, 2018 and 2017.

7.5% Notes (the “7.5% Notes”) – These notes were issued on March 7, 2003 and consisted of $146,000 in face value, which were due on February 15, 2024. Pursuant to the Equity Plan, the Company issued two series of 7.50% Notes due February 15, 2021, one series in an aggregate principal amount of $6,508 (the “Election 1 Notes”) and the other series in an aggregate principal amount of $138,708 (the “Election 2 Notes” and together with the Election 1 Notes, the “Election Notes”) to holders of the 7.50% Notes due 2024 (the “2024 Notes”) that elected to receive Election 1 Notes or Election 2 Notes, as the case may be. The outstanding Election 1 notes were repurchased and retired during the year ended December 31, 2015.

The Election 2 Notes have substantially the same terms as the 2024 Notes, other than the (i) the maturity date and (ii) definitions and provisions related to a holder’s right to require the Company to repurchase such holder’s Election 2 Notes upon the occurrence of certain changes in the ownership or control of OSG. Under the Third Supplemental indenture, such right is triggered only upon the occurrence of both, a Change of Control and a Rating Decline (each as defined in the Third Supplemental Indenture). The Election 2 Notes (i) accrue interest at the rate of 7.50% per annum from August 5, 2014, payable on February 15 and August 15 of each year, beginning on February 15, 2015, to holders of record on the immediately preceding February 1 and August 1; (ii) are the Company’s general, unsecured obligations and rank equally and ratably in right of payment with its existing and future unsecured senior indebtedness; (iii) may not be redeemed prior to their maturity dates; (iv) are subject to repurchase upon certain changes of ownership or control (the provisions of which, as noted above, are different between the two series of notes); (v) are subject to certain covenants and limitations, including that the Company may not, directly or indirectly, Incur as such term (and all capitalized terms hereafter in this paragraph) are defined within the applicable indenture, assume or suffer to exist any Mortgage on or with respect to any property or assets, now owned or hereafter acquired, to secure any present or future Designated Debt without making effective provision for securing the notes in certain circumstances; and (vi) restrict the Company’s ability to merge or consolidate with another person.

Debt Repurchases, Extinguishments and Modifications

In October 2015, the Board of Directors of the Company adopted and approved resolutions relating to a consent solicitation (the “Consent Solicitation”) and a tender offer (the “Tender Offer”), whereby the Company was authorized to repurchase certain amounts of the Company’s Unsecured Senior Notes. In addition, the Company also solicited consents from registered holders of the Unsecured Senior Notes to approve certain amendments to the applicable indenture governing such series of Unsecured Senior Notes. During the years ended December 31, 2017 and 2016, the Company repurchased and retired an aggregate principal amount of $0 and $294, respectively, of its 7.50% notes due 2024 and $55,202 and $37,345, respectively, of its 8.125% notes due 2018. The aggregate losses of $2,495 and $2,463 realized on these transactions during the years ended December 31, 2017 and 2016, respectively, are included in other expense in the consolidated statements of operations. The net losses reflect a $504 and $784 write-off of unamortized deferred finance costs associated with the repurchased debt during the years ended December 31, 2017 and 2016, respectively.

On December 27, 2017, the Company deposited cash in the amount of $27,491 with The Bank of New York Mellon Trust Company, N.A., as trustee, to pay the principal of $26,417 plus accrued and unpaid interest of $514 on all of the outstanding 8.125% Notes ("Remaining Notes") on their stated maturity. As a result, the Company's obligations under the indenture and the Remaining Notes were satisfied and the indenture was cancelled and discharged. The aggregate loss of $742 realized on this transaction during the year ended December 31, 2017 is included in other expense in the consolidated statements of operations. The net loss reflects a $182 write-off of unamortized deferred finance costs.

The following table summarizes interest expense, including amortization of issuance and deferred financing costs, commitment, administrative and other fees, recognized during the three years ended December 31, 2018 with respect to the Company's debt facilities:

	Years Ended December 31,		
Debt facility	2018	2017	2016
OBS Facilities	$29,769	$30,308	$32,460
Term loan, due 2023	801	—	—
Term loan, due 2026	210	—	—
7.50% notes due 2021-2024	252	102	121
8.125% notes	—	5,568	10,200
Total expense on debt facilities	$31,032	$35,978	$42,781

As of December 31, 2018, the aggregate annual principal payments required to be made on the Company's debt are as follows:

2019	$23,244
2020	28,929
2021	29,229
2022	28,929
2023	231,012
Thereafter	11,848
Total	$353,191

Interest paid was $29,052, $31,283 and $37,875 in December 31, 2018, 2017 and 2016, respectively.

NOTE 10 — FAIR VALUE OF FINANCIAL INSTRUMENTS, DERIVATIVES AND FAIR VALUE DISCLOSURES

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Cash and cash equivalents and restricted cash— The carrying amounts reported in the consolidated balance sheets for interest-bearing deposits approximate their fair value.

Debt— The fair values of the Company's publicly traded and non-public debt are estimated based on quoted market prices.

ASC 820, Fair Value Measurements and Disclosures, relating to fair value measurements, defines fair value and established a framework for measuring fair value. The ASC 820 fair value hierarchy distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price. In addition, the fair value of assets and liabilities should include consideration of non-performance risk, which for the liabilities described below includes the Company's own credit risk.

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 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

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, at December 31, 2018 and 2017, are as follows:

	Carrying Value	Fair Value Level 1	Level 2
December 31, 2018:			
Assets			
Cash (1)	$80,641	$—	$—
Total	$80,641	$—	$—
Liabilities			
Term loan agreement, due 2023	$317,472	$—	$325,000
Term loan agreement, due 2026	27,376	—	26,500
7.5% Election 2 notes due 2021	297	—	229
7.5% notes due 2024	390	—	296
Total	$345,535	$—	$352,025

	Carrying Value	Fair Value Level 1	Level 2
December 31, 2017:			
Assets			
Cash (1)	$166,269	$166,269	$—
Total	$166,269	$166,269	$—
Liabilities			
OBS Term loan	448,251	—	441,630
7.5% Election 2 notes due 2021	295	—	305
7.5% notes due 2024	390	—	380
Total	$448,936	$—	$442,315

(1) Includes current and non-current restricted cash aggregating $224 and $275 at December 31, 2018 and 2017, respectively.

Derivatives

Interest Rate Risk

OBS was party to an interest rate cap agreement (“Interest Rate Cap”) with a start date of February 15, 2015 with a major financial institution covering a notional amount of $375,000 to limit the floating interest rate exposure associated with the OBS Term Loan. The Interest Rate Cap terminated on February 5, 2018. The Interest Rate Cap was designated and qualified as a cash flow hedge, contained no leverage features and had a cap rate of 2.5% through February 5, 2017, at which time the cap rate increased to 3.0% through the termination date of February 5, 2018.

The effect of cash flow hedging relationships recognized in other comprehensive income/(loss) excluding amounts reclassified from accumulated other comprehensive loss (effective portion), including hedges of equity method investees, for the year ended December 31, 2016 was a decrease to continuing operations of $97 and a decrease to discontinued operations of $5,797. For the year ended December 31, 2017, there was an immaterial effect of cash flow hedging relationships recognized in other comprehensive income/(loss) excluding amounts reclassified from accumulated other comprehensive loss (effective portion), including hedges of equity method investees.

The effect of cash flow hedging relationships on the consolidated statements of operations is presented excluding hedges of equity method investees. The effect of the Company’s cash flow hedging relationships on the consolidated statement of operations for the years ended December 31, 2018, 2017 and 2016 is shown below:

	Statement of Operations Effective Portion of Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss		Ineffective Portion	
	Location	Amount of Loss	Location	Amount of Loss
For the year ended December 31, 2018:				
Interest Rate Cap	Interest expense	$(181)	Interest expense	$ —
Total		$(181)		$ —
For the year ended December 31, 2017:				
Interest Rate Cap	Interest expense	$(1,423)	Interest expense	$ —
Total		$(1,423)		$ —
For the year ended December 31, 2016:				
Interest Rate Cap	Interest expense	$(339)	Interest expense	$ —
Interest rate caps	Net (loss)/income from discontinued operations	(408)		—
		$(747)		$ —

See Note 15, “Accumulated Other Comprehensive Loss,” for disclosures relating to the impact of derivative instruments on accumulated other comprehensive loss.

Nonfinancial Instruments that are Measured at Fair Value on a Nonrecurring Basis

Vessel Impairments

During the year ended December 31, 2018, the Company gave consideration as to whether events or changes in circumstances had occurred since December 31, 2017 that could indicate the carrying amounts of the vessels in the Company's fleet may not be recoverable as of December 31, 2018. The Company concluded that no such events or changes in circumstances had occurred.

Based on the sale of one of the Company's ATBs during the fourth quarter of 2017 (see Note 6, “Vessels, Other Property and Deferred Drydock”), the Company noted declines in the current fair market value for scrap metal in the U.S. for these vessel types. In addition, the Company determined that five of the Company's ATBs are more likely than not to be sold or disposed of during the next six to 18 months, which is either at or towards the end of their estimated useful lives, at this lower scrap value. These factors were viewed as impairment triggering events for seven of the Company's rebuilt ATBs as of December 31, 2017. The indicators discussed above were not considered to be impairment triggering events for the other ATBs and tankers in the Company’s fleet as these vessels (i) were fairly recently built and do not face the same commercial obsolescence issues faced by the rebuilt ATBs, and (ii) are currently operating under long-term charters or contracts of affreightment.

In developing estimates of undiscounted future cash flows for performing Step 1 of the impairment tests, management made assumptions about future performance, including estimated charter rates, ship operating expenses, utilization, drydocking requirements, salvage value and the estimated remaining useful lives of the vessels. The assumptions about the estimated remaining useful lives of the seven ATBs reflects management’s current belief that the Company would dispose of these ATBs at the expiry of associated charters or before the performance of the next required drydocking. Based on tests performed, the sum of the undiscounted cash flows for four of the seven ATBs were less than their December 31, 2017 carrying values. Accordingly, the Company recorded an impairment charge of $5,878, which is included in loss on disposal of vessels and other property, including impairments in the consolidated statements of operations, to write down the carrying values of the four

ATBs to their estimated fair values as of December 31, 2017, using estimates of discounted future cash flows for each of the vessels.

During the quarter ended September 30, 2016, the Company considered changes in circumstances that appeared to be indicative of a continued weakening of the Jones Act crude oil transportation market. Such indicators included a decline in the number of Jones Act tank vessels transporting crude oil, which led to (i) increased competition for clean cargoes and the idling of some Jones Act vessels; (ii) a sharp decrease in estimated spot rates for Jones Act Product Carriers and large ATBs between July and September 2016; and (iii) a significant decline in forecasted near term TCE rates reported by a leading third party industry analyst. These factors were viewed as an impairment triggering event for the Company’s eight rebuilt ATBs at September 30, 2016. In addition, given the uncertainty around how long the weak market conditions discussed above could last taking into consideration the large number of newbuildings scheduled for delivery, management believed it was more likely than not that some of the rebuilt ATBs will be laid-up, scrapped or disposed of before the end of their estimated useful lives, which currently ranged between 2019 and 2020. The indicators discussed above were not considered to be impairment triggering events for the other ATBs and tankers in the Company’s fleet as these vessels (i) were fairly recently built and do not face the same commercial obsolescence issues faced by the rebuilt ATBs, and (ii) are currently operating under long-term charters or contracts of affreightment.

In developing estimates of undiscounted future cash flows for performing Step 1 of the impairment tests, management made assumptions about future performance, with significant assumptions including charter rates, ship operating expenses, utilization, drydocking requirements, residual value and the estimated remaining useful lives of the vessels. The assumptions about the estimated remaining useful lives of the ATBs reflected management’s belief that the Company would scrap these ATBs at the expiry of their time charters. Based on tests performed, the sum of the undiscounted cash flows for seven of the eight rebuilt ATBs were less than their September 30, 2016 carrying values. Accordingly, the Company recorded an impairment charge of $97,782 (including $3,873 recorded as a reduction in deferred drydock costs) to write down the carrying values of the seven ATBs to their estimated fair values as of September 30, 2016, using estimates of discounted future cash flows for each of the vessels (income approach) since the secondhand sale and purchase market for the type of vessels owned by OSG is not considered to be robust.

During the fourth quarter of 2016, the Company gave consideration as to whether events or changes in circumstances had occurred since September 30, 2016 that could indicate that the carrying amounts of the vessels in the Company’s fleet may not be recoverable. The Company concluded that the decline in previously forecasted cash flows on one of the seven ATBs discussed above, due to a change in its expected deployment, constituted an impairment trigger event as of December 31, 2016. Based on the tests performed, an additional impairment charge of $6,623 was recorded in December 2016.

The principal assumptions used in the Company's cash flow projections of our vessels mentioned above for the three years ended December 31, 2018 are considered to be Level 3 inputs.

Valuation of Intangible Assets

The Company’s intangible assets at December 31, 2018 and 2017 consisted of long-term customer relationships acquired as part of the 2006 purchase of Maritrans, Inc. The long-term customer relationships are being amortized on a straight-line basis over 20 years.

During the year ended December 31, 2018, the Company gave consideration as to whether events or changes in circumstances had occurred since December 31, 2017 that could indicate the carrying value of the Company's intangible assets may not be recoverable as of December 31, 2018. The Company concluded that no such events or changes in circumstances had occurred.

In 2017, the factors that were determined to be impairment triggering events for the Company's vessels discussed above were also considered impairment triggering events for the carrying value of the Company's intangible asset. The Company reduced its estimates of undiscounted future cash flows to reflect consideration of the impairment triggering events. Based on the results of the recoverability test performed, no intangible asset impairment was recorded in 2017 as the net undiscounted cash flows from the asset group, attributable to these relationships, were in excess of the carrying value of the asset group. The principal assumptions used in the undiscounted future cash flows for our intangible assets, which were similar to those used in our cash flow projections of our vessels, are considered Level 3 inputs.

NOTE 11 — ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Years Ended December 31,	
	2018	2017
Accounts payable	$3,360	$3,825
Payroll and benefits	12,454	10,444
Interest	1,010	4,129
Insurance	639	1,096
Accrued drydock and repair costs	900	151
Bunkers and lubricants	953	2,341
Charter revenues received in advance	6,731	5,217
Accrued vessel expenses	3,304	2,311
Accrued general and administrative, primarily professional fees	1,998	1,011
Accrued deferred payment obligation for chartered in vessels	1,944	1,944
Other	1,385	1,902
	$34,678	$34,371

NOTE 12 —TAXES

As described in Note 5, INSW has been classified as discontinued operations and as a result the income tax impacts of INSW are not included in the below disclosures.

The benefit for income taxes on the loss from continuing operations before income taxes consists of the following:

	Years Ended December 31,		
	2018	2017	2016
Current	$(1,080)	$(1,420)	$(2,296)
Deferred	18,794	59,047	67,394
Total	$17,714	$57,627	$65,098

The current income tax expense is primarily attributable to state income taxes and the deferred income tax benefit is primarily attributable to the settlement of the 2012-2015 U.S. federal income tax audit offset, in part, by an increase in state valuation allowance.

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Explanation of Responses:

The reconciliations between the U.S. federal statutory income tax rate and the effective tax rate follows:

	Years Ended December 31,		
	2018	2017	2016
U.S. federal statutory income tax rate	21.0 %	35.0 %	35.0 %
Adjustments due to:			
State taxes, net of federal benefit	(21.4)%	76.5 %	(1.5)%
Change in valuation allowance	(59.0)%	(11.5)%	— %
Equity awards	(14.2)%	(10.7)%	(1.7)%
Return to provision	(13.8)%	— %	— %
Nondeductible expenses	(11.4)%	— %	— %
Tax examination settlement	505.7 %	— %	— %
U.S. income subject to tonnage tax	14.0 %	123.7 %	1.4 %
Other	(1.7)%	(7.1)%	(1.1)%
Interest on unrecognized tax benefits	— %	(5.9)%	1.8 %
Remeasurement of deferred tax liabilities	— %	3,292.9 %	— %
Nondeductible reorganization costs	— %	— %	(9.0)%
Unremitted earnings of foreign subsidiaries	— %	— %	73.5 %
Effective tax rate	419.2 %	3,492.9 %	98.4 %

In July 2018, the 2012 through 2015 U.S. federal income tax return audit process was completed. As a result, the tax benefit that had been previously reserved because of a failure to meet the “more likely than not” measurement threshold was recognized during the third quarter of 2018. The Company reduced its unrecognized tax benefits by $36,671 and recognized a corresponding tax benefit of $21,720 which was reduced due to the revaluation of net operating losses that historically offset the liability.

The significant components of the Company’s deferred tax liabilities and assets follow:

	December 31,	
	2018	2017
Deferred tax liabilities:		
Vessels and other property	$128,226	$133,347
Prepaid expenditures	7,108	7,236
Other—net	4	6
Total deferred tax liabilities	135,338	140,589
Deferred tax assets:		
Loss carryforwards	66,737	53,006
Employee compensation and benefit plans	4,287	5,507
Financing and professional fees	1,859	268
Accrued expenses and other	51	5,762
Total deferred tax assets	72,934	64,543
Valuation allowance	10,961	7,625
Net deferred tax assets	61,973	56,918
Net deferred tax liabilities	$73,365	$83,671

As of December 31, 2018, the Company had U.S. federal net operating loss carryforwards of $250,264 which are available to reduce future taxes, if any. The federal net operating loss carryforwards begin to expire in 2034. Additionally, as of December 31, 2018, the Company had U.S. state net operating loss carryforwards of $246,128.

These U.S. state net operating loss carryforwards expire in various years ending from December 31, 2018 through December 31, 2036. The Company has net operating loss carryforwards in additional jurisdictions for which the Company has not recorded a deferred tax asset or corresponding valuation allowance because the Company conducts insufficient business in those jurisdictions to generate sufficient taxable income to realize the benefit of the losses prior to their expiration. Included in the financing and professional fees deferred income assets above are U.S. federal interest expense deductions with an indefinite carryforward period.

On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was signed into law. Under U.S. GAAP, deferred taxes must be adjusted for enacted changes in tax laws or rates during the period in which new tax legislation is enacted. As the TCJA was effective in the fourth quarter of 2017, the Company prepared an estimate of the accounting for the impacts of the TCJA as of December 31, 2017. The Company recognized a non-cash tax benefit of $54,328 based on our preliminary assessment of the TCJA. During the fourth quarter of 2018, the Company filed its 2017 federal income tax return which resulted in an immaterial adjustment to the deferred tax liability and tax expense. Accordingly, the Company completed its accounting for the income tax effects of the TCJA as of December 22, 2018. The Company elected to early adopt ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA. As a result, the Company reclassified $1,483 from accumulated other comprehensive income to retained earnings during the fourth quarter of 2018.

In connection with the emergence from bankruptcy in 2014, under applicable tax regulations, the Company underwent an ownership change. As a result, there is an annual limitation on the use of pre-ownership change net operating losses, tax credits and certain other tax attributes to offset taxable income earned after the ownership change. The annual limitation is equal to the product of the applicable long-term tax-exempt rate and the value of the Company's stock immediately before the ownership change. This annual limitation may be adjusted to reflect any unused annual limitation for prior years and certain recognized built-in gains and losses for the year. The Company does not believe that the limitations imposed will impact its ability to utilize any pre-ownership change net operating losses before the carryforward period expires but could cause the timing of utilization to be impacted.

The Company assessed all available positive and negative evidence to determine whether sufficient future taxable income will be generated to permit use of existing deferred tax assets. For U.S. federal deferred tax assets, the Company concluded that sufficient positive evidence existed, primarily the result of reversing deferred tax liabilities during the carryover period. However, for certain state deferred tax assets, the negative evidence in the form of cumulative losses incurred over the preceding three-year period and lack of positive evidence of reversing deferred tax liabilities during the carryover period resulted in the Company establishing a valuation allowance of $10,961 and $7,625 as of December 31, 2018 and 2017, respectively, to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The valuation allowance increased by $3,336 during 2018 largely due to the Company's assessment of its ability to utilize state losses in the applicable carryforward periods.

During the years ended December 31, 2018, 2017 and 2016, the Company paid (net of refunds received) $1,313, $1,177 and $833, respectively, of income taxes.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (excluding interest and penalties):

	Years Ended December 31,		
	2018	2017	2016
Balance of unrecognized tax benefits as of January 1,	$37,240	$36,671	$36,535
Increases for positions taken in prior years	657	569	136
Amount of decreases related to settlements	(36,671)	—	—
Balance of unrecognized tax benefits as of December 31,	$1,226	$37,240	$36,671

Included in the balances of unrecognized tax benefits as of December 31, 2018 and 2017 are $220 and $36,884, respectively, of tax benefits that, if recognized, would affect the effective tax rate.

The Company records interest and penalties on unrecognized tax benefits in its provision for income taxes. Accrued interest and penalties are included within the related liability for unrecognized tax benefit line in the consolidated balance sheet. As of the years ended December 31, 2018, 2017 and 2016, we accrued interest of $0, $76 and $58, respectively, and recorded liabilities for interest and penalties of $0, $911 and $835, respectively.

After taking into consideration tax attributes, such as net operating loss carryforwards and interest, the Company's unrecognized tax benefits represent a noncurrent reserve for uncertain tax positions of $220 and $3,205 as of December 31, 2018 and 2017, respectively.

The Internal Revenue Service completed its audit of tax years 2012 through 2015 this year. The Company conducts business and files income tax returns in numerous states that periodically perform audits and is currently under state tax exam in one jurisdiction; however, we do not expect any events to occur that would cause a change to the Company's unrecognized tax benefits within the next twelve months. The future utilization of state NOLs could potentially subject the Company to state examinations prior to the otherwise applicable statute of limitation. States vary in carryforward periods but can extend up to 20 years.

NOTE 13 — RELATED PARTIES

Transition Services Agreement and Other Spin-off Related Activity

The outstanding amounts related to the transactions between OSG and INSW were as follows:

	Years Ended December 31, 2018	2017
Receivable from INSW	$34	$372

Receivables due from INSW as of December 31, 2018 are in relation to guarantee fees as discussed below.

OSG earned fees totaling $126 for services provided to INSW pursuant to the terms of the Transition Services Agreement for the year ended December 31, 2017. Approximately $31 of such fees were earned as of December 31, 2016. OSG incurred fees totaling $53 during the term of the TSA for services received from INSW for the year ended December 31, 2017. Approximately $27 of such fees were incurred as of December 31, 2016.

In connection with the Distribution, payments were made to or received from INSW totaling $1,969 and $9,857, respectively, for the settlement of allocated one-time separation costs, the transfer of assets and liabilities between OSG and INSW and amounts due for costs allocated pursuant to the "Shared Services and Cost Sharing Agreement" and the "Cost Sharing Agreement" by and among, OSG, INSW and OBS, that was in effect during the eleven months ended November 30, 2016.

Guarantees

INSW entered into guarantee arrangements in connection with the spin-off on November 30, 2016, in favor of Qatar Liquefied Gas Company Limited (2) (‘‘LNG Charterer’’) and relating to certain LNG Tanker Time Charter Party Agreements with the LNG Charterer and each of Overseas LNG H1 Corporation, Overseas LNG H2 Corporation, Overseas LNG S1 Corporation and Overseas LNG S2 Corporation (such agreements, the ‘‘LNG Charter Party Agreements,’’ and such guarantees, collectively, the ‘‘LNG Performance Guarantees’’).

OSG continues to provide a guarantee in favor of the LNG Charterer relating to the LNG Charter Party Agreements (such guarantees, the "OSG LNG Performance Guarantees"). INSW will indemnify OSG for liabilities arising from the OSG LNG Performance Guarantees pursuant to the terms of the Separation and Distribution Agreement. The maximum potential liability associated with this guarantee is not estimable because obligations are only based on future non-performance events of charter arrangements. In connection with the OSG LNG Performance Guarantees, INSW will pay a per year fee of $145 per year to OSG, which is subject to escalation after 2019 and will be terminated if OSG ceases to provide the OSG LNG Performance Guarantees.

NOTE 14 — CAPITAL STOCK AND STOCK COMPENSATION

Change in Capital Structure

See Note 2, “Chapter 11 Filing and Emergence from Bankruptcy,” for information relating to the Equity Plan and Rights Offering. After its emergence from Bankruptcy, the Company had two classes of common stock whereby the holders of our common stock were entitled to one vote per share, and holders of the Class A common stock and Class B common stock were entitled to vote together as a class, on any matter to be voted upon by the stockholders, other than as described below.

Reflecting the impact of the Reverse Split Amendment discussed below, each Class A warrant represents the right to purchase one share of Class A common stock, subject in each case to the adjustments as provided pursuant to the terms thereof. The warrants may be exercised at a price per share of Class A common stock, as applicable, of $0.01, which shall be paid pursuant to a cashless exercise procedure. Warrants may be exercised at any time or from time to time on or before August 5, 2039, and will expire thereafter. Until they exercise their warrants, except as otherwise provided in the warrants, the holders of the warrants will not have the rights or privileges of holders of the Company’s common stock, including any voting rights. Warrants may only be exercised by holders who establish to OSG's reasonable satisfaction that they or the person designated to receive the shares is a U.S. person or to the extent shares deliverable upon exercise would not constitute Non-Complying Shares (as defined in OSG's Amended and Restated Certificate of Incorporation). As of December 31, 2018, the Company had 20,603,654 Class A warrants outstanding, convertible into 3,914,694 shares of Class A common stock.

The Company's Class B common stock carried an entitlement to distribution of a percentage of the proceeds from the malpractice lawsuit against Proskauer Rose LLP ("Proskauer") and four of its partners.

On May 13, 2016, all holders of Class B common stock and Class B warrants as of May 9, 2016 received a distribution from the Company representing their pro-rata share of the Net Litigation Recovery. On May 27, 2016, pursuant to the Company's Amended and Restated Certificate of Incorporation, and the warrant agreement governing the Class B warrants, each Class B common share and Class B warrant automatically converted to a Class A common share and Class A warrant, respectively.

On June 2, 2016, the Board authorized the Company to take action to transfer the listing of its Class A common stock to the New York Stock Exchange from the NYSE MKT (the "Transfer"). In conjunction with the Transfer, the Board approved the Reverse Split Amendment to the Company's Amended and Restated Certificate of Incorporation. The Reverse Split Amendment effected a one (1) for six (6) reverse stock split and corresponding reduction of the number of authorized shares of Class A common stock and Class B common stock, par value $0.01 per share. On June 7, 2016, the Company filed the Reverse Split Amendment with the Secretary of State of the State of Delaware. The Reverse Split Amendment became effective on June 13, 2016. As previously reported, the Company's stockholders approved the filing of the Reverse Split Amendment at the Company's annual meeting of stockholders held on June 9, 2015. The Transfer was approved by the New York Stock Exchange on June 23, 2016. In order to account for the impact of the reverse stock split, holders of the Company's outstanding Class A warrants will receive, upon exercise, 0.190 shares of Class A common stock per warrant exercised.

Unless otherwise noted, all of the share and per share information below has been recast to reflect the impact of the reverse stock split.

On November 30, 2016, the Company completed the separation of its business into two independent publicly-traded companies through the spin-off of INSW. On the Distribution Date, each holder of OSG common stock received 0.3333 shares of INSW's common stock for every share of OSG common stock held on the Record Date. Each holder of OSG warrants received 0.3333 shares of INSW's common stock for every one share of OSG common stock they would have received if they exercised their warrants immediately prior to the Distribution.

Ownership Restrictions

In order to preserve the status of OSG as a Jones Act company, the percentage of each class of its common stock that may be owned by non-U.S. citizens is limited. In addition, the Company has established policies and procedures to ensure compliance with the Jones Act. In order to provide a reasonable margin for compliance with the Jones Act, our Board of Directors has determined that until further action by our Board, at least 77% of the outstanding shares of each class of capital stock of the Company must be owned by U.S. citizens. At and during such time that the limit is reached with respect to shares of Class A common stock as applicable, we will be unable to issue any further shares of such class of common stock or approve transfers of such class of common stock to non-U.S. citizens until the holdings of non-U.S. citizens falls below the maximum percentage allowable.

Dividends

On February 29, 2016, the Company's Board of Directors declared a cash dividend of $0.08 per share of common stock payable prior to the end of March 2016. In addition, in connection with the cash dividend, in accordance with the terms of the outstanding warrants for OSG's Class A and Class B common stock, those warrants were automatically adjusted so that exercising holders received additional shares of Class A common stock reflecting the payment of the cash dividend.

Share and Warrant Repurchases

During the year ended December 31, 2018, in connection with the vesting of restricted stock units in January, February, March and December, the Company repurchased 638,502 shares of Class A common stock at an average cost of $2.15 per share (based on the market prices on the dates of vesting) from certain members of management to cover withholding taxes.

During the year ended December 31, 2017, in connection with the vesting of restricted stock units in March, November and December, the Company repurchased 246,461 shares of Class A common stock at an average cost of $4.55 per share (based on the market prices on the dates of vesting) from certain members of management to cover withholding taxes.

During the year ended December 31, 2016, in connection with the vesting of restricted stock units in January, March, April and September, the Company repurchased 25,885 shares of Class A common stock at an average cost of $14.06 per share (based on the market prices on the dates of vesting) from certain members of management to cover withholding taxes.

During the year ended December 31, 2016, the Company repurchased 106,350 shares of its Class A common stock in open-market purchases on the NYSE MKT at an average price of $12.23 per share, for a total cost of $1,301. In addition, during the year ended December 31, 2016, the Company repurchased 55,306,351 Class A warrants in private transactions with non-affiliates at an average per share equivalent cost of $11.31 for a total cost of $118,041.

Warrant Conversions

During the years ended December 31, 2018, 2017 and 2016, the Company issued 5,628,650, 7,629,319 and 8,247,648 shares of Class A common stock, respectively, as a result of the exercise of 29,461,648, 40,269,797 and 43,835,170 Class A warrants, respectively.

During the year ended December 31, 2016, the Company issued 7,833 shares of Class B common stock as a result of the exercise of 46,997 Class B warrants.

Management Incentive Compensation Plan and Non-Employee Director Incentive Compensation Plan

On September 23, 2014, the Committee approved the Overseas Shipholding Group, Inc. Management Incentive Compensation Plan (the “Management Compensation Plan”) and the Overseas Shipholding Group, Inc. Non-Employee Director Incentive Compensation Plan (the “Director Plan” and together with the Management Compensation Plan, the “Incentive Plans”). OSG stockholders approved the Incentive Plans on June 9, 2015. On June 6, 2017, at the annual stockholders meeting, the Company's stockholders approved an increase to the maximum number of shares for issuance under the Director Plan by 1,500,000 shares.

The Incentive Plans contain anti-dilution provisions whereby in the event of any change in the capitalization of the Company, the number and type of securities underlying outstanding share based payment awards must be adjusted, as appropriate, in order to prevent dilution or enlargement of rights. The impact of these provisions resulted in a modification of all outstanding share based payment awards upon the stock dividend, reverse stock split and spin-off transactions described above. As the fair value of the awards immediately after the stock dividend, reverse stock split and spin off transactions, did not increase when compared to the fair value of such awards immediately prior to such transactions, no incremental compensation costs were recognized as a result of such modifications. Pursuant to the Employee Matters Agreement described in Note 5, “Discontinued Operations,” and below, unvested share based payment awards of OSG employees that transitioned to INSW were assumed by INSW and converted into equivalent awards of INSW’s equity.

The purpose of the Incentive Plans is to promote the interests of the Company and its stockholders by providing certain employees and members of the Board, who are largely responsible for the management, growth and protection of the business of the Company, with incentives and rewards to encourage them to continue in the service of the Company. The Incentive Plans permit the Committee to grant to eligible employees and directors of the Company, as applicable, any of the following types of awards (or any combination thereof): cash incentive awards, nonqualified stock options, incentive stock options and other stock-based awards, including, without limitation, stock appreciation rights, phantom stock, restricted stock, restricted stock units, performance shares, deferred share units and share-denominated performance units.

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 Stock Units and Restricted Common Stock

The Company awarded a total of 170,400 and 253,700 restricted stock units for the years ended December 31, 2018 and 2017, respectively and 74,201 restricted Class A common stock shares during the years ended December 31, 2016, respectively, to its non-employee directors. The weighted average fair value of the Company's stock on the measurement date of such awards was $3.61 (2018) $2.68 (2017) and $11.64 (2016) per share. Such restricted stock units and restricted Class A common stock shares vest in full on the earlier of the next annual meeting of the stockholders or the first anniversary of the grant date, subject to each director continuing to provide services to the Company through such date. The restricted stock units and restricted Class A common stock shares granted may not be transferred, pledged, assigned or otherwise encumbered prior to vesting. Prior to the vesting date, a holder of restricted share awards has all the rights of a stockholder of the Company, including the right to vote such shares and the right to receive dividends paid with respect to such shares at the same time as common stockholders generally.

Management Compensation

Restricted Stock Units

During the years ended December 31, 2018, 2017 and 2016, the Company awarded 365,584, 165,017 and 381,922 time-based restricted stock units (“RSUs”) to certain of its employees, including senior officers. The average grant date fair value of these awards was $1.70 (2018), $4.04 (2017) and $9.93 (2016), per RSU. Each RSU represents a contingent right to receive one share of Class A common stock upon vesting. Each award of RSUs will vest in equal installments on each of the first three anniversaries of the grant date. RSUs may not be transferred, pledged, assigned or otherwise encumbered until they are settled. Settlement of vested RSUs may be in either shares of Class A common stock or cash, as determined at the discretion of the Human Resources and Compensation Committee, and shall occur as soon as practicable after the vesting date. If the RSUs are settled in shares of common stock, following the settlement of such shares, the grantee will be the record owner of the shares of Class A common stock and will have all the rights of a stockholder of the Company, including the right to vote such shares and the right to receive dividends paid with respect to such shares of Class A common stock. RSUs which have not become vested as of the date of a grantee’s termination from the Company will be forfeited without the payment of any consideration, unless otherwise provided for.

In addition, during the years ended December 31, 2018 and 2017, the Company awarded 688,877 and 103,945 shares, respectively, to certain of its senior officers of the Company's common stock, net of all taxes, which vested immediately. The average grant date fair value of these awards was $1.91 and $2.81.

During the years ended December 31, 2018 and 2017, the Company awarded 142,060 and 63,532 performance-based RSUs, respectively, to its senior officers. Each performance stock unit represents a contingent right to receive RSUs based upon continuous employment through the end of a three-year performance period (the “Performance Period”) and shall vest as follows: (i) one-half of the target RSUs shall vest and become nonforfeitable subject to OSG’s return on invested capital (“ROIC”) performance in the three-year ROIC performance period relative to a target rate (the “ROIC Target”) set forth in the award agreements (the formula for ROIC is net operating profit after taxes divided by the net of total debt plus stockholders equity less cash); and (ii) one-half of the target RSUs will be subject to OSG’s three-year total stockholder return (“TSR Target”) performance relative to that of a performance index over a three-year TSR performance period. For the 2018 awards, the index consists of companies that comprise a combination of the oil and gas storage and transportation and marine GICS sub-industries indexes during the Performance Period. For the 2017 awards, the index consists of companies that comprise the Standard and Poor’s Transportation Select Index during the Performance Period. Vesting is subject in each case to the Human Resources and Compensation Committee’s certification of achievement of the performance measures and targets.

Both the ROIC Target RSUs and the TSR Target RSUs are subject to an increase up to a maximum of 106,545 and 47,647 target RSUs, respectively, (aggregate 213,090 and 95,294 target RSU’s, respectively) or decrease depending on performance against the applicable measure and targets. The ROIC performance goal is a performance condition which, as of December 31, 2018, management believed was considered probable of being achieved. Accordingly, compensation costs have been recognized. The grant date fair value of the performance awards was $1.70 and $4.04 per RSU, respectively.

During the year ended December 31, 2016, the Company awarded 119,853 performance-based RSUs to its senior officers. Each performance stock unit represents a contingent right to receive RSUs based upon the covered employees being continuously employed through the end of the period over which the performance goals are measured and shall vest as follows: (i) one-third of the target RSUs shall vest on December 31, 2018, subject to OSG's three-year earnings per share ("EPS") performance in the three-year EPS performance period relative to a compounded annual growth rate (the "EPS Target") set forth in the award agreements; (ii) one-third of the target RSUs shall vest on December 31, 2018, subject to OSG's ROIC performance in the three-year ROIC performance period relative to a ROIC Target set forth in the award agreements; and (iii) one-third of the target RSUs will be subject to OSG's TSR performance relative to that of a performance peer group over a three-year TSR performance period. Vesting is subject in each case to the Human Resources and Compensation Committee's certification of achievement of the performance measures and targets no later than March 31, 2019. The grant date fair value of the TSR based performance awards was $11.82 per RSU. At December 31, 2016, no compensation costs were recognized as management believed the EPS Target and ROIC Target performance conditions were not probable of being achieved.

In addition, during the year ended December 31, 2016, the Company granted 38,547 performance-based RSUs to certain members of senior management. The grant date fair value of the performance awards was determined to be $11.82 per RSU. Each performance stock unit represents a contingent right to receive RSUs based upon certain performance related goals being met and the covered employees being continuously employed through the end of the period over which the performance goals are measured. These performance awards vested on December 31, 2016, subject in each case to the Human Resources and Compensation Committee's certification of achievement of the performance measures and targets no later than March 31, 2017. Achievement of the performance condition in this award was considered probable and accordingly, compensation cost was recognized commencing on March 30, 2016, the grant date of the award. However, as a result of the INSW spin off transaction, the outstanding unvested performance based RSU awards held by the members of senior management that remained with OSG, but terminated employment with the Company shortly after the spinoff date, were forfeited. As noted above, the awards granted to former members of OSG senior management that transitioned to INSW were cancelled.

Stock Options

During the year ended December 31, 2018, the Company awarded 494,118 stock options to one of its senior officers, which vested immediately. Each stock option represents an option to purchase one share of Class A common stock for an exercise price of $1.70 per share. The call option value of the options was $0.92 per option. Under the grant agreement, the stock options have a holding requirement until the earliest to occur of (i) a change in control; (ii) the separation from service date, in the event of a termination of the grantee's employment by the Company without cause or by the grantee for good reason and (iii) the third anniversary of the grant date. The stock options expire on the business day immediately preceding the tenth anniversary of the award date. If a stock option grantee's employment is terminated for cause (as defined in the applicable Form of Grant Agreement), stock options (whether then vested or exercisable or not) will lapse and will not be exercisable. If a stock option grantee's employment is terminated for reasons other than cause, the option recipient may exercise the vested portion of the stock option but only within such period of time ending on the earlier to occur of (i) the 90th day ending after the option holder's employment terminated and (ii) the expiration of the options, provided that if the option holder's employment terminates for death or disability the vested portion of the option may be exercised until the earlier of (i) the first anniversary of employment termination and (ii) the expiration date of the options.

During the years ended December 31, 2017 and 2016, the Company awarded to certain senior officers an aggregate of 135,084 and 528,304 stock options, respectively. Each stock option represents an option to purchase one share of Class A common stock for an exercise price of $4.04 per share for 2017 and an exercise price that ranged between $3.73 and $12.69 per share for 2016. The average grant date fair value of the options was $1.89 per option in 2017 and $10.83 per option in 2016. Stock options may not be transferred, pledged, assigned or otherwise encumbered prior to vesting. Each stock option will vest in equal installments on each of the first three anniversaries of the award date. The stock options expire on the business day immediately preceding the tenth anniversary of the award date. If a stock option grantee's employment is terminated for cause (as defined in the applicable Form of Grant Agreement), stock options (whether then vested or exercisable or not) will lapse and will not be exercisable. If a stock option grantee's employment is terminated for reasons other than cause, the option recipient may exercise the vested portion of the stock option but only within such period of time ending on the earlier to occur of (i) the 90th day ending after the option recipient's employment terminated and (ii) the expiration of the options, provided that if the Optionee's employment terminates for death or disability the vested portion of the option may be exercised until the earlier of (i) the first anniversary of employment termination and (ii) the expiration date of the options.

The fair values of the options granted were estimated on the dates of grant using the Black-Scholes option pricing model with the following weighted average assumptions for 2018, 2017 and 2016 grants: risk free interest rates of

2.72%, 2.09% and 1.65%, respectively, dividend yields of 0.0%, expected stock price volatility factors of .55, .47 and .40, respectively, and expected lives of 6.0 years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Since the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Employee Terminations and Retirements and Impact of Spinoff

On July 29, 2016, Mr. Henry Flinter retired from his position as President of the Company's U.S. Flag operations. Pursuant to his employment agreement, as amended on March 30, 2016, all of his unvested stock option awards, time-based RSUs and performance-based RSUs vested in full (per the terms of his agreement, performance-based RSUs vested at target performance) on July 29, 2016. The incremental compensation expense recognized as a result of the accelerated vesting and the difference between the grant date fair value of the vested shares and the fair value of the Company's Class A common stock on July 29, 2016 was approximately $23. The Human Resources and Compensation Committee of the Company's Board elected to settle the vested equity awards (with the exception of certain performance-based RSUs that by their terms are not settled until the first quarter of 2018) in cash. Severance costs of approximately $2,238 were recognized during the year in relation to Mr. Flinter's separation from the Company, of which $789 was as a result of the accelerated vesting of his share based compensation awards. Also see Note 19, "Severance and Agreements with Executive Officers."

On December 29, 2016, Captain Ian Blackley retired from his position as Chief Executive Officer of the Company. Pursuant to his employment agreement, as amended on March 30, 2016 and August 3, 2016, all of his unvested stock option awards and time-based RSUs vested in full on December 29, 2016. Stock compensation expense, net of forfeitures, totaling $1,251 was recognized in December 2016 as a result of the accelerated vesting of his time-based RSU and stock option awards offset by the related forfeitures of his unvested performance-based RSU awards.

On December 29, 2016, Mr. Rick Oricchio retired from his position as Chief Financial Officer of the Company. Pursuant to his employment agreement, as amended on March 30, 2016 and August 3, 2016, all of his unvested stock option awards, and time-based RSU awards vested in full on December 29, 2016. Stock compensation expense, net of forfeitures, totaling $984 was recognized in December 2016 as a result of the accelerated vesting of his share based compensation awards and the related forfeitures of his unvested performance-based RSU awards.

The spin-off transaction resulted in the Human Resources and Compensation Committee, as required by the Management and Director Incentive Plans, adjusting the number and the type of securities underlying the outstanding awards at November 30, 2016, in each case as it considered appropriate, in order to prevent dilution or enlargement of rights. The adjustments resulted in a 430,841 increase in restricted stock and restricted stock units and a 581,332 increase in stock options. Additionally, as a result of certain employees transferring from OSG to INSW, 177,635 restricted stock units and 205,427 stock options were cancelled.

For the Incentive Plans, compensation expense is recognized over the vesting period, contingent or otherwise, applicable to each grant, using the straight-line method. Compensation expense as a result of the restricted shares and RSU awards described above was $1,646, $2,107 and $5,198 during each of the years ended December 31, 2018, 2017 and 2016, respectively.

Activity with respect to restricted common stock and restricted stock units under the Incentive Plans during the three years ended December 31, 2018 is summarized as follows:

Activity for the three years ended December 31, 2018	Class A common shares
Nonvested Shares Outstanding at December 31, 2015	807,989
Granted [1]	614,523
Vested ($2.87 to $21.90 per share) [1]	(1,025,212)
Forfeited	(88,228)
INSW Spin off modification	430,841
Cancellations related to INSW Spin-off	(177,635)
Nonvested Shares Outstanding at December 31, 2016	562,278
Granted	586,194
Vested ($2.28 to $4.04 per share)	(323,086)

Forfeited ($2.48 to $2.97 per share)	(164,387)
Nonvested Shares Outstanding at December 31, 2017	660,999
Granted	1,366,921
Vested ($1.70 to $2.74 per share)	(1,108,180)
Forfeited ($2.39 to $2.44 per share)	(7,425)
Nonvested Shares Outstanding at December 31, 2018	912,315

(1) Share information has been recast to reflect the 2016 reverse stock split and 2015 stock dividend.

Activity with respect to stock options under the Incentive Plans during the three years ended December 31, 2018 is summarized as follows:

Activity for the three years ended December 31, 2018	Class A common shares
Options Outstanding at December 31, 2015	268,539
Granted [(1)]	528,304
Forfeited	(2,674)
Expired	(55,971)
Exercised	—
INSW Spin off modification	581,332
Cancellations related to INSW Spin-off	(205,427)
Options Outstanding at December 31, 2016	1,114,103
Granted	135,804
Forfeited ($2.84 per share)	(140,345)
Expired ($3.35 to $4.00 per share)	(737,669)
Exercised	—
Options Outstanding at December 31, 2017	371,893
Granted	494,118
Options Outstanding at December 31, 2018	866,011
Options Exercisable at December 31, 2018	717,353

(1) Share information has been recast to reflect the 2016 reverse stock split and 2015 stock dividend.

The weighted average remaining contractual life of the outstanding stock options at December 31, 2018 was 7.92 years. The range of exercise prices of the stock options outstanding at December 31, 2018 was between $1.70 and $5.57 per share (which reflects an adjustment as a result of the stock dividend and reverse spin modification and INSW spin off described above). The weighted average exercise prices of the stock options outstanding at December 31, 2018, 2017 and 2016 were $3.23, $5.27 and $6.69 per share, respectively. Stock options of 494,118 which vested during the year ended December 31, 2018 were “in-the-money.”

Compensation expense as a result of the grants of stock options described above was $255, $281 and $2,243 during each of the years ended December 31, 2018, 2017, and 2016, respectively.

As of December 31, 2018, there was $1,199 of unrecognized compensation cost related to nonvested share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 1.73 years.

NOTE 15 — ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Years Ended December 31,	
	2018	2017
Unrealized losses on derivative instruments	$—	$(112)
Items not yet recognized as a component of net periodic benefit cost (pension and other postretirement benefit plans)	(7,192)	(6,350)

$(7,192) $(6,462)

The following tables present the changes in the balances of each component of accumulated other comprehensive loss, net of related taxes, for the three years ended December 31, 2018.

	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, 2017	$ (112)	$ (6,350)	$(6,462)
Current period change, excluding amounts reclassified from accumulated other comprehensive loss	—	300	300
Amounts reclassified from accumulated other comprehensive loss	112	341	453
Adoption of accounting standard - reclassification adjustment to retained earnings (Note 12)	—	(1,483)	(1,483)
Total change in accumulated other comprehensive loss	112	(842)	(730)
Balance as of December 31, 2018	$ —	$ (7,192)	$(7,192)
Balance as of December 31, 2016	$ (1,019)	$ (7,141)	$(8,160)
Current period change, excluding amounts reclassified from accumulated other comprehensive loss	—	438	438
Amounts reclassified from accumulated other comprehensive loss	907	353	1,260
Total change in accumulated other comprehensive loss	907	791	1,698
Balance as of December 31, 2017	$ (112)	$ (6,350)	$(6,462)
Balance as of December 31, 2015	$ (54,620)	$ (18,841)	$(73,461)
Current period change, excluding amounts reclassified from accumulated other comprehensive loss	(5,982)	(4,055)	(10,037)
Amounts reclassified from accumulated other comprehensive loss	16,293	700	16,993
Distribution of International Seaways, Inc.	43,290	15,055	58,345
Total change in accumulated other comprehensive loss	53,601	11,700	65,301
Balance as of December 31, 2016	$ (1,019)	$ (7,141)	$(8,160)

The following table presents information with respect to amounts reclassified out of accumulated other comprehensive loss for the three years ended December 31, 2018.

	Years Ended December 31,			
Accumulated Other Comprehensive Loss Component	2018	2017	2016	Statement of Operations Line Item
Unrealized losses on cash flow hedges:				
Interest rate swaps entered into by the Company's equity method joint venture investees	—	—	(15,664)	Net (loss)/income from discontinued operations
Interest rate caps entered into by the Company's subsidiaries	(181)	(1,421)	(339)	Interest expense
Interest rate caps entered into by the Company's subsidiaries	—	—	(408)	Net (loss)/income from discontinued operations
Items not yet recognized as a component of net periodic benefit cost (pension and other postretirement plans):				
Net periodic benefit costs associated with pension and postretirement benefit plans for shore-based employees	(465)	(666)	(645)	Other expense
Net periodic benefit costs associated with pension and postretirement benefit plans for shore-based employees	—	—	(365)	Net (loss)/income from discontinued operations
Net periodic benefit costs associated with pension and postretirement benefit plans for seagoing employees	166	150	131	Other expense
	(480)	(1,937)	(17,290)	Total before tax
	933	677	297	Tax provision
	$453	$(1,260)	$(16,993)	Total net of tax

The following amounts are included in accumulated other comprehensive loss at December 31, 2018, which have not yet been recognized in net periodic cost: unrecognized prior service credits of $1,845 ($1,458 net of tax) and unrecognized actuarial losses $11,121 ($8,786 net of tax). The prior service credit and actuarial loss included in accumulated other comprehensive loss and expected to be recognized in net periodic cost during 2019 are a gain of $229 ($181 net of tax) and a loss of $662 ($523 net of tax), respectively.

See Note 10, “Fair Value of Financial Instruments, Derivatives and Fair Value,” for additional disclosures relating to derivative instruments.

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

	Unrealized (losses)/gains on cash flow hedges	Items not yet recognized as a component of net periodic benefit cost
For the year ended December 31, 2018:		
Current period change excluding amounts reclassified from accumulated other comprehensive loss	$ —	$ —
Amounts reclassified from accumulated other comprehensive loss	69	—
Total change in accumulated other comprehensive loss	$ 69	$ —
For the year ended December 31, 2017:		
Current period change excluding amounts reclassified from accumulated other comprehensive loss	$ —	$ (203)
Amounts reclassified from accumulated other comprehensive loss	(513)	(164)
Total change in accumulated other comprehensive loss	$ (513)	$ (367)
For the year ended December 31, 2016:		
Current period change excluding amounts reclassified from accumulated other comprehensive loss	$ 30	$ (388)
Amounts reclassified from accumulated other comprehensive loss	(118)	(179)
Total change in accumulated other comprehensive loss	$ (88)	$ (567)

NOTE 16 — LEASES

Charters-in

As of December 31, 2018, the Company had commitments to charter in 10 vessels. All of the charters-in are accounted for as operating leases and all are bareboat charters. Lease expense relating to charters-in is included in charter hire expenses in the consolidated statements of operations. The Company holds options for the charters-in that can be exercised for one, three or five years with the one year option only usable once, while the three and five year options are available forever. The lease payments for the charters-in are fixed throughout the option periods and the options are on a vessel by vessel basis that can be exercised individually. The option on one of the Company's vessels has been extended until June 2025. For the remaining nine vessels, on December 10, 2018, the Company declared its extensions of the charter agreements. The charter agreements were extended for five of the vessels for additional three year terms ending December 2022 and four of the vessels were extended for additional one year terms ending December 2020.

The future minimum commitments and related number of operating days under these operating leases are as follows:

At December 31, 2018	Amount	Operating Days
2019	$91,338	3,650
2020	89,503	3,580

2021	55,329	2,190
2022	71,819	2,090
2023	9,143	365
Thereafter	13,702	547
Net minimum lease payments	$330,834	12,422

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. Due to reserve funding requirements and current rate forecasts, no profits are currently expected to be paid to the owners in respect of the charter term within the next year.

Charters-out

The future minimum revenues, before reduction for brokerage commissions and which include rent escalations, expected to be received on noncancelable time charters 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 December 31, 2018	Amount	Revenue Days
2019	$217,679	4,084
2020	42,032	543
2021	26,624	324
2022	30,675	365
2023	31,405	365
Thereafter	46,059	521
Net minimum lease receipts	$394,474	6,202

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.

Office space

The Company has lease obligations for office space that generally require fixed annul rental payments and may also include escalation clauses and renewal options.

The future minimum commitments under lease obligations for office space as of December 31, 2018 and for each of the next five years ended December 31 and thereafter, are as follows:

At December 31, 2018	Amount
2019	$ 658
2020	630
2021	631
2022	649
2023	474
Thereafter	1,186
Net minimum lease payments	$ 4,228

The rental expense for office space, which is included in general and administrative expenses in the consolidated statements of operations, amounted to $659 in 2018, $647 in 2017 and $1,324 in 2016.

NOTE 17 — PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

For the years ended December 31, 2018 and 2017, pension and other benefit liabilities are included in other liabilities in the consolidated balance sheets.

Pension Plans

In connection with the November 2006 acquisition of Maritrans, the Company assumed the obligations under the defined benefit retirement plan of Maritrans Inc. (“the Maritrans Plan”). As of December 31, 2006, the Company froze the benefits under the Maritrans Plan. At December 31, 2018, the Maritrans Plan is the only domestic defined benefit pension plan in existence at the Company. The Maritrans Plan was noncontributory and covered substantially all shore-based employees and substantially all of the seagoing supervisors who were supervisors in 1984, or who were hired in, or promoted into, supervisory roles between 1984 and 1998 for that period of time. Beginning in 1999, the seagoing supervisors’ retirement benefits are provided through contributions to an industry-wide, multiemployer union sponsored pension plan. Upon retirement, those seagoing supervisors are entitled to retirement benefits from the Maritrans Plan for service periods between 1984 and 1998 and from the multiemployer union sponsored plan for other covered periods. Retirement benefits are based primarily on years of service and average compensation for the five consecutive plan years that produce the highest results.

Multiemployer Pension and Postretirement Benefit Plans

The Company's subsidiaries are parties to collective-bargaining agreements that require them to make contributions to three jointly managed (Company and union) multiemployer pension plans covering seagoing personnel of U.S. Flag vessels. All three plans, the American Maritime Officers ("AMO") Pension Plan, the Seafarers Pension Plan ("SIU") and the Marine Engineers' Beneficial Association ("MEBA") Defined Benefit Pension Plan, are deemed individually significant by management.

Plan level information is available in the public domain for each of the multiemployer pension plans the Company participates in. The table below provides additional information about the Company's participation in the above multi-employer pension plans:

		Pension Protection Act Zone Status			Contributions made by the Company		
Pension Plan	EIN / Pension Plan Number	2018	2017	Rehabilitation Plan Status	2018	2017	2016
AMO Pension Plan	13-1936709	Yellow (1)	Yellow (1)	Implemented	$ 880	$ 984	$ 1,015
MEBA Pension Plan	51-6029896	Green (1)	Green (1)	None	1,450	1,411	1,406
Seafarers Pension Plan	13-6100329	Green (1)	Green (1)	None	345	400	434
				Total contributions	$ 2,675	$ 2,795	$ 2,855

(1) A "Yellow" Zone Status plan is a plan that has a funding ratio between 65% and 80%. A "Green" Zone Status plan is a plan that is 80% funded or more.

The plan years for the three union plans end as follows: MEBA and SIU on December 31 and AMO on September 30. The Company has no future minimum contribution requirements under the three multiemployer pension plans shown above as of December 31, 2018 and any future contributions are subject to negotiations between the employers and the unions.

Under the Employee Retirement Income Security Act of 1974 ("ERISA") as amended by the Pension Protection Act of 2006 ("PPA") and the Multiemployer Pension Reform Act of 2014 ("MPRA"), on March 31, 2015, the actuary of the MEBA Pension Plan ("Plan") certified the Plan as being in neither endangered nor critical status as of January 1, 2015. The actuary also certified that the Plan was projected to be in critical status in at least one of the five succeeding Plan years. Under MPRA, a multiemployer pension plan that has been actuarially projected to be in critical status within the succeeding five plan years may elect to be in critical status for the current plan year within 30 days of the actuary's certification. In accordance with applicable law, on April 30, 2015 the Plan's Board of Trustees ("Trustees") elected that the Plan enter critical status for the plan year beginning January 1, 2015. The Plan entered into a Rehabilitation Plan ("RP") whereby lump sum payment options previously available under the Plan will no longer be paid to beneficiaries, and each employer became obligated to pay a 5% contribution surcharge to the Plan, effective with respect to contributions for work performed on or after June 1, 2015. On October 27, 2015, the Company received correspondence from MEBA indicating that Federal law requires that the Trustees adopt an RP with a schedule of increases in contributions and reductions in future benefits that will help the Plan emerge from critical status.

However, because the Plan's actuary has projected that the Plan will emerge from critical status without any contribution increases or benefit reductions; the RP does not include any. The letter also indicated that since the Company signed a Memorandum of Understanding on October 21, 2015 whereby the Company and MEBA amended their collective bargaining agreement to adopt the preferred schedule of the RP that was adopted by the Pension Plan's Board of Trustees on October 21, 2015, the surcharges required to be paid to the Plan by the Company since June 1, 2015 ceased as of October 31, 2015. During April 2016, the Company received correspondence from MEBA indicating that due to the actions of the Trustees, the Plan's actuaries certified in March 2016 that the Plan has emerged from critical status, and the Plan is not in endangered, critical, or critical and declining status for the plan year commencing January 1, 2016. As a result, the rehabilitation plan period has terminated.

ERISA requires employers who are contributors to U.S. multiemployer plans to continue funding their allocable share of each plan's unfunded vested benefits in the event of withdrawal from or termination of such plans. Based on information received from the trustees of the SIU Pension Plan, the Company is not subject to withdrawal liabilities under that plan. Based on the actuarial report received from the trustees of the MEBA Pension Plan, as of December 31, 2017, the Company's estimated withdrawal liability would have been approximately $23,985 had the Company elected to withdraw from the plan in 2018. Based on the actuarial report received from the trustees of the AMO Pension Plan, as of September 30, 2017, the Company's estimated withdrawal liability would have been approximately $21,592 had the Company elected to withdraw from the plan in 2018. The Company has no intentions of terminating its participation in any of the three multiemployer pension plans and has no expectations that the plans will be terminated. Accordingly, no provisions have been made for the estimated withdrawal liability as of December 31, 2018.

The SIU – Tanker Agreement, SIU – Tug Agreement, AMO and MEBA collective bargaining agreements expire in June 2022 and March 2021, respectively. The collective bargaining agreements also require the Company to make contributions to certain other postretirement employee benefit plans the unions offer to their members. Such contributions were not material during the three years ended December 31, 2018.

Postretirement Benefit Plans

The Company also provides certain postretirement health care and life insurance benefits to qualifying domestic retirees and their eligible dependents. The health care plan for shore-based employees and their dependents and seagoing licensed deck officers ("Deck Officers") and their dependents is contributory at retirement, while the life insurance plan for all employees is noncontributory. In general, postretirement medical coverage is provided to shore-based employees hired prior to January 1, 2005 and all Deck Officers who retire and have met minimum age and service requirements under a formula related to total years of service. The Company no longer provides prescription drug coverage to its retirees or their beneficiaries once they reach age 65. The Company does not currently fund these benefit arrangements and has the right to amend or terminate the health care and life insurance benefits at any time.

Information with respect to the domestic pension and postretirement benefit plans for which the Company uses a December 31 measurement date, follow:

	Pension Benefits		Other Benefits	
At December 31,	2018	2017	2018	2017
Change in benefit obligation:				
Benefit obligation at beginning of year	$48,500	$47,468	$4,548	$4,094
Cost of benefits earned (service cost)	—	—	119	113
Interest cost on benefit obligation	1,673	1,830	142	165
Actuarial (gains)/losses	(3,456)	1,788	(1,206)	389
Benefits paid	(2,702)	(2,586)	(202)	(213)
Benefit obligation at year end	44,015	48,500	3,401	4,548
Change in plan assets:				
Fair value of plan assets at beginning of year	35,591	32,013	—	—
Actual return on plan assets	(1,882)	5,082	—	—
Employer contributions	922	1,082	202	213
Benefits paid	(2,702)	(2,586)	(202)	(213)
Fair value of plan assets at year end	31,929	35,591	—	—
Unfunded status at December 31	$(12,086)	$(12,909)	$(3,401)	$(4,548)

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Information for defined benefit pension plans with accumulated benefit obligations in excess of plan assets follows:

At December 31,	2018	2017
Projected benefit obligation	$44,015	$48,500
Accumulated benefit obligation	44,015	48,500
Fair value of plan assets	31,929	35,591

Information for defined benefit pension plans and other postretirement benefit plans net periodic cost/(benefit) follows:

	Pension Benefits			Other Benefits		
For the year ended December 31,	2018	2017	2016	2018	2017	2016
Components of expense:						
Cost of benefits earned	$—	$—	$—	$119	$113	$138
Interest cost on benefit obligation	1,673	1,830	1,893	142	165	189
Expected return on plan assets	(2,517)	(2,258)	(2,309)	—	—	—
Amortization of prior-service costs	—	—	—	(229)	(229)	(271)
Recognized net actuarial loss	483	688	688	45	56	97
Curtailment	—	—	97	—	—	(149)
Net periodic benefit cost	$(361)	$260	$369	$77	$105	$4

The weighted-average assumptions used to determine benefit obligations follow:

	Pension Benefits		Other Benefits	
At December 31,	2018	2017	2018	2017
Discount rate	4.25%	3.55%	4.40%	3.70%

The selection of a single discount rate for the Maritrans Plan was derived from bond yield curves, which the Company believed as of such dates to be appropriate for ongoing plans with a long duration, such as the Maritrans Plan, and that generally mirror the type of high yield bond portfolio the Company could acquire to offset its obligations under the Maritrans Plan.

The weighted-average assumptions used to determine net periodic benefit cost follow:

	Pension Benefits			Other Benefits		
For the year ended December 31,	2018	2017	2016	2018	2017	2016
Discount rate	3.55%	3.95%	4.00%	3.70%	4.15%	4.25%
Expected (long-term) return on plan assets	7.25%	7.25%	7.25%	—	—	—

The assumed health care cost trend rate for measuring the benefit obligation included in Other Benefits above is an increase of 7.00% as of December 31, 2018, with the rate of increase declining to an ultimate trend rate of 4.75% per annum by 2027. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A 1% change in assumed health care cost trend rates would have the following effects:

	1% increase	1% decrease
Effect on total of service and interest cost components in 2018	$ 50	$ (35)

Effect on postretirement benefit obligation as of December 31, 2018	$ 442	$ (255)

Explanation of Responses:

Expected benefit payments are as follows:

	Pension Benefits	Other Benefits
2019	$ 2,842	$ 168
2020	2,935	168
2021	3,016	167
2022	3,047	173
2023	3,095	179
Years 2024-2027	15,817	942
Total	$ 30,752	$ 1,797

The expected long-term rate of return on plan assets is based on the current and expected asset allocations. Additionally, the long-term rate of return is based on historical returns, investment strategy, inflation expectations and other economic factors. The expected long-term rate of return is then applied to the market value of plan assets.

The fair values of the Company's pension plan assets at December 31, 2018, by asset category are as follows:

Description	Fair Value	Level 1
Cash and cash equivalents	$466	$466
Equity securities:		
Large cap exchange traded fund	11,595	11,595
Small company - mid value	1,767	1,767
Small company - mid growth	1,804	1,804
International value	2,182	2,182
International growth	2,302	2,302
Fixed income and preferred stock:		
Intermediate term bond fund	11,764	11,764
Small company - mid value - preferred stock	49	49
Total	$31,929	$31,929

Plan fiduciaries of the Retirement Plan of Maritrans, Inc. set investment policies, strategies and oversee its investment allocation, which includes selecting investment managers and setting long term strategic targets. The primary strategic investment objective is to maximize total return while maintaining a broadly diversified portfolio for the primary purpose of satisfying obligations for future benefit payments. Equities are the primary holdings of the Plan. Other investments, including fixed income investments, provide diversification, and, in certain cases, lower the volatility of returns. In general, equity can range from 55 to 75 percent of total plan assets, fixed income securities can range from 25 to 45 percent of total plan assets, and cash can be held in amounts up to 5 percent of plan assets. Actual asset allocation within the approved ranges varies from time to time based on economic conditions (both current and forecast) and the advice of professional advisors.

The Company contributed $921, $1,082 and $0 to the Maritrans Plan in 2018, 2017 and 2016, respectively. The Company expects to make contributions of approximately $721 to the Maritrans Plan in 2019.

Defined Contribution Plans

The Company also had defined contribution plans covering all eligible employees. Contributions are limited to amounts allowable for income tax purposes. Commencing in 2006, employer contributions include both employer contributions made regardless of employee contributions and matching contributions to the plans. All contributions to the plans are at the discretion of the Company. The Company's contributions to the plan were $1,956 and $2,244 for the years ended December 31, 2018 and 2017, respectively.

The Company also has an unfunded, nonqualified supplemental savings plan covering highly compensated U.S. shore-based employees of the Company, which was terminated in connection with the Company’s filing for bankruptcy in 2012. This plan provided for levels of hypothetical employer contributions that would otherwise have been made under the Company’s defined contribution plans in the absence of limitations imposed by income tax regulations. The Company's unfunded obligations under this plan at December 31, 2018 and 2017 were not material.

NOTE 18 — OTHER EXPENSE

Other expense consists of:

	Years Ended December 31,		
	2018	2017	2016
Investment income:			
Interest	$1,970	$1,183	$534
Gain on sale of investments	—	—	46
	1,970	1,183	580
Loss on repurchases and extinguishment of debt [1]	(3,399)	(3,237)	(2,988)
Pension and post retirement items [2]	532	128	(290)
OSG LNG performance guarantee fees	135	135	—
Miscellaneous—net	3	38	17
	$(759)	$(1,753)	$(2,681)

(1) See Note 9, "Debt," for disclosures relating to loss on repurchase of debt.

(2) As discussed further in Note 3, "Summary of Significant Accounting Policies," the Company adopted ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (ASC 715), on January 1, 2018. Accordingly, the prior periods have been adjusted to conform to current period presentation.

NOTE 19 — SEVERANCE COSTS AND AGREEMENTS WITH EXECUTIVE OFFICERS

Severance

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.

Activity relating to the reserves for the severance arrangements incurred during the three years ended December 31, 2018 is summarized as follows:

Balance at December 31, 2016	$7,694
Utilized	(6,440)
Balance at December 31, 2017	1,254
Utilized	(1,188)
Balance at December 31, 2018	$66

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

Severance costs for termination benefits and share based compensation costs recognized during the year ended December 31, 2016 were as follows:

	Termination Benefits	Share Based Payment Expense	Total Severance Charges
Terminations as a result of spin-off and related restructuring	$ 8,218	$ 4,778	$ 12,996

See below for additional discussion on termination agreements with executive officers. Charges relating to employee termination benefits and severance are presented separately in the consolidated statement of operations.

Agreements with Executive Officers

On December 29, 2016 Captain Ian T. Blackley stepped down from his role as President, Chief Executive Officer and Director of the Company. In connection with his departure from the Company, Captain Blackley entered into a letter agreement with the Company that provides for a general release and waiver of claims against the Company in addition to the payment of certain benefits that were consistent with the terms of his employment agreement, as amended including: (a) a cash payment of $1,350 in substantially equal installments over a period of twenty-four (24) months; (b) a lump sum cash payment of $3,214; (c) a lump sum cash payment of $475 pursuant to the Company’s Retention Bonus Plan; and (d) any benefits to which he is entitled under the Company’s nonqualified supplemental savings plan. Captain Blackley also received accelerated vesting of time-based equity awards. Charges recognized as part of severance costs in relation to the accelerated vesting of his time-based equity awards totaled $2,313. During the years ended December 31, 2018 and 2017, severance related amounts of $675 and $5,333, respectively, were paid to Captain Blackley.

On December 29, 2016, Mr. Rick Oricchio stepped down from his role as Senior Vice President and Chief Financial Officer of the Company. In connection with his departure, Mr. Oricchio entered into a letter agreement with the Company containing, among other things, a general release and waiver of claims against the Company, in addition to the payment of certain benefits that were consistent with the terms of his employment agreement, as amended including: (a) a cash payment of $475 in substantially equal installments over a period of twelve months; (b) a lump sum cash payment of $1,012; (c) the pro rata portion of Mr. Oricchio’s second anniversary bonus in a lump sum cash payment of $386 and (d) Mr. Oricchio’s annual incentive bonus for fiscal year 2016, to be determined based on actual performance of previously established performance metrics and paid in accordance with the Company’s normal practice. Mr. Oricchio also received accelerated vesting of time-based equity awards. Charges recognized as part of severance costs in relation to the accelerated vesting of his time-based equity awards totaled $1,676. During the year ended December 31, 2017, severance related amounts of $3,342 were paid to Mr. Oricchio. For the year ended December 31, 2018, severance related amounts paid to Mr. Oricchio were not material.

On July 29, 2016, Mr. Henry Flinter retired from his position as President of the Company’s U.S. Flag operations. Pursuant to his employment agreement, as amended on March 30, 2016, all of his unvested stock option awards, time-based RSUs and performance-based RSUs vested in full (per the terms of his agreement, performance-based RSUs vested at target performance) on July 29, 2016. The incremental compensation expense recognized as a result of the difference between the grant date fair value of the vested shares and the fair value of the Company’s Class A common stock on July 29, 2016 was approximately $23. The Human Resources and Compensation Committee of the Company’s Board elected to settle the vested equity awards (with the exception of certain performance-based RSUs that by their terms are not settled until the first quarter of 2018) in cash. Severance costs of approximately $2,238 were recognized during the quarter in relation to Mr. Flinter’s separation from the Company, of which $789 was as a result of the accelerated vesting of his share based compensation awards. In addition, Mr. Flinter is eligible for any benefits to which he is entitled under the Company’s nonqualified supplemental savings plan.

NOTE 20 — 2018 AND 2017 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Selected Financial Data for the Quarter Ended 2018	March 31,	June 30,	Sept. 30,	Dec. 31,
Shipping revenues	$101,030	$95,367	$80,536	$89,230
Gain on disposal of vessels and other property, including impairments [1]	—	—	—	(877)
Income/(loss) from vessel operations	13,571	10,529	(4,127)	3,913
Interest expense	(8,076)	(7,497)	(7,828)	(7,489)
(Provision)/benefit for taxes from continuing operations [2]	(1,202)	(362)	23,385	(4,107)
Net income/(loss)	3,662	3,055	11,948	(5,176)
Basic and Diluted net income/(loss) per share - Class A	$0.04	$0.03	$0.13	$(0.05)

(1) As discussed in Note 6, "Vessels, Other Property and Deferred Drydock," the Company recognized a gain on the sale of two ATBs.

(2) As discussed in Note 12, "Taxes," the Company recognized a tax benefit of $21,720 in the third quarter of 2018 related to the completion of the IRS' examination of the Company's tax returns for fiscal years 2012 through 2015.

Selected Financial Data for the Quarter Ended 2017	March 31,	June 30,	Sept. 30,	Dec. 31,
Shipping revenues	$108,116	$96,225	$93,270	$92,815
Loss on disposal of vessels and other property, including impairments [1]	—	—	7,353	5,847
Income from vessel operations[2]	19,383	14,345	559	(339)
Interest expense	(9,357)	(9,445)	(9,474)	(9,125)
Reorganization items, net	(235)	(9)	46	8
(Provision)/benefit for taxes from continuing operations [3]	(3,569)	(1,593)	3,110	59,679
Net income/(loss)	5,429	3,211	(6,307)	53,645
Basic and Diluted net income/(loss) per share - Class A	$0.06	$0.04	$(0.07)	$0.61

(1) As discussed in Note 6, "Vessels, Other Property and Deferred Drydock," the Company recognized a loss on the sale of an ATB. In addition, as discussed in Note 10, "Fair Value of Financial Instruments, Derivatives and Fair Value Disclosures," the Company recorded an impairment charge to write down the carrying values of five ATBs to their estimated fair values as of December 31, 2017.

(2) As discussed further in Note 3, "Summary of Significant Accounting Policies," the Company adopted ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (ASC 715), on January 1, 2018. Accordingly, the prior periods have been adjusted to conform to current period presentation.

(3) As discussed in Note 12, "Taxes," the Company has recognized a one-time non-cash tax benefit of approximately $54,300 in the fourth quarter of the fiscal year ended December 31, 2017. This tax benefit is based on the Company's assessment of the impact of the TCJA, which reduced the federal corporate income tax rate from 35.0% to 21.0%.

NOTE 21 — COMMITMENTS AND CONTINGENCIES

At December 31, 2018, the Company had aggregate capital commitments of $155,237, net of progress payments already made aggregating $21,323, for the construction of four vessels: two tankers scheduled for delivery in September 2019 and two barges scheduled for delivery in the second quarter of 2020 and in the fourth quarter of 2020. The contracts for these vessels require progress payments during the construction periods with a final payment due on delivery. The Company has made all required progress payments to date, and the Company expects to make remaining payments, including those due on delivery, with financing that the Company will need to obtain, operating cash flow and cash on hand. The Company is currently in discussion with potential lenders to obtain such financing, but the Company has not yet obtained the necessary financing.

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 relating to the bankruptcy filing of November 14, 2012 through a settlement effectuated through the Equity Plan, which became effective on August 5, 2014. Under the terms of that settlement, the Equity Plan provided for full satisfaction of the claims of the putative class and all payments have been made, with no actions remaining to be taken. On December 2, 2015, the United States District Court for the Southern District (the “Southern District”) entered orders that approved the settlements relating to the class action and orders of judgment dismissing the remaining defendants from the action. The Equity Plan and orders of the Bankruptcy Court foreclose the defendants in the Southern District from pursuing any other or further remedies against the Company.

See Note 2, “Chapter 11 Filing and Emergence from Bankruptcy,” for additional information relating to these matters.

Proskauer Action

On February 23, 2014, Proskauer and four of its partners (the “Proskauer Plaintiffs”) filed an action in the Supreme Court of the State of New York, County of New York (the “Supreme Court”) against certain of the Company’s former officers relating to the Company’s malpractice suit against Proskauer and certain of its partners filed on November 18, 2013 in the Bankruptcy Court. On March 3, 2016, pursuant to a settlement agreement with the Proskauer Plaintiffs, the Supreme Court entered an order discontinuing the Proskauer action with prejudice, which order has become final and nonappealable.

See Note 2, “Chapter 11 Filing and Emergence from Bankruptcy,” for additional information.

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 provided documents to the SEC and cooperated fully with the SEC’s investigation.

On July 25, 2016, the staff of the SEC provided a “Wells Notice” to the Company’s counsel in connection with the above-referenced investigation, advising that the staff had made a preliminary determination to recommend that the Commission file an enforcement action against the Company.

On January 23, 2017, the SEC commenced an administrative proceeding, with the Company’s consent, that fully resolved the SEC’s investigation. The Company neither admitted nor denied the SEC’s allegations that the Company violated certain provisions of the Securities Act, the Exchange Act and related rules. After receiving Bankruptcy Court approval, the Company paid a $5,000 civil penalty relating to the investigation in February 2017, which was fully accrued as of December 31, 2016. The agreement does not require any further changes to the Company’s historical financial statements. Any indemnification or contribution claims by officers or directors of the Company that could be asserted in connection with the SEC’s investigation have been released or otherwise resolved pursuant to the Equity Plan and order of the Bankruptcy Court.

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, are not expected to be material to the Company's financial position, results of operations and cash flows.

NOTE 22 — REVENUE RECOGNITION

Adoption of ASC 606

On January 1, 2018, the Company adopted ASC 606 applying the modified retrospective method to all contracts not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period.

The impact of adopting the new standard primarily related to a change in the timing of revenue recognition for voyage charter contracts. In the past, the Company recognized revenue from voyage charters ratably over the estimated length of each voyage, calculated on a discharge-to-discharge basis. Under the new standard, the Company recognizes revenue from voyage charters ratably over the estimated length of each voyage, calculated on a load-to-discharge basis. In addition, the adoption of ASC 606 resulted in a corresponding change in the timing of recognition of voyage expenses for voyage charter contracts.

The cumulative effect of the changes made to the Company's consolidated January 1, 2018 balance sheet for the adoption of ASC 606 was as follows:

	Balance at December 31, 2017	Adjustments Due to ASC 606	Balance at January 1, 2018
Assets			
Voyage receivables	$ 24,209	$ 1,336	$ 25,545
Liabilities			
Deferred income taxes	83,671	(108)	83,563
Equity			
Accumulated deficit	(265,758)	(1,228)	(266,986)

For the year ended December 31, 2018, revenues increased by $1,418, net income increased by $1,101 and basic and diluted net income per share increased by $0.01 as a result of applying ASC 606.

Shipping Revenues

Revenues are recognized when control of the promised services are transferred to the Company's customers in an amount that reflects the consideration that the Company expects to receive in exchange for those services.

Time Charter Revenues

The Company enters into time charter contracts under which a customer pays a fixed daily or monthly rate for a fixed period of time for use of a vessel. The Company recognizes revenues from time charters as operating leases ratably over the non-cancellable contract term. Customers generally pay voyage expenses such as fuel, canal tolls and port charges. The Company also provides the charterer with services such as technical management expenses and crew costs. While there are lease and service (non-lease) components related to time charter contracts, the predominant component of the contract is the charterer’s lease of the vessel. The non-lease components of the contract have the same timing and pattern of transfer as the underlying lease component; therefore, the Company recognizes revenue related to this service ratably over the life of the contract term.

Voyage Charter Revenues

The Company enters into voyage charter contracts, which are charters under which a customer pays a transportation charge, voyage freight, for the movement of a specific cargo between two or more specified ports. The Company's performance obligation under voyage charters, which consists of moving cargo from a load port to a discharge port, is satisfied over time. Accordingly, under ASC 606, the Company recognizes revenue from voyage charters ratably over the estimated length of each voyage, calculated on a load-to-discharge basis. The transaction price is in the form of a fixed fee at contract inception, which is the transportation charge. Voyage charter contracts also include variable consideration primarily in the form of demurrage, which is additional revenue the Company receives for delays experienced in loading or unloading cargo that are not deemed to be the responsibility of the Company, calculated in accordance with specific charter terms. The Company does not include demurrage in the transaction price for voyage charters as it is considered constrained since it is highly susceptible to factors outside the Company's influence. Examples of when demurrage is incurred include unforeseeable weather conditions and security regulations at ports. The uncertainty related to this variable consideration is resolved upon the completion of the voyage, the duration of which is generally less than 30 days.

U.S. Maritime Security Program

Two of the Company's reflagged U.S. Flag Product Carriers participate in the U.S. Maritime Security Program ("MSP"), which ensures that privately-owned, military-useful U.S. Flag vessels are available to the U.S. Department of Defense in the event of war or national emergency. The Company considers the MSP contract with the U.S. government a service arrangement under ASC 606. Under this arrangement, the Company receives an annual operating-differential subsidy pursuant to the Merchant Marine Act of 1936 for each participating vessel, subject in each case to annual congressional appropriations. The subsidy is intended to reimburse owners for the additional costs of operating U.S. Flag vessels; therefore, the Company has presented this subsidy as an offset to vessel expenses.

Contracts of Affreightment

The Company enters into contracts of affreightment for lightering services and other arrangements based on number of voyages. These contracts are service contracts within the scope of ASC 606 for which underlying performance obligations to transport crude oil are satisfied over time.

The Company’s contracts of affreightment include a fixed monthly or annual minimum barrel volume requirement. The Company is required to transport and the charterer is required to provide the Company with a minimum volume requirement. These contract minimums represent fixed consideration within the contract which is recognized as the product is transferred over time. The Company updates the total transaction price in accordance with changes in total volume expected to be delivered. The Company will adjust revenue recognized for any minimum volume unexercised right.

Contracts of affreightment provide the charterer with options to purchase additional transportation services. If the option is not considered a material right, the Company recognizes revenue related to the optional services at the contractual rate as the product is transferred over time. If the option is considered a material right, the Company updates the estimated total transaction price of the contract as the material right is exercised.

The optional transport services provided to the charterer under these arrangements are consistent with the services provided before the option is elected. Accordingly, the Company applies the practical alternative to allocate the transaction price to the material right. As a result, the Company may recognize revenue related to contracts of affreightment at an amount which is different to the invoiced amount if the Company’s estimated volume to be transported under the contract is in excess of the contractual minimum.

Contracts of affreightment also include variable consideration primarily related to demurrage. The Company does not include this variable consideration in the transaction price for these contracts as the consideration is constrained since the obligation to deliver this service is outside the control of the Company. The uncertainty related to this variable consideration is resolved with the customer over the course of the contract term as individual voyages discharge. Revenue generated by contracts of affreightment is included within voyage charter revenues on the consolidated statements of operations.

Disaggregated Revenue

The Company has disaggregated revenue from contracts with customers into categories which depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Consequently, the disaggregation below is based on contract type. Since the terms within these contract types are generally standard in nature, further disaggregation would not result in increased insight into the economic factors impacting revenue and cash flows.

The following table shows the Company's shipping revenues disaggregated by nature of the charter arrangement for the year ended December 31, 2018:

	Year Ended December 31, 2018
Time charter revenues	$ 213,923
Voyage charter revenues [1]	83,542
Contracts of affreightment revenues	68,698
Total shipping revenues [2]	$ 366,163

(1) Voyage charter revenues include approximately $7,600 of revenue related to short-term time charter contracts in 2018.

(2) Results for reporting periods beginning after January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605. Revenue related to contracts of affreightment in fiscal years 2016 and 2017 have been included within voyage charter revenues.

Contract Balances

As of December 31, 2018 and 2017, contract balances from contracts with customers consisted of voyage receivables, including unbilled receivables, of $12,515 and $22,860, respectively, net of allowance for doubtful accounts. For voyage charters, voyage freight is due to the Company upon completion of discharge at the last discharge port. For contracts of affreightment, the Company invoices the customer monthly based on the greater of either cargo transported or the monthly minimum volume requirement in the contract. The Company routinely reviews its voyage receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates and actual results could differ from those estimates and those differences may be material. Voyage receivables are deemed uncollectible and removed from accounts receivable and the allowance for doubtful accounts when collection efforts have been exhausted.

Costs to Fulfill a Contract

Under ASC 606, for voyage charters and contracts of affreightment, the Company capitalizes the direct costs, which are voyage expenses, of relocating the vessel to the load port to be amortized during transport of the cargo. At December 31, 2018, the costs related to voyages that were not yet completed were not material.

Additionally, these contracts include out of pocket expense (i.e. fuel, port charges, canal tolls) incurred by the entity in fulfilling its performance obligation which are reimbursed by the charterer at cost. The reimbursement for these fulfillment costs have been included in the Company's estimated transaction price for the contract and recognized as revenue when performance obligations are satisfied.

Transaction Price Allocated to the Remaining Performance Obligations

As of December 31, 2018, there was an aggregate amount of $64,687 of revenue under contracts of affreightment greater than a year which the Company will be entitled to providing services in the future. The Company expects to recognize revenue of approximately $38,698 in 2019, $22,070 in 2020 and $3,919 in 2021 under these contracts.

These estimated amounts relate to the fixed consideration of contractual minimums within the contracts based on the Company's best estimate of future services and do not include consideration related to future purchase options which are uncertain.

Practical Expedients and Exemptions

The Company's voyage charter contracts and some of the Company's contracts of affreightment have an original expected duration of one year or less; therefore, the Company has elected to apply the practical expedient which provides the Company with the ability to not disclose the portion of the transaction price allocated to the remaining performance obligations within these contracts.

For voyage charters, the Company expenses broker commissions, which are costs of obtaining a contract, when incurred because the amortization period is less than one year. The Company records these costs within voyage expenses in the consolidated statements of operations.

For contracts that were modified before the adoption date, the Company has not retrospectively restated the contract for those contract modifications.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Overseas Shipholding Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Overseas Shipholding Group, Inc. and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income/(loss), cash flows and changes in equity/(deficit) for each of the two years ended in the period December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 14, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2017.
Tampa, Florida
March 14, 2019

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Overseas Shipholding Group, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Overseas Shipholding Group, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Overseas Shipholding Group, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income/(loss), cash flows and changes in equity/(deficit) for each of the two years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)(2) and our report dated March 14, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tampa, Florida
March 14, 2019

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Overseas Shipholding Group, Inc.

In our opinion, the accompanying consolidated statements of operations, comprehensive income/(loss), changes in equity/(deficit) and cash flows for the year ended December 31, 2016 present fairly, in all material respects, the results of operations and cash flows of Overseas Shipholding Group, Inc. and its subsidiaries for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of condensed financial information of parent company listed in the index appearing in Item 15(a)(2) for the year ended December 31, 2016, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit. We conducted our audit of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

New York, NY
March 9, 2017, except for the change in the manner in which the Company accounts for pension costs and restricted cash discussed in Note 3 to the consolidated financial statements, as to which the date is March 14, 2019

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures

As of the end of the period covered by this Annual Report on Form 10-K, 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 CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of December 31, 2018 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.

(b) Management's report on internal control over financial reporting

Management of the Company is responsible for the establishment and maintenance of adequate internal control over financial reporting for the Company. Internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with participation of the CEO and CFO, has performed an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2018, based on the provisions of "Internal Control—Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management has concluded the Company's internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2018 has been audited by Ernst & Young LLP, the Company's independent registered public accounting firm, as stated in their report included in Item 8, "Financial Statements and Supplementary Data."

(c) Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting during the fourth quarter of fiscal year 2017 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

Dollar amounts in Part III are expressed in whole dollars unless otherwise noted.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

See Item 14 below.

Executive Officers

The table below sets forth the name and age of each executive officer of the Company and the date such executive officer was elected to his current position with the Company. The term of office of each executive officer continues until the first meeting of the Board of Directors of the Company immediately following the next annual meeting of its stockholders, and until the election and qualification of his or her successor. There is no family relationship between the executive officers.

Name	Age	Position Held	Date Assumed Executive Officer Position
Samuel H. Norton	60	President and CEO	December 2016
Richard Trueblood	73	Vice President and Chief Financial Officer	July 2017
Susan Allan	56	Vice President, Secretary and General Counsel	November 2016
Patrick O’Halloran	49	Vice President and Chief Operations Officer	December 2016
Damon Mote	51	Vice President and Chief Administrative Officer	December 2016

Samuel H. Norton was appointed CEO and President of OSG in December 2016. Prior to this, he served as Senior Vice President of OSG and President and CEO of the U.S. Flag Strategic Business Unit from July 2016 and has served on the Company’s Board of Directors since August 2014. Prior to joining OSG, Mr. Norton Co-Founded SeaChange Maritime, LLC in 2006 and served as its Chairman and Chief Executive Officer. Mr. Norton spent the seventeen-year period ending July 2005 as a senior executive officer at Tanker Pacific Management (Singapore) Pte. Ltd. In 1995, Mr. Norton initiated and led the entry of the Sammy Ofer Group into the container segment, and acquired and operated the first container vessels in the group's fleet. While at Tanker Pacific, Mr. Norton also conceived and started a related business, Tanker Pacific Offshore Terminals (TPOT), which owns and operates a fleet of floating, offshore oil storage terminals (FSO). Prior to joining the Ofer group, Mr. Norton played a lead role in the Asian distressed assets group of the First National Bank of Boston, a position which acquainted him with the shipping industry and the Ofer family. Mr. Norton holds a BA in Chinese Language and Literature from Dartmouth College where he graduated in 1981.

Richard Trueblood, CPA, was appointed as Chief Financial Officer of OSG in December 2017, following his appointment as our interim CFO in July 2017. Mr. Trueblood has been the interim CFO for OSG since July 2017. Prior to OSG, he was a Partner in the Florida CFO Group providing interim and project Chief Financial Officer services to companies such as the technology start-up Heliotrope Technologies, Inc. He has been CFO at Advent Solar Inc. and Troon Golf LLC. He has extensive experience with equity and debt financing with companies at all stages of development including NYSE listed Promus Hotel Corporation where he was Senior Vice President - Finance. Mr. Trueblood was a partner at KPMG where he provided extensive services to clients in strategic business management, mergers and acquisitions, divestitures and SEC compliance. While at KPMG, he led the real estate practices in Boston, Massachusetts and Orange County, California. He also served as a director for UMB Bank Arizona, N.A. for eight years. Mr. Trueblood holds a Bachelor of Science degree from Bentley University.

Susan Allan joined OSG in November 2016 as OSG's Vice President, General Counsel and Corporate Secretary. Ms. Allan has extensive experience in corporate governance and SEC matters from her positions as Vice President, Assistant Corporate Secretary at Jabil Circuit, Inc. from 2009 until September 2016, and as Director, Senior Counsel at Tech Data Corporation from 1997 to 2009. Prior to that, Ms. Allan worked as Director, Senior Counsel at Anchor Glass Container, as an Assistant County Attorney in the Hillsborough County Attorney's Office, and as an associate attorney at Barkan and Neff law firm, all in Tampa. Ms. Allan received her law degree from the University of Southern California Gould School of Law in Los Angeles and her undergraduate degree from George Mason University.

Patrick O'Halloran was appointed as Vice President and Chief Operations Officer of OSG in December 2016 with oversight of all operations, maintenance, SQE and commercial operations for the Company's Fleet. Prior to that, Mr. O'Halloran served as

Vice President Marine Operations for the Company since December 2014. Mr. O'Halloran joined OSG in November 2006 as Fleet Manager as part of the acquisition of Maritrans Inc., where he served as Fleet Maintenance Manager. He joined Maritrans, Inc. in 2002 as Technical Superintendent. Prior to joining Maritrans, Mr. O'Halloran was a Surveyor for the American Bureau of Shipping for ten years. Mr. O'Halloran holds a Bachelor of Science degree in Mechanical Engineering from State University of New York – Maritime College and a Master's in Business Administration from the University of South Florida. He sits on the Board of Directors for Alaska Tanker Company LLC, and the Chamber of Shipping of America.

Damon Mote was appointed as Vice President and Chief Administrative Officer of OSG in December 2016 with oversight of the Company's marine labor relations, human resources, and insurance functions. Prior to that, Mr. Mote served as Vice President of Marine Labor Relations since December 2014. Mr. Mote joined the Company in 2004 as Manager, Major Projects and then served as Director, New Construction beginning in 2006. In 2011 he was appointed as the Regional Manager of the Technical Services Group, which included responsibilities for engineering, purchasing, and the fleet management software system. Prior to joining OSG, he worked for fourteen years with Crowley Maritime. Mr. Mote holds a Bachelor of Science in Marine Engineering from California Maritime Academy.

Code of Business Conduct and Ethics

The Company has adopted a code of business conduct and ethics which is an integral part of the Company's business conduct compliance program and embodies the commitment of the Company and its subsidiaries to conduct operations in accordance with the highest legal and ethical standards. The Code of Business Conduct and Ethics applies to all of the Company's officers, directors and employees. Each is responsible for understanding and complying with the Code of Business Conduct and Ethics. The Company also has an Insider Trading Policy which prohibits the Company's directors and employees from purchasing or selling securities of the Company while in possession of material nonpublic information or otherwise using such information for their personal benefit. The Insider Trading Policy also prohibits the Company directors and employees from hedging their ownership of securities of the Company. In addition, the Company has an Anti-Bribery and Corruption Policy which memorializes the Company's commitment to adhere faithfully to both the letter and spirit of all applicable anti-bribery legislation in the conduct of the Company's business activities worldwide. The Code of Business Conduct and Ethics, the Insider Trading Policy and the Anti-Bribery and Corruption Policy are posted on the Company's website, which is www.osg.com, and are available in print upon the request of any stockholder of the Company. The Company's website and the information contained on that site, or connected to that site, are not incorporated by reference in this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

See Item 14 below.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

See Item 14 below.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

See Item 14 below.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Except for the information set forth in item 10, the information called for under Items 10, 11, 12, 13 and 14 is incorporated herein by reference from the definitive Proxy Statement to be filed by the Company in connection with its 2019 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES (a)(1) The following consolidated financial statements of the Company are filed in response to Item 8.

Consolidated Balance Sheets at December 31, 2018 and 2017.

Consolidated Statements of Operations for the Years Ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Comprehensive Income/(Loss) for the Years Ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017 and 2016.

Consolidated Statements of Changes in Equity for the Years Ended December 31, 2018, 2017 and 2016.

Notes to Consolidated Financial Statements.

Reports of Independent Registered Public Accounting Firms.

(a)(2) I – Condensed Financial Information of Parent Company (refer to page 125)
All other schedules of the Company have been omitted since they are not applicable or are not required.

(a)(3) The following exhibits are included in response to Item 15(b):

2.1	Separation and Distribution Agreement, dated as of November 30, 2016, by and between Overseas Shipholding Group, Inc. and International Seaways, Inc. (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated December 2, 2016 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q dated August 9, 2016 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on August 8, 2014, dated August 5, 2014 and incorporated herein by reference).
4.1	Class A Warrant Agreement, dated as of August 5, 2014, between the Registrant and Computershare Trust Company, N.A., as Warrant Agent (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on August 8, 2014, dated August 5, 2014 and incorporated herein by reference).
4.2	Form of Class A Warrant Certificate (included in Exhibit 4.1).
4.3	Class B Warrant Agreement, dated as of August 5, 2014, between the Registrant and Computershare Trust Company, N.A, as Warrant Agent (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K filed on August 8, 2014, dated August 5, 2014 and incorporated herein by reference).
4.4	Form of Class B Warrant Certificate (included in Exhibit 4.2).
4.5	Registration Rights Agreement, dated as of May 2, 2014, between the Registrant and certain stockholders party thereto (filed as Exhibit 4.5 to Registrant's Registration Statement on Form S-1 filed on August 20, 2014 and incorporated herein by reference).

4.6	Amendment to Registration Rights Agreement, dated as of May 26, 2014, between the Registrant and certain stockholders party thereto (filed as Exhibit 4.6 to Registrant's Statement on Form S-1 filed on August 20, 2014 and incorporated herein by reference).

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4.7	Indenture dated as of March 7, 2003 between the Registrant and Wilmington Trust Company, as trustee, providing for the issuance of debt securities of the Registrant from time to time (filed as Exhibit 4(e)(1) to the Registrant's Registration Statement on Form S-4 filed May 5, 2003 and incorporated herein by reference) (No. 333-105018) (filed May 5, 2003). Such Indenture is hereby modified, effective as of January 13, 2004, by deleting all references therein to "Wilmington Trust Company", "March 7, 2003" and any specific day, month and/or year and substituting therefore blank spaces.
4.8	Form of First Supplemental Indenture dated as of February 19, 2004 between the Registrant and Wilmington Trust Company, as trustee (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated February 18, 2004 and incorporated herein by reference) (No. 001-06479) (filed February 18, 2004).
4.9	Second Supplemental Indenture dated as of August 5, 2014 between the Registrant and Wilmington Trust Company, as trustee (filed as Exhibit 4.3 to Registrant's Current Report on Form 8-K dated August 8, 2014 and incorporated herein by reference).
4.1	Third Supplemental Indenture dated as of August 5, 2014 between the Registrant and Wilmington Trust Company, as trustee (filed as Exhibit 4.4 to Registrant's Current Report on Form 8-K dated August 8, 2014 and incorporated herein by reference).
4.11	Fifth Supplemental Indenture, dated as of December 16, 2015, relating to the 7.50% Senior Notes I due 2021, between Overseas Shipholding Group, Inc. and Wilmington Trust Company, as Trustee (filed as Exhibit 4.2 to Registrant's Current Report on Form 8-K dated December 16, 2015 and incorporated herein by reference).
4.12	Sixth Supplemental Indenture, dated as of December 16, 2015, relating to the 7.50% Senior Notes II due 2021, between Overseas Shipholding Group, Inc. and Wilmington Trust Company, as Trustee (filed as Exhibit 4.3 to Registrant's Current Report on Form 8-K dated December 16, 2015 and incorporated herein by reference).
4.13	Indenture dated as of March 29, 2010, between the Registrant and the Bank of New York Mellon, as trustee, for the issuance of debt securities of the Registrant from time to time (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated March 29, 2010 and incorporated herein by reference).
4.14	Form of 8 1/8% Senior Notes due 2018 of the Registrant (filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated March 29, 2010 and incorporated herein by reference).
4.15	First Supplemental Indenture, dated as of December 16, 2015, relating to the 8.125% Senior Notes due 2018, between Overseas Shipholding Group, Inc. and The Bank of New York Mellon, as Trustee (filed as Exhibit 4.1 to Registrant's Current Report on Form 8-K dated December 16, 2015 and incorporated herein by reference).
10.1	ABL Credit Agreement dated as of August 5, 2014, among the Registrant, OSG Bulk Ships, Inc. ("OBS"), certain subsidiaries of OBS as other guarantors, various lenders, Jefferies Finance LLC, Barclays Bank PLC and UBS Securities LLC, as joint lead arrangers and joint book running managers, Wells Fargo Bank, National Association, as administrative agent, Barclays Bank PLC and UBS Securities LLC, as co-documentation agents, Jefferies Finance LLC, as syndication agent, Wells Fargo Bank, National Association, as collateral agent and mortgage trustee, swingline lender and issuing bank (the "ABL Credit Agreement") (filed as Exhibit 10.1 to Registrant's Registration Statement on Form S-1 filed on August 20, 2014 and incorporated herein by reference).

10.2	First Amendment, dated as of June 3, 2015, to the ABL Credit Agreement (filed as Exhibit 10.1 to Registrant's Current Report on Form 8-K dated June 9, 2015 and incorporated herein by reference).
10.3	DTL Credit Agreement dated as of August 5, 2014, among the Registrant, OBS, certain subsidiaries of OBS as other guarantors, various lenders, Jefferies Finance LLC, Barclays Bank PLC and UBS Securities LLC, as joint lead arrangers and joint book running managers, Jefferies Finance LLC, as administrative agent, Barclays Bank PLC and UBS Securities LLC, as co-documentation agents, Jefferies Finance LLC, as syndication agent, collateral agent and mortgage trustee (the "DTL Credit Agreement") (filed as Exhibit 10.2 to Registrant's Registration Statement on Form S-1 filed on August 20, 2014 and incorporated herein by reference).

10.4	First Amendment, dated as of June 3, 2015, to the DTL Credit Agreement (filed as Exhibit 10.2 to Registrant's Current Report on Form 8-K dated June 9, 2015 and incorporated herein by reference).
*10.5	Supplemental Executive Savings Plan of the Registrant dated as of December 22, 2005, as amended by Amendment One effective as of January 1, 2006 (filed as Exhibit 10(iii)(a) to the Registrant's Annual Report on Form 10-K for 2008 and incorporated herein by reference) (No. 001-06479) (filed March 2, 2009).
*10.6	Form of Director Indemnity Agreement for the directors of the Registrant (filed as Exhibit 10.8 to Registrant's Registration Statement on Form S-1 filed on August 20, 2014 and incorporated herein by reference).
10.7	Incentive Compensation Recoupment Policy for Executive Officers (filed as Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated January 25, 2010 and incorporated herein by reference).
*10.8	Engagement letter dated as of November 1, 2012 by and between the Registrant and Greylock Partners, LLC (filed as Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated November 15, 2012 and incorporated herein by reference) (No. 001-06479) (filed 11/14/12).
*10.9	Engagement letter dated as of August 6, 2014 by and between Registrant and Greylock Partners, LLC (filed as Exhibit 10.12 to Amendment No. 1 to Registrant's Registration Statement on Form S-1 filed on September 30, 2014 and incorporated herein by reference).
*10.10	Severance Plan of the Registrant effective April 1, 2013 (filed as Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.11	Management Incentive Compensation Plan (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated September 23, 2014 and incorporated herein by reference).
*10.12	Non-Employee Director Incentive Compensation Plan (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated September 23, 2014 and incorporated herein by reference).
*10.13	Management Incentive Compensation Plan Stock Option Grant Agreement (Subject to stockholder approval) (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated September 23, 2014 and incorporated herein by reference).
*10.14	Management Incentive Compensation Plan Stock Option Grant Agreement (Not subject to stockholder approval) (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K dated September 23, 2014 and incorporated herein by reference).
*10.15	Management Incentive Compensation Plan Restricted Stock Unit Grant Agreement (Subject to stockholder approval) (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K dated September 23, 2014 and incorporated herein by reference).
*10.16	Management Incentive Compensation Plan Restricted Stock Unit Grant Agreement (Not subject to stockholder approval) (filed as Exhibit 10.6 to the Registrant's Current Report on Form 8-K dated September 23, 2014 and incorporated herein by reference).
*10.17	

	Form of Officers Indemnity Agreement for the officers of the Registrant (filed as Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.18	Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference).

*10.19	Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference).
*10.20	Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference).
*10.21	Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.22	Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.23 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.23	Amendment No. 1 dated as of March 2, 2015 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.24	Employment Agreement dated as of December 19, 2014 between the Registrant and an executive (filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.25	Employment Agreement dated as of January 20, 2015 between the Registrant and an executive (filed as Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.26	Employment Agreement dated as of February 13, 2015 between the Registrant and an executive (filed as Exhibit 10.29 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).
*10.27	Letter Agreement dated as of August 31, 2015 between the Registrant and a former director (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference).
*10.28	Letter Agreement dated as of August 31, 2015 between the Registrant and a former director (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 and incorporated herein by reference).
*10.29	Letter Agreement dated August 11, 2014 with an executive officer (filed as Exhibit 10.7 to Registrant’s Registration Statement on Form S-1 filed on August 20, 2014 and incorporated herein by reference).
*10.30	Settlement, Release and Indemnity Agreement dated as of February 3, 2015 between the Registrant, certain subsidiaries of the Registrant and an executive (filed as Exhibit 10.27 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference).

*10.31	Amendment No. 1 dated as of March 30, 2016 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated April 5, 2016 and incorporated herein by reference).
*10.32	Amendment No. 2 dated as of August 3, 2016 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).

*10.33	Amendment No. 3 dated as of November 7, 2016 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K dated November 14, 2016 and incorporated herein by reference).
*10.34	Amendment No. 1 dated as of March 30, 2016 to Employment Agreement dated as of February 13, 2015 between the Registrant and an executive (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K dated April 5, 2016 and incorporated herein by reference).
*10.35	Amendment No. 2 dated as of August 3, 2016 to Employment Agreement dated as of February 13, 2015 between the Registrant and an executive (filed as Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).
*10.36	Amendment No. 3 dated as of November 7, 2016 to Employment Agreement dated as of February 13, 2015 between the Registrant and an executive (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K dated November 14, 2016 and incorporated herein by reference).
*10.37	Amendment No. 1 dated as of March 30, 2016 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated April 5, 2016 and incorporated herein by reference).
*10.38	Amendment No. 2 dated as of August 3, 2016 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).
*10.39	Letter Agreement dated November 7, 2016 with an executive officer (filed as Exhibit 10.3 to Registrant’s Current Report on Form 8-K dated November 14, 2016 and incorporated herein by reference).
*10.40	Amendment No. 1 dated as of March 30, 2016 to Employment Agreement dated as of December 19, 2014 between the Registrant and an executive (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K dated April 5, 2016 and incorporated herein by reference).
*10.41	Amendment No. 2 dated as of August 3, 2016 to Employment Agreement dated as of December 19, 2014 between the Registrant and an executive (filed as Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).
*10.42	Letter Agreement dated November 7, 2016 with an executive officer (filed as Exhibit 10.4 to Registrant’s Current Report on Form 8-K dated November 14, 2016 and incorporated herein by reference).
*10.43	Amendment No. 1 dated as of March 30, 2016 to Employment Agreement dated as of September 29, 2014 between the Registrant and an executive (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated April 5, 2016 and incorporated herein by reference).
*10.44	Separation Agreement dated July 29, 2016 between the Registrant and a former executive (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).
*10.45	

	Employment Agreement dated as of July 17, 2016 between the Registrant and an executive (filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).
*10.46	Employment Agreement dated as of November 10, 2016 between the Registrant and an executive (filed as Exhibit 10.47 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference).
*10.47	Employment Agreement dated as of November 29, 2016 between the Registrant and an executive (filed as Exhibit 10.48 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference).

*10.48	Amendment No. 1 to Employment Agreement dated as of December 12, 2016 between the Registrant and an executive (filed as Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated herein by reference).
10.49	Transition Services Agreement, dated as of November 30, 2016, between Overseas Shipholding Group, Inc. and International Seaways, Inc. (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K dated December 2, 2016 and incorporated herein by reference).
10.50	Employee Matters Agreement, dated as of November 30, 2016, between Overseas Shipholding Group, Inc. and International Seaways, Inc. (filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K dated December 2, 2016 and incorporated herein by reference).
*10.51	Form of Overseas Shipholding Group, Inc. Management Incentive Comprehensive Plan Performance Restricted Stock Unit Grant Agreement (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and incorporated herein by reference).
*10.52	Overseas Shipholding Group, Inc. Management Incentive Comprehensive Plan Performance Restricted Stock Unit Grant Agreement, Form PB-TSR 2017 (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and incorporated herein by reference).
*10.53	Overseas Shipholding Group, Inc. Management Incentive Comprehensive Plan Performance Restricted Stock Unit Grant Agreement, Form PB-ROIC 2017 (filed as Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and incorporated herein by reference).
*10.54	Overseas Shipholding Group, Inc. Management Incentive Comprehensive Plan Time-Based Restricted Stock Unit Grant Agreement, Form TB-Officer 2017 (filed as Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and incorporated herein by reference).
*10.55	Overseas Shipholding Group, Inc. Management Incentive Comprehensive Plan Stock Option Grant Agreement, Form StOp 2017 (filed as Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 and incorporated herein by reference).
*10.56	Overseas Shipholding Group, Inc. Non-Employee Director Incentive Compensation Plan approved by the stockholders at the Annual Meeting of Stockholders held on June 6, 2017, effective June 6, 2017.
*10.57	Letter Agreement dated as of July 17, 2017 between the Registrant and an executive (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated July 17, 2017 and incorporated herein by reference).
*10.58	Employment Agreement dated as of November 30, 2017 between the Registrant and an executive (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K dated December 4, 2017 and incorporated herein by reference).
*10.59	Employment Agreement dated as of November 30, 2017 between the Registrant and an executive.
*10.60	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Stock Bonus Grant Agreement, Form "Stock Bonus Shares".

*10.61	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Stock Option Grant Agreement.
*10.62	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Stock Bonus Grant Agreement.
*10.63	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Time-Based Restrictive Stock Unit Grant Agreement, Form "TB-Officer".

*10.64	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Performance-Based Restrictive Stock Unit Grant Agreement, Form "PB-TSR".
*10.65	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Performance-Based Restrictive Stock Unit Grant Agreement, Form "PB-ROIC".
*10.66	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Stock Bonus Grant Agreement.
*10.67	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Stock Option Grant Agreement.
*10.68	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Time-Based Restricted Stock Unit Grant Agreement Form TB-Officer 20 .
*10.69	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Performance-Based Restricted Stock Unit Grant Agreement Form PB 20 -ROIC.
*10.70	Form of Overseas Shipholding Group, Inc. Management Incentive Compensation Plan Performance-Based Restricted Stock Unit Grant Agreement Form PB-TSR 20 .
*10.71	Employment Agreement dated as of December 15, 2018 between the Registrant and an executive (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated December 15, 2018 and incorporated herein by reference).
10.72	Term Loan Credit Agreement dated as of December 21, 2018, among the Registrant, certain subsidiaries of the Registrant, various lenders, PGIM, Inc., as arranger and administrative agent, The Prudential Insurance Company of America and Ally Bank, as co-syndication agents, AB Private Credit Investors Corporation, as documentation agent, PGIM, Inc., as collateral agent and mortgage trustee (the “Term Loan Credit Agreement”) (filed as Exhibit 10.1 to Registrant’s Current Report on Form 10-K dated December 21, 2018 and incorporated herein by reference).
10.73	Second Amendment, dated as of December 21, 2018, to the ABL Credit Agreement (filed as Exhibit 10.2 to Registrant’s Current Report on Form 8-K dated December 21, 2018 and incorporated herein by reference).
21**	List of subsidiaries of the Registrant.
23.1**	Consent of Independent Registered Public Accounting Firm.
23.2**	Consent of Independent Registered Public Accounting Firm.
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.

101.INS XBRL Instance Document.

101.SCH XBRL Taxonomy Schema.

101.CAL XBRL Taxonomy Extension Calculation Linkbase.

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101.DEF XBRL Taxonomy Extension Definition Linkbase.

101.LAB XBRL Taxonomy Extension Label Linkbase.

101.PRE XBRL Taxonomy Extension Presentation Linkbase.

(1) The Exhibits marked with one asterisk (*) are a management contract or a compensatory plan or arrangement required to be filed as an exhibit.

(2) The Exhibits which have not previously been filed or listed are marked with two asterisks (**).

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 14, 2019

OVERSEAS SHIPHOLDING
GROUP, INC.
By: /s/ RICHARD TRUEBLOOD
Richard Trueblood
Vice President
and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each of such persons appoints Samuel H. Norton and Richard Trueblood, and each of them, as his agents and attorneys-in-fact, in his name, place and stead in all capacities, to sign and file with the SEC any amendments to this report and any exhibits and other documents in connection therewith, hereby ratifying and confirming all that such attorneys-in-fact or either of them may lawfully do or cause to be done by virtue of this power of attorney.

Name	Date
/s/ SAMUEL H. NORTON Samuel H. Norton, Principal Executive Officer and Director	March 14, 2019
/s/ DOUGLAS D. WHEAT Douglas D. Wheat, Director	March 14, 2019
/s/ JOHN P. REDDY John P. Reddy, Director	March 14, 2019
/s/ JOSEPH I. KRONSBERG Joseph I. Kronsberg, Director	March 14, 2019
/s/ JULIE E. SILCOCK Julie E. Silcock, Director	March 14, 2019
/s/ ANJA L. MANUEL Anja L. Manuel, Director	March 14, 2019
/s/ GARY EUGENE TAYLOR Gary Eugene Taylor, Director	March 14, 2019
/s/ TY E. WALLACH Ty E. Wallach, Director	March 14, 2019

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF PARENT
OVERSEAS SHIPHOLDING GROUP, INC.
CONDENSED BALANCE SHEETS
DOLLARS IN THOUSANDS

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 69,655	$ 40,838
Restricted cash	59	58
Income taxes recoverable	5,514	113
Receivable from INSW	34	65
Prepaid expenses and other current assets	489	582
Total Current Assets	75,751	41,656
Restricted cash	165	217
Investments in subsidiaries	301,942	358,064
Intercompany receivables	27,961	3,279
Other assets	—	1
Total Assets	$ 405,819	$ 403,217
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable, accrued expenses and other current liabilities	$ 1,766	$ 2,144
Total Current Liabilities	1,766	2,144
Reserve for uncertain tax positions	218	3,205
Long-term debt	687	685
Deferred income taxes	73,367	83,671
Intercompany payables	313	274
Total Liabilities	76,351	89,979
Equity:		
Common stock - Class A ($0.01 par value; 166,666,666 shares authorized; 84,834,790 and 78,277,669 shares issued and outstanding)	848	783
Paid-in additional capital	587,826	584,675
Accumulated deficit	(252,014)	(265,758)
	336,660	319,700
Accumulated other comprehensive loss	(7,192)	(6,462)
Total Equity	329,468	313,238
Total Liabilities and Equity	$ 405,819	$ 403,217

See notes to condensed financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF PARENT
OVERSEAS SHIPHOLDING GROUP, INC.
CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)
DOLLARS IN THOUSANDS

	Years Ended December 31,		
	2018	2017	2016
Operating Expenses			
General and administrative	$55	$(134)	$698
Total operating expenses	55	(134)	698
Equity in (loss)/income from subsidiaries	(5,461)	6,575	(63,698)
Operating (loss)/income from continuing operations	(5,516)	6,709	(64,396)
Other income/(expense)	854	(2,504)	(2,363)
(Loss)/income from continuing operations before interest expense, reorganization items, net and income taxes	(4,662)	4,205	(66,759)
Interest expense	(247)	(5,664)	(10,323)
Loss from continuing operations before reorganization items, net and income taxes	(4,909)	(1,459)	(77,082)
Reorganization items, net	—	(190)	10,925
Loss from continuing operations before income taxes	(4,909)	(1,649)	(66,157)
Income tax benefit	18,398	57,627	65,098
Net income/(loss) from continuing operations	13,489	55,978	(1,059)
Net loss for discontinued operations	—	—	(292,555)
Net income/(loss)	13,489	55,978	(293,614)
Other comprehensive income/(loss), net of tax:			
Change in unrealized losses on cash flow hedges	112	907	10,311
Defined benefit pension and other postretirement benefit plans:			
Net change in unrecognized prior service cost	(262)	(157)	(60)
Net change in unrecognized actuarial gain/(losses)	903	948	(3,295)
Other comprehensive income	753	1,698	6,956
Comprehensive income/(loss)	$14,242	$57,676	$(286,658)

See notes to condensed financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF PARENT
OVERSEAS SHIPHOLDING GROUP, INC.
CONDENSED STATEMENTS OF CASH FLOWS
DOLLARS IN THOUSANDS

	Years Ended December 31,		
	2018	2017	2016
Cash Flows from Operating Activities:			
Net cash (used in)/provided by operating activities	$(21,988)	$(13,787)	$202,989
Cash Flows from Investing Activities:			
Distributions from subsidiaries	51,323	50,000	51,832
Net cash provided by investing activities	51,323	50,000	51,832
Cash Flows from Financing Activities:			
Payments on debt	—	—	(39,319)
Extinguishment of debt	—	(84,170)	—
Repurchases of common stock and common stock warrants	—	—	(119,343)
Cash dividends paid	—	—	(31,910)
Tax withholding on share-based awards	(569)	(1,157)	—
Net cash used in financing activities	(569)	(85,327)	(190,572)
Net increase/(decrease) in cash and cash equivalents (Note G)	28,766	(49,114)	64,249
Cash, cash equivalents and restricted cash at beginning of year (Note G)	41,113	90,227	25,978
Cash, cash equivalents and restricted cash at end of year (Note G)	$69,879	$41,113	$90,227

See notes to condensed financial statements

OVERSEAS SHIPHOLDING GROUP, INC. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF PARENT
OVERSEAS SHIPHOLDING GROUP, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
DOLLARS IN THOUSANDS

NOTE A — BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Overseas Shipholding Group, Inc. (the “Parent”) is a holding company that conducts substantially all of its business operations through its subsidiaries. The condensed financial information and related notes have been prepared in accordance with Rule 12.04, Schedule I of Regulation S-X. This financial information should be read in conjunction with the consolidated financial statements and notes thereto of Overseas Shipholding Group, Inc., and subsidiaries (collectively, the “Company”).

The Parent owns 100% of OSG Bulk Ships, Inc. (“OBS”), which is incorporated in New York State, and OSG Financial Corp., which is incorporated in Delaware. OBS and its subsidiaries own and operate a fleet of oceangoing vessels engaged in the transportation of crude oil and refined petroleum products in the U.S. Flag trades. On November 30, 2016 (the “Distribution Date”), the Parent spun off its international business into a new independent company, International Seaways, Inc. (“INSW”). For additional information regarding the spin-off, see Note 1, “Basis of Presentation and Description of Business,” to the Company’s consolidated financial statements set forth in Item 8, “Financial Statements and Supplementary Data.”

NOTE B — BANKRUPTCY FILING AND EMERGENCE FROM BANKRUPTCY

On November 14, 2012 (the “Petition Date”), the Parent and 180 of its subsidiaries (together with OSG, the “Debtors”) filed voluntary petitions for reorganization under Chapter 11 of Title II of the U.S. Code (the “Bankruptcy Code”) in the U.S. Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). On March 7, 2014, the Debtors filed a plan of reorganization supported by certain of the lenders under OSG’s $1,500,000 credit agreement, dated as of February 9, 2006 (the “Lender Plan”). On April 18, 2014, the Debtors received a proposal for an alternative plan of reorganization from certain holders of existing equity interests of OSG, which the Debtors determined to be more favorable to the Debtors’ creditors and equity interest holders than the Lender Plan (the “Equity Proposal”). Accordingly, the Debtors filed with the Bankruptcy Court a plan of reorganization that effectuates the terms of the Equity Proposal (as subsequently amended, the “Equity Plan”). The Bankruptcy Court confirmed the Equity Plan by order entered on July 18, 2014 (the “Confirmation Order”). On August 5, 2014 (the “Effective Date”), the Equity Plan became effective and OSG emerged from bankruptcy. As of February 10, 2017, none of the original 181 Chapter 11 cases filed remains open.

For additional information regarding the Company’s emergence from bankruptcy, see Note 2, “Chapter 11 Filing and Emergence from Bankruptcy,” to the Company’s consolidated financial statements set forth in Item 8, “Financial Statements and Supplementary Data.”

NOTE C—DEBT:

Long-term debt consists of the following:

	Years Ended December

	31, 2018	2017
7.5% Election 2 notes due 2021, net of unamortized discount and deferred costs of $4 and $6	$297	$295
7.50% notes due 2024	390	390
	$687	$685

The aggregate annual principal payments required to be made on debt over the next five years and thereafter are $301 (2021) and $390 (2024).

During the years ended December 31, 2017 and 2016, the Company repurchased and retired an aggregate principal amount of $0 and $294, respectively, of its 7.50% notes due 2024 and $55,202 and $37,345, respectively, of its 8.125% notes due 2018. The aggregate losses of $2,495 and $2,463 realized on these transactions during the years ended December 31, 2017 and 2016, respectively, are included in other expense in the consolidated statements of operations. The net losses reflect a $504 and $784 write-off of unamortized deferred finance costs associated with the repurchased debt during the years ended December 31, 2017 and 2016, respectively.

On December 27, 2017, the Company deposited cash in the amount of $27,491 with The Bank of New York Mellon Trust Company, N.A., as trustee, to pay the principal of $26,417 plus accrued and unpaid interest of $514 on all of the outstanding 8.125% Notes ("Remaining Notes") on their stated maturity. As a result, the Company's obligations under the indenture and the Remaining Notes were satisfied and the indenture was cancelled and discharged. The aggregate loss of $742 realized on this transaction during the year ended December 31, 2017 is included in other expense in the consolidated statements of operations. The net loss reflects a $182 write-off of unamortized deferred finance costs.

See Note 9, “Debt,” to the Company’s consolidated financial statements set forth in Item 8, “Financial Statements and Supplementary Data,” for additional information relating to the Parent’s debt.

NOTE D—RELATED PARTY TRANSACTIONS:

The financial statements of the Parent included related party transactions as presented in the tables below:

	Years Ended December 31,		
	2018	2017	2016
General and administrative expenses reimbursed to/(by) subsidiaries			
International Seaways, Inc. - Discontinued Operations [(1)]	$—	$—	$(7,838)
OSG Bulk Ships, Inc. [(1)]	(5,452)	(6,715)	(17,321)
Net reduction in general and administrative expenses	$(5,452)	$(6,715)	$(25,159)

(1) According to the "Shared Services and Cost Sharing Agreement" and the "Cost Sharing Agreement" signed by the Parent and its subsidiaries, effective August 5, 2014, certain overhead costs paid by the Parent on behalf of INSW and OBS are allocated to such subsidiaries.

	Years Ended December 31,		
	2018	2017	2016
Equity in income/(loss) of subsidiaries			
OSG Bulk Ships, Inc.	$(5,461)	$6,576	$(63,744)
OSG Financial Corp.	—	(1)	46
Total	$(5,461)	$6,575	$(63,698)

On November 30, 2016, the Parent completed the separation of its business into two independent publicly-traded companies through the spin-off of its then wholly-owned subsidiary INSW. Income/(loss) from the discontinued operations of INSW during the eleven months ended November 30, 2016 was $(292,555). For additional information regarding the spin-off, see Note 1, “Basis of Presentation and Description of Business,” and Note 5, “Discontinued Operations,” to the Company’s consolidated financial statements set forth in Item 8, “Financial Statements and Supplementary Data.”

	Years Ended December 31,	
	2018	2017
Intercompany receivables:		
OSG Ship Management (Tampa)	$23,992	$2,086
OSG Bulk Ships, Inc.	3,969	1,193
Total	$27,961	$3,279

Intercompany receivables principally represent outstanding balances due from the subsidiaries in accordance with the "Shared Services and Cost Sharing Agreement" and the "Cost Sharing Agreement" effective August 5, 2014.

	Years Ended December 31, 2018	2017
Intercompany payables:		
OSG Ship Management Inc.	$195	$157
OSG Financial Corp.	118	117
Total	$313	$274

During 2018 and 2017, OBS paid cash distributions to the Parent of $51,323 and $50,000, respectively. The return of capital distributions received by the Parent are reflected in the condensed statement of cash flows as cash flows from investing activities.

During 2016, INSW, OBS, and OSG Financial Corp. paid cash distributions to the Parent of $202,000, $51,295, and $537, respectively, including earnings distributions of $202,000 from INSW and returns of capital from OBS of $51,295 and OSG Financial Corp. of $537. The earnings distributions and return of capital distributions received by the Parent are reflected in the condensed statement of cash flows as cash flows from operating activities and investing activities, respectively. Supplemental cash flow information for the year ended December 31, 2016 associated with net non-cash capital transactions aggregating $884,591 were non-cash investing activities, including $895,650 related to the spin-off of INSW.

Receivables of $34 and $65 due from INSW as of December 31, 2018 and 2017, respectively, are primarily in relation to amounts owed pursuant to the Separation and Distribution Agreement, as described in Note 5, "Discontinued Operations."

NOTE E —GUARANTEES:

See Note 13, "Related Parties," to the Company's consolidated financial statements set forth in Item 8, "Financial Statements and Supplementary Data," for information relating to Parent guarantees.

NOTE F —CONTINGENCIES:

See Note 21, "Contingencies," to the Company's consolidated financial statements set forth in Item 8, "Financial Statements and Supplementary Data," for information with respect to the Parent's contingencies.

NOTE G —RECENTLY ADOPTED ACCOUNTING STANDARDS

See Note 3, "Summary of Significant Accounting Policies," to the Company's consolidated financial statements set forth in Item 8, "Financial Statements and Supplementary Data," for information with respect to the Parent's adoption of new accounting standards.