

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934
For the month of December 2012**

Commission File Number 001-32640

DHT HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

26 New Street
St. Helier, Jersey JE2 3RA
Channel Islands
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b).

The press release issued by DHT Holdings, Inc. (the "Company") on December 11, 2012 related to the rejection motions filed by Overseas Shipholding Group, Inc. and certain of its subsidiaries (collectively, "OSG") on December 6, 2012 in the U.S. Bankruptcy Court for the District of Delaware (the "Court") seeking the Court's approval to reject the long-term bareboat charters for the *Overseas Newcastle* and the *Overseas London*, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Attached hereto as Exhibits 99.2 and 99.3 are OSG's motions to reject the bareboat charters with the *Overseas Newcastle* and the *Overseas London*, respectively, and each is incorporated herein by reference.

EXHIBIT LIST

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated December 11, 2012
99.2	Rejection Motion for the Overseas Newcastle Bareboat Charter dated December 6, 2012
99.3	Rejection Motion for the Overseas London Bareboat Charter dated December 6, 2012

SIGNATURES

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

DHT Holdings, Inc.

(Registrant)

Date: December 11, 2012

By: /s/ Eirik Ubøe

Eirik Ubøe

Chief Financial Officer



DHT Holdings, Inc. – Overseas Shipholding Group, Inc. files motions to reject charters

ST. HELIER, CHANNEL ISLANDS, December 11, 2012 – DHT Holdings, Inc. (NYSE:DHT) (“DHT” or the “Company”) announced that Overseas Shipholding Group, Inc. and certain of its subsidiaries (collectively, “OSG”) filed rejection motions on December 6, 2012 with the U.S. Bankruptcy Court for the District of Delaware (the “Court”), which motions seek the Court’s approval to reject the bareboat charters for the Overseas Newcastle and the Overseas London. Pursuant to these two bareboat charters, the Company had placed the two vessels on bareboat charters to OSG through December 2014 (Overseas Newcastle) and January 2018 (Overseas London). The Company currently expects that the two vessels will be redelivered to its subsidiaries in the coming weeks. As discussed in the Company’s third quarter earnings release issued on October 23, 2012, the Company adjusted the carrying value of its fleet through an impairment charge. DHT does not expect any further impairment charge as a result of the redelivery of the two vessels.

The Company will continue to monitor the OSG bankruptcy proceedings.

About DHT Holdings, Inc.

DHT is an independent crude oil tanker company. Our fleet trades internationally and consists of crude oil tankers in the VLCC, Aframax and Suezmax segments. We operate out of Oslo, Norway, through our wholly owned management company. You shall recognize us by our business approach with an experienced organization with focus on first rate operations and customer service, quality ships built at quality shipyards, prudent capital structure with robust cash break even levels to accommodate staying power through the business cycles, a combination of market exposure and fixed income contracts for our fleet and a clean corporate structure maintaining a high level of integrity and good governance. For further information: www.dhtankers.com.

Forward Looking Statements

This press release contains assumptions, expectations, projections, intentions and beliefs about future events, in particular regarding daily charter rates, vessel utilization, the future number of newbuilding deliveries, oil prices and seasonal fluctuations in vessel supply and demand. When used in this document, words such as “believe,” “intend,” “anticipate,” “estimate,” “project,” “forecast,” “plan,” “potential,” “will,” “may,” “should” and “expect” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements reflect the Company’s current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent the Company’s estimates and assumptions only as of the date of this press release and are not intended to give any assurance as to future results. For a detailed discussion of the risk factors that might cause future results to differ, please refer to the Company’s Annual Report on Form 20-F, filed with the Securities and Exchange Commission on March 19, 2012.

The Company undertakes no obligation to publicly update or revise any forward-looking statements contained in this press release, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release might not occur, and the Company's actual results could differ materially from those anticipated in these forward-looking statements.

CONTACT:

Eirik Ubøe, CFO

Phone: +44 1534 639 759 and +47 412 92 712

E-mail: eu@dhtankers.com

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X	
	:	Chapter 11
	:	
<i>In re</i>	:	Case No. 12-20000 (PJW)
	:	
Overseas Shipholding Group, Inc., <i>et al.</i> ,	:	Jointly Administered
	:	
Debtors. ¹	:	Objection Deadline: December 20, 2012 at 4:00 p.m. (ET)
	:	Hearing Date: December 27, 2012 at 10:00 a.m. (ET)
	:	
	X	

**DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO
SECTIONS 105(a) AND 365(a) OF THE BANKRUPTCY CODE AUTHORIZING
REJECTION OF THE OVERSEAS NEWCASTLE BAREBOAT CHARTER
NUNC PRO TUNC AS NECESSARY TO THE REDELIVERY
DATE AND RELATED RELIEF**

Overseas Shipholding Group, Inc. ("OSG") and certain of its affiliates, as debtors and debtors in possession (collectively, "Debtors"), hereby move this Court (the "Motion") for entry

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Alcesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); LUXMAR



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of an order substantially in the form attached hereto as Exhibit A under Sections 105(a) and 365(a) of Title 11 of the United States Code (the “Bankruptcy Code”), (i) authorizing Debtors to reject the bareboat charter agreement in respect of the vessel once named BESIKTAS TBR and now renamed OVERSEAS NEWCASTLE, dated July 6, 2007, between Double Hull Tankers, Inc. (the “Vessel Owner”), and debtor Alpha Suezmax Corporation, as may have been amended, supplemented or restated, including any and all ancillary agreements entered into in conjunction therewith (the “Newcastle Charter-In Agreement”) effective as of the date the OVERSEAS NEWCASTLE is redelivered to the Vessel Owner (the “Redelivery Date”), (ii) authorizing

Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702); Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG 243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG 400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608); OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498); OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 666 3rd Avenue, New York, NY 10017.

Debtors, if necessary, to reject the Newcastle Charter-In Agreement *nunc pro tunc* to the Redelivery Date; (iii) precluding setoff or recoupment as against the Redelivery Payment (as defined below) absent further order of the Court; and (iv) granting such other and further relief as may be just and proper. In support of the Motion, Debtors rely upon and incorporate by reference the Declaration of Lois K. Zabrocky (the "Zabrocky Declaration"), attached hereto as Exhibit B. In further support of the Motion, Debtors, by and through their undersigned counsel, respectfully represent:

Jurisdiction

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code Sections 105(a) and 365(a).

Background

3. On November 14, 2012 (the "Petition Date"), Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

4. Debtors own or operate 111 tankers around the world, enabling the safe and efficient transport of oil and petroleum products. OSG is one of the largest publicly traded tanker holding companies worldwide, based on the number of vessels, and is the only major tanker company with both a significant U.S. Flag and international fleet. A fulsome description of Debtors' corporate structure and the events leading to the Chapter 11 cases are set forth in the

Declaration of Captain Robert E. Johnston in Support of Chapter 11 Petitions and First Day Motions (the "First Day Declaration") (ECF No. 2).²

5. Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in Debtors' Chapter 11 cases.

6. An official committee of unsecured creditors (the "Committee") was appointed on November 29, 2012.³

A. The Newcastle Charter-In Agreement

7. In the years prior to the Petition Date, as part of Debtors' ordinary course of business, Debtors engaged in a practice of "chartering-in" (i.e., leasing) vessels owned by third parties ("Charter Vessels") pursuant to time charter party agreements ("Charter-In Agreements"). As part of this practice, Debtors would in certain cases separately enter into agreements with third party vessel operators or pools pursuant to which Debtors would "charter-out" the Charter Vessels to third party ship operators under charter party agreements ("Charter-Out Agreements"). Alternatively, Debtors would enter into shorter-term contracts to employ the Charter Vessels on voyages to provide services to Debtors' customers – a process known in the shipping industry as "fixing" the vessel. In better market conditions, Debtors would generate revenue from the spread between the Charter-In Agreements and either the Charter-Out Agreements or contracts for fixing the vessel. With the downturn of the shipping industry, certain of these arrangements have become unprofitable.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the First Day Declaration.

³ See Notice of Appointment of Committee of Unsecured Creditors Filed by United States Trustee. (ECF No. 97.)

8. Debtor Alpha Suezmax Corporation currently charters-in the OVERSEAS NEWCASTLE from the Vessel Owner pursuant to the Newcastle Charter-In Agreement. Debtors have reviewed the Newcastle Charter-In Agreement and determined that it provides no economic benefit to the estates, as Debtors have incurred significant prepetition losses from the Newcastle Charter-In Agreement. Debtors currently charter-in the OVERSEAS NEWCASTLE for \$25,342 net per day, but recently have been unable to either charter-out or fix the vessel at rates sufficient to justify the expense of continuing to make the charter hire payments due to the Vessel Owner under the Newcastle Charter-In Agreement.

9. Consequently, Debtors have concluded that rejecting the Newcastle Charter-In Agreement and returning the OVERSEAS NEWCASTLE to the Vessel Owner is in the best interest of their estates. The Newcastle Charter-In Agreement provides that the vessel may be redelivered worldwide at a safe and ice-free port within the vessel's normal trading pattern. The Newcastle Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel to assess its condition.

10. Debtors have notified the Vessel Owner that they will redeliver the OVERSEAS NEWCASTLE to the Vessel Owner in late December 2012 or early January 2013 at such location as the Debtors select within the vessel's normal trading pattern or as otherwise agreed between the Debtors and the Vessel Owner. Debtors have paid hire to the Vessel Owner for the month of December. The Redelivery Date may occur prior to the hearing on this Motion, in which case the Debtors seek *nunc pro tunc* relief as set forth below. If the Redelivery Date occurs after the December 31, 2012, Debtors will pay additional prorated hire to the Vessel Owner for the period between December 31, 2012, and the Redelivery Date. Debtors will also

cooperate with the Vessel Owner to coordinate the redelivery and inspection of the OVERSEAS NEWCASTLE.

11. Vessels like the OVERSEAS NEWCASTLE carry certain stores and provisions that are needed for their operation. The fuel that powers a vessel's engine is typically referred to as the vessel's "bunkers," and vessels like the OVERSEAS NEWCASTLE also typically carry certain oils and greases that are used to ensure the proper functioning of their engine and equipment. These materials have been purchased by the Debtors for use during the term of the applicable Charter-in-Agreement.

12. Since certain amounts of these fuel and stores must be left onboard Charter Vessels at their redelivery, the Newcastle Charter-In Agreement provides that the Vessel Owner shall at the time of redelivery take over and pay for all bunkers, broached and unbroached lubricating oils and greases, unbroached victualling provisions, paints, ropes and other consumable stores (excluding spare parts) in the OVERSEAS NEWCASTLE at the documented invoice prices last paid (the "Redelivery Payment"). The Newcastle Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel, which will enable the vessel owner and Debtors to resolve the amount of stores and provisions left on board for which a Redelivery Payment is owed to Debtors. Debtors typically receive this Redelivery Payment – a post-petition obligation due to Debtors – from the Vessel Owner within thirty days of the Redelivery Date.

Relief Requested

13. By this Motion, Debtors respectfully request that this Court enter an order substantially in the form attached hereto as Exhibit A (i) rejecting the Newcastle Charter-In Agreement effective as of the Redelivery Date; (ii) if necessary, rejecting the Newcastle Charter-

In Agreement *nunc pro tunc* to the Redelivery Date; (iii) precluding setoff or recoupment as against the Redelivery Payment absent further order of the Court; and (iv) granting such other and further relief as may be just and proper.

Basis for Relief

A. Rejection of the Newcastle Charter-In Agreement Is an Exercise of Debtors' Sound Business Judgment

14. Section 365(a) of the Bankruptcy Code provides that a trustee, "subject to the court's approval, may assume or reject an executory contract or an unexpired lease." 11 U.S.C. § 365(a); *see also Univ. Med. Ctr. v. Sullivan (In re Univ. Med. Ctr.)*, 973 F.2d 1065, 1075 (3d Cir. 1992). Section 1107 of the Bankruptcy Code provides the same power to a debtor-in-possession. 11 U.S.C. § 1107; *Univ. Med. Ctr.*, 973 F.2d at 1075 n.12. The Court should approve a debtor's rejection of an executory contract or unexpired lease where such rejection is made in the exercise of such debtor's sound business judgment and if the rejection benefits its estate. *See, e.g., Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39 (3d Cir. 1989); *see also NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982), *aff'd*, 465 U.S. 513 (1984); *In re Patterson*, 119 B.R. 59 (E.D. Pa. 1990); *In re Federated Dep't Stores, Inc.*, 131 B.R. 808, 811 (S.D. Ohio 1991) ("Courts traditionally have applied the business judgment standard in determining whether to authorize the rejection of executory contracts and unexpired leases."); *Westbury Real Estate Ventures, Inc. v. Bradlees, Inc. (In re Bradlees, Inc.)*, 194 B.R. 555, 558 n.1 (Bankr. S.D.N.Y. 1996) ("Under the business judgment test, . . . [a court should approve a debtor's proposed rejection] if the debtor can demonstrate that rejection will benefit the estate.").

15. A motion to reject should thus be granted if a debtor determines in its business judgment that a benefit will be realized by rejecting a contract or lease. *Sharon Steel Corp.*, 872

F.2d at 39 (citing *Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co. (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987)). The business judgment standard requires that the court approve the debtor's business decision unless that judgment is the product of bad faith, whim or caprice. See *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); see also *Lubrizol Enter., Inc. v. Richmond Metal Finishers*, 756 F.2d 1043, 1047 (4th Cir. 1985).

16. As noted in the Zabrocky Declaration and above, Debtors have reviewed the Newcastle Charter-In Agreement and determined that it provides no economic benefit to the estates. The Newcastle Charter-In Agreement is not necessary for the continued operation of Debtors' businesses and if it were not rejected, Debtors would continue to suffer the losses described above to the detriment of their creditors. Consequently, rejection of the Newcastle Charter-In Agreement is in the best interests of Debtors' estates and is within Debtors' sound business judgment.

17. Further, absent an order of the Court to the contrary, Debtors are entitled to the Redelivery Payment – a post-petition obligation – without setoff or recoupment against any prepetition claims against Debtors, including any claims arising in connection with the rejection of the Newcastle Charter-In Agreement. See *Univ. Med. Ctr.*, 973 F.2d at 1079 (“[A] creditor’s pre-petition claims against the debtor cannot be set off against post-petition debts owed to the debtor.”); see also *id.* at 1081 (stating that recoupment “should be narrowly construed” and is available only when both debts arise out of “a single integrated transaction”); *HHI FormTech Indus., LLC v. Magna Powertrain USA, Inc. (In re FormTech Indus., LLC)*, 439 B.R. 352, 362 (Bankr. D. Del. 2010) (holding that, “[b]ecause recoupment frustrates the purpose of section 365 and . . . is [therefore] narrowly construed,” rejection damages may not be recouped from

accounts receivable); *United States ex rel. U.S. Postal Serv. v. Dewey Freight Sys., Inc.*, 31 F.3d 620, 625 (8th Cir. 1994) (holding that allowing counterparty asserting equivalent of rejection damages to recoup those damages from future payments otherwise due the debtor for post-petition services would “frustrate the very purpose of § 365”).

B. If Necessary, Rejection of the Newcastle Charter-In Agreement Should Be Authorized *Nunc Pro Tunc* to the Redelivery Date

18. Bankruptcy courts possess the equitable power to grant retroactive rejection of a contract or lease with a date that is effective prior to the date the order is entered. *Thinking Machs. Corp. v. Mellon Fin. Servs. Corp. (In re Thinking Machs. Corp.)*, 67 F.3d 1021, 1029 (1st Cir. 1995); *In re Chi-Chi's, Inc.*, 305 B.R. 396, 399 (Bankr. D. Del. 2004); *TW, Inc. v. Angelastro (In re TW, Inc.)*, No. 03-10785, 2004 WL 115521, *2 (D. Del. Jan. 14, 2004) (“The power to grant relief retroactively is derived from the bankruptcy’s equitable powers to insure a fair outcome,” and an order granting retroactive relief should be given “only after a balancing of the equities in a particular case.”).

19. In balancing the equities, courts focus on whether the debtor surrendered the property prior to the proposed rejection date, and courts approve retroactive rejection when the debtor timely surrendered the property. *See Pac. Shores Dev., LLC v. At Home Corp. (In re At Home Corp.)*, 392 F.3d 1064, 1074 (9th Cir. 2004) (affirming retroactive rejection of vacated premises and noting that “most cases approving the rejection of a lease retroactively to the motion date highlight the fact that the debtor has vacated the premises”); *In re Amber's Stores, Inc.*, 193 B.R. 819, 827 (Bankr. N.D. Tex. 1996) (explaining that “the debtor should not be permanently penalized by the time lag between filing a motion and the entry of an order by the court”).

20. If the Redelivery Date occurs before the date of the hearing at which this Motion is considered, this Court should approve rejection of the Newcastle Charter-In Agreement *nunc pro tunc* to the Redelivery Date. Due to the potential for delays at sea and the unpredictability of the needs of their customers, Debtors are presently unable to estimate the Redelivery Date with precision. However, depending on the circumstances of the final voyage of the OVERSEAS NEWCASTLE before its redelivery, Debtors may be in a position to redeliver the OVERSEAS NEWCASTLE before the hearing date. If this occurs, the redelivery of the OVERSEAS NEWCASTLE would precede the entry of a formal order of rejection by this court, and there could be issues raised as to whether the Debtors have any continuing obligations following redelivery. Although redelivery of the OVERSEAS NEWCASTLE would serve as effective rejection of the Newcastle Charter-In Agreement even absent a court order, Debtors seek *nunc pro tunc* rejection out of an abundance of caution. Since Debtors should not be penalized by any time lag between the Redelivery Date and the entry of an order, this Court should grant rejection of the Newcastle Charter-In Agreement *nunc pro tunc* to the Redelivery Date as may be required.

Notice of Motion

21. Notice of the Motion has been given via facsimile, electronic transmission, hand delivery or overnight mail to the (i) Vessel Owner; (ii) proposed counsel to the Committee; (iii) Office of the United States Trustee for the District of Delaware; (iv) the trustee under that certain indenture dated as of December 1, 1993, with respect to the 8.75% debentures due 2013; (v) the trustee under that certain indenture dated as of March 29, 2010, with respect to the 8.125% senior notes due 2018; (vi) the trustee under that certain indenture dated as of March 7, 2003, with respect to the 7.500% unsecured notes due 2024; (vii) Danish Ship Finance A/S, as Agent under that certain Second Amended and Restated Loan Agreement dated as of August 28, 2008;

(viii) the Export-Import Bank of China, as Original Lender and Agent under that certain Loan Agreement dated as of August 10, 2009; (ix) DNB Nor Bank A.S.A., as Agent under that certain Credit Agreement dated as of February 9, 2006; (x) holders of the fifty (50) largest unsecured claims on a consolidated basis against Debtors; and (xi) all others that are required to be noticed in accordance with Bankruptcy Rule 2002 (collectively, the “Initial Notice Parties”). In light of the exigencies of the circumstances and the potential harm to Debtors, their estates, and other parties in interest that will ensue if the relief requested herein is not granted, Debtors submit that no other notice need be given.

No Prior Request

22. No prior request for the relief requested herein has been made to this or any other court.

[Remainder of Page Intentionally Blank]

WHEREFORE, Debtors respectfully request that this Court enter an order substantially in the form attached hereto as Exhibit A (i) granting this Motion and the relief requested herein and (ii) granting such other and further relief as may be just and proper.

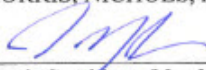
Dated: December 6, 2012
Wilmington, Delaware

CLEARY GOTTSLIEB STEEN & HAMILTON LLP

James L. Bromley (*admitted pro hac vice*)
Luke A. Barefoot (*admitted pro hac vice*)
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- and -

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Facsimile: (302) 658-3989

*Proposed Counsel for the Debtors
and Debtors in Possession*

Exhibit 1

Contract to Be Rejected

Debtor	Counterparty	Contract ¹
Alpha Suezmax Corporation	Double Hull Tankers, Inc., or Nominee	The bareboat charter agreement in respect of the vessel once named OVERSEAS BESIKTAS and now renamed OVERSEAS NEWCASTLE, dated July 6, 2007, and all related agreements and addenda

¹ Debtors reserve the right to modify this list to include additional agreements, addenda and other documents related to the Contracts or to remove Contracts, in their discretion.

Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X	:	
<i>In re</i>	:	Chapter 11
	:	
Overseas Shipholding Group, Inc., <i>et al.</i> ,	:	Case No. 12-20000 (PJW)
	:	
Debtors. ¹	:	Jointly Administered
	:	
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**ORDER AUTHORIZING REJECTION OF THE OVERSEAS NEWCASTLE
BAREBOAT CHARTER *NUNC PRO TUNC* AS NECESSARY
TO THE REDELIVERY DATE AND RELATED RELIEF**

Upon the motion (the "Motion")² of Debtors for an order under Bankruptcy Code

Sections 105(a) and 365(a), (i) authorizing Debtors to reject the Newcastle Charter-In Agreement

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Alcesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); Luxmar Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702); Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG 243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG

effective upon the Redelivery Date, (ii) authorizing Debtors, if necessary, to reject the Newcastle Charter-In Agreement *nunc pro tunc* to the Redelivery Date, (iii) precluding setoff or recoupment as against the Redelivery Payment absent further order of the Court, and (iv) granting such other and further relief as may be just and proper; and the Court having reviewed the Motion and the Zabrocky Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of Debtors, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608); OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498); OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 666 3rd Avenue, New York, NY 10017.

² Capitalized terms used but not defined in this Order shall have the meaning ascribed to them in the Motion.

1. The Motion is GRANTED as set forth herein.
2. The Newcastle Charter-In Agreement set forth on Exhibit 1 to this Order is hereby rejected pursuant to Section 365(a) of the Bankruptcy Code, effective upon the Redelivery Date. To the extent necessary, the Newcastle Charter-In Agreement is rejected *nunc pro tunc* to the Redelivery Date.
3. The parties to the Newcastle Charter-In Agreement expressly reserve and retain any and all claims and defenses they may have against one another as a result of the rejection provided for in this Order.
4. If the Redelivery Date occurs after December 31, 2012, then Debtors shall promptly pay additional prorated hire to the Vessel Owner at a rate of \$25,342 per day for the period between December 31, 2012, and the Redelivery Date.
5. The Vessel Owner shall make the Redelivery Payment within thirty days of the Redelivery Date.
6. In accordance with Section 362 of the Bankruptcy Code, the Vessel Owner shall not setoff, net or recoup the Redelivery Payment against any prepetition claim against Debtors, including without limitation any claims arising in connection with the rejection of the Newcastle Charter-In Agreement.
7. Debtors are hereby authorized to take all actions and execute all documents that may be necessary to implement the relief granted by this Order.

8. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order, including but not limited to any disputes concerning the redelivery of the OVERSEAS NEWCASTLE and the Redelivery Payment.

Dated: _____, 2012
Wilmington, Delaware

THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11
Overseas Shipholding Group, Inc., et al. : Case No. 12-20000 (PJW)
Debtors.¹ : Jointly Administered
 : Hearing Date: December 27, 2012, at 10:00 a.m.
 : (ET)
 : Objections Due: December 20, 2012, at 4:00 p.m.
 : (ET)
-----X

**NOTICE OF DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO
SECTIONS 105(A) AND 365(A) OF THE BANKRUPTCY CODE AUTHORIZING
REJECTION OF THE OVERSEAS NEWCASTLE BAREBOAT CHARTER
NUNC PRO TUNC AS NECESSARY TO THE REDELIVERY
DATE AND RELATED RELIEF**

PLEASE TAKE NOTICE that today, the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), filed the attached **Debtors' Motion For Entry Of An Order Pursuant To Sections 105(a) And 365(a) Of The Bankruptcy Code Authorizing Rejection Of The Overseas Newcastle Bareboat Charter Nunc Pro Tunc As Necessary To The Redelivery Date And Related Relief** (the "Motion").

PLEASE TAKE FURTHER NOTICE that any party wishing to oppose the entry of an order approving the Motion must file a response or an objection to the Motion ("Objection") with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **December 20, 2012, at 4:00 p.m. (ET)** (the "Objection Deadline"). At the same time, you must serve such Objection upon the undersigned counsel so as to be received by the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **DECEMBER 27, 2012 AT 10:00 A.M. (ET)** BEFORE THE HONORABLE PETER J. WALSH, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 6TH FLOOR, COURTROOM #2, WILMINGTON, DELAWARE 19801. ONLY PARTIES WHO HAVE FILED A TIMELY OBJECTION WILL BE HEARD AT ANY HEARING ON THE MOTION.

¹ A complete list of all Debtors in these jointly administered cases can be found at <http://www.kccllc.net/osg>, by contacting Debtors' counsel, or by reviewing the joint administration order in these cases, located at D.I. 38 in Case No. 12-20000. The Debtors' address for purposes of these chapter 11 cases is 666 3rd Avenue, New York, NY 10017.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE OR ANY ORDER ENTERED BY THE COURT REGARDING THE SCHEDULING OF THE MOTION, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.


Dated: December 6, 2012
Wilmington, Delaware

CLEARY GOTTSLIEB STEEN & HAMILTON LLP

James L. Bromley (admitted *pro hac vice*)
Luke A. Barefoot (admitted *pro hac vice*)
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000
Facsimile: (212) 225-3999

- and -

MORRIS, NICHOLS, ARSHT & TUNNELL LLP



Derek C. Abbott (No. 3376)
Daniel B. Butz (No. 4227)
William M. Alleman, Jr. (No. 5449)
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19801-1347
Telephone: (302) 658-9200
Facsimile: (302) 658-3989

*Proposed Counsel for the Debtors
and Debtors in Possession*

6813003.1

Exhibit B

Declaration of Lois K. Zabrocky

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X	:	
<i>In re</i>	:	Chapter 11
	:	
Overseas Shipholding Group, Inc., <i>et al.</i> ,	:	Case No. 12-20000 (PJW)
	:	
Debtors. ¹	:	Jointly Administered
	:	
-----X	:	

**DECLARATION OF LOIS K. ZABROCKY IN SUPPORT OF DEBTORS'
MOTION FOR ENTRY OF AN ORDER AUTHORIZING REJECTION OF
THE OVERSEAS NEWCASTLE BAREBOAT CHARTER *NUNC PRO TUNC* AS
NECESSARY TO THE REDELIVERY DATE AND RELATED RELIEF**

I, Lois K. Zabrocky, do hereby declare as follows:

1. I am Senior Vice President and Chief Commercial Officer of the International Flag Strategic Business Unit of Overseas Shipholding Group, Inc. ("Parent"), a corporation organized under the laws of Delaware. I am generally familiar with the international flag businesses and chartering operations of Parent and its affiliates, including those affiliates that have together with Parent filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code before this Court.

2. I submit this Declaration in support of Debtors' Motion for Entry of an Order Authorizing Rejection of the Overseas Newcastle Bareboat Charter (the "Motion").² I have personal knowledge of the facts as set forth herein. If I were called to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this declaration.

¹ A complete list of all Debtors in these jointly administered cases can be found at <http://www.keeflc.net/osg>, by contacting Debtors' counsel, or by reviewing the joint administration order in these cases, located at D.I. 38 in Case No. 12-20000. The Debtors' address for purposes of these chapter 11 cases is 666 3rd Avenue, New York, NY 10017.

² Capitalized terms used but not defined in the Zabrocky Declaration shall have the meaning ascribed to them in the Motion.

3. In the years prior to the Petition Date, as part of Debtors' ordinary course of business, Debtors engaged in a practice of "chartering-in" (i.e., leasing) vessels owned by third parties ("Charter Vessels") pursuant to time charter party agreements ("Charter-In Agreements"). As part of this practice, Debtors would in certain cases separately enter into agreements with third party vessel operators or pools pursuant to which Debtors would "charter-out" the Charter Vessels to third party ship operators under charter party agreements ("Charter-Out Agreements"). Alternatively, Debtors would enter into shorter-term contracts to employ the Charter Vessels on voyages to provide services to Debtors' customers – a process known in the shipping industry as "fixing" the vessel. In better market conditions, Debtors would generate revenue from the spread between the Charter-In Agreements and either the Charter-Out Agreements or contracts for fixing the vessel. With the downturn of the shipping industry, certain of these arrangements have become unprofitable.

4. Debtor Newcastle Charter Corporation currently charters-in the OVERSEAS NEWCASTLE from the Vessel Owner pursuant to the Newcastle Charter-In Agreement. I or my designees, in consultation with Debtors' counsel, have reviewed the Newcastle Charter-In Agreement and determined that it provides no economic benefit to the estates, as Debtors have incurred significant prepetition losses from the Newcastle Charter-In Agreement. Debtors currently charter-in the OVERSEAS NEWCASTLE for \$25,342 net per day, but recently have been unable to either charter-out or fix the vessel at rates sufficient to justify the expense of continuing to make the charter hire payments due to the Vessel Owner under the Newcastle Charter-In Agreement.

5. Consequently, I or my designees, in consultation with Debtors' counsel, have concluded that rejecting the Newcastle Charter-In Agreement and returning the OVERSEAS

NEWCASTLE to the Vessel Owner is in the best interest of their estates. The Newcastle Charter-In Agreement provides that the vessel may be redelivered worldwide at a safe and ice-free port within the vessel's normal trading pattern. The Newcastle Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel to assess its condition.

6. Debtors have notified the Vessel Owner that they will redeliver the OVERSEAS NEWCASTLE to the Vessel Owner in late December 2012 or early January 2013 at such location as the Debtors select within the vessel's normal trading pattern or as otherwise agreed between the Debtors and the Vessel Owner.

7. Due to the potential for delays at sea and the unpredictability of the needs of our customers, I and my designees are unable to estimate the Redelivery Date with precision. However, depending on the circumstances of the final voyage of the OVERSEAS NEWCASTLE before its redelivery, Debtors may be in a position to redeliver the OVERSEAS NEWCASTLE before the hearing date.

8. Debtors have paid hire to the Vessel Owner for the month of December. The Redelivery Date may occur prior to the hearing on this Motion, in which case the Debtors seek *nunc pro tunc* relief as set forth below. If the Redelivery Date occurs after December 31, 2012, Debtors will pay additional prorated hire to the Vessel Owner for the period between December 31, 2012, and the Redelivery Date. Debtors will also cooperate with the Vessel Owner to coordinate the redelivery and inspection of the OVERSEAS NEWCASTLE.

9. Vessels like the OVERSEAS NEWCASTLE carry certain stores and provisions that are needed for their operation. The fuel that powers a vessel's engine is typically referred to as the vessel's "bunkers," and vessels like the OVERSEAS NEWCASTLE also typically carry

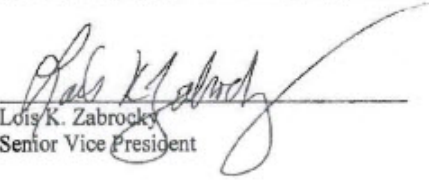
certain oils and greases that are used to ensure the proper functioning of their engine and equipment. Since certain amounts of these fuel and stores must be left onboard Charter Vessels at their redelivery, the Newcastle Charter-In Agreement provides that the Vessel Owner shall at the time of redelivery take over and pay for all bunkers, broached and unbroached lubricating oils and greases, unbroached victualling provisions, paints, ropes and other consumable stores (excluding spare parts) in the OVERSEAS NEWCASTLE at the documented invoice prices last paid (the "Redelivery Payment"). The Newcastle Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel, which will enable the vessel owner and Debtors to resolve the amount of stores and provisions left on board for which a Redelivery Payment is owed to Debtors. Debtors typically receive this Redelivery Payment – a post-petition obligation due to Debtors – from the Vessel Owner within thirty days of the Redelivery Date.

10. I can attest that the Newcastle Charter-In Agreement provides no economic benefit to the estates, that the Newcastle Charter-In Agreement is not necessary for the continued operation of Debtors' businesses, and that, if the Newcastle Charter-in Agreement were not rejected, Debtors would continue to suffer the losses described herein to the detriment of their creditors.

11. Consequently, I can attest that rejection of the Newcastle Charter-In Agreement is in the best interests of Debtors' estates and is within Debtors' sound business judgment.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: December 6, 2012



Lois K. Zabrocky
Senior Vice President

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----X	
	: Chapter 11
	: :
<i>In re</i>	: Case No. 12-20000 (PJW)
	: :
Overseas Shipholding Group, Inc., <i>et al.</i> ,	: Jointly Administered
	: :
Debtors. ¹	: Objection Deadline: December 20, 2012 at
	: 4:00 p.m.
	: Hearing Date: December 27, 2012 at 10:00
	: a.m.
-----X	

**DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT
TO SECTIONS 105(a) AND 365(a) OF THE BANKRUPTCY CODE AUTHORIZING
REJECTION OF THE OVERSEAS LONDON BAREBOAT CHARTER AND THE
OVERSEAS LONDON POOL AGREEMENT *NUNC PRO TUNC*
AS NECESSARY TO THE REDELIVERY DATE AND RELATED RELIEF**

Overseas Shipholding Group, Inc. ("OSG") and certain of its affiliates, as debtors and debtors in possession (collectively, "Debtors"), hereby move this Court (the "Motion") for entry

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Alcesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); Luxmar



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of an order substantially in the form attached hereto as Exhibit A under Sections 105(a) and 365(a) of Title 11 of the United States Code (the “Bankruptcy Code”), (i) authorizing debtor Dignity Chartering Corporation (“Dignity”) to reject the bareboat charter agreement in respect of the vessel once named OTTOMAN DIGNITY and now renamed OVERSEAS LONDON, dated August 28, 2007, between Double Hull Tankers, Inc. (the “Vessel Owner”), and Dignity, as may have been amended, supplemented or restated, including any and all ancillary agreements entered into in conjunction therewith (the “London Charter-In Agreement”) effective as of the date the OVERSEAS LONDON is redelivered to the Vessel Owner (the “Redelivery Date”); (ii)

Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702); Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG 243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG 400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608); OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498); OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 666 3rd Avenue, New York, NY 10017.

authorizing Dignity to reject the Suezmax International Pool Accession Agreement between Dignity and debtor Suezmax International Agencies, Inc. as manager of and on behalf of the Suezmax International Pool (the “SI Pool”), as may have been amended, supplemented or restated, including any and all ancillary agreements entered into in conjunction therewith (the “London Pool Agreement”) effective as of the Redelivery Date;² (iii) authorizing Dignity, if necessary, to reject the London Charter-In Agreement and the London Pool Agreement *nunc pro tunc* to the Redelivery Date; (iv) precluding setoff or recoupment as against the Redelivery Payment (as defined below) absent further order of the Court; and (v) granting such other and further relief as may be just and proper. In support of the Motion, Debtors rely upon and incorporate by reference the Declaration of Lois K. Zabrocky (the “Zabrocky Declaration”), attached hereto as Exhibit B. In further support of the Motion, Debtors, by and through their undersigned counsel, respectfully represent:

Jurisdiction

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Bankruptcy Code Sections 105(a) and 365(a).

Background

3. On November 14, 2012 (the “Petition Date”), Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

² For the avoidance of doubt, the only agreement in relation to the SI Pool that this motion seeks to reject is the London Pool Agreement. The Debtors remain party to other agreements in respect of the SI Pool that are unaffected by this Motion.

4. Debtors own or operate 111 tankers around the world, enabling the safe and efficient transport of oil and petroleum products. OSG is one of the largest publicly traded tanker holding companies worldwide, based on the number of vessels, and is the only major tanker company with both a significant U.S. Flag and international fleet. A fulsome description of Debtors' corporate structure and the events leading to the Chapter 11 cases are set forth in the Declaration of Captain Robert E. Johnston in Support of Chapter 11 Petitions and First Day Motions (the "First Day Declaration") (ECF No. 2).³

5. Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in Debtors' Chapter 11 cases.

6. An official committee of unsecured creditors (the "Committee") was appointed on November 29, 2012.⁴

A. The London Agreements

7. In the years prior to the Petition Date, as part of Debtors' ordinary course of business, Debtors engaged in a practice of "chartering-in" (i.e., leasing) vessels owned by third parties ("Charter Vessels") pursuant to time charter party agreements ("Charter-In Agreements"). As part of this practice, Debtors would in certain cases separately enter into agreements with third party vessel operators or pools pursuant to which Debtors would "charter-out" the Charter Vessels to third party ship operators under charter party agreements ("Charter-Out Agreements"). Alternatively, Debtors would enter into shorter-term contracts to employ the Charter Vessels on voyages to provide services to Debtors' customers – a process known in the

³ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the First Day Declaration.

⁴ See Notice of Appointment of Committee of Unsecured Creditors Filed by United States Trustee. (ECF No. 97.)

shipping industry as “fixing” the vessel. In better market conditions, Debtors would generate revenue from the spread between the Charter-In Agreements and either the Charter-Out Agreements or contracts for fixing the vessel. With the downturn of the shipping industry, certain of these arrangements have become unprofitable.

8. Debtor Dignity currently charters-in the OVERSEAS LONDON from the Vessel Owner pursuant to the London Charter-In Agreement. Dignity has committed the OVERSEAS LONDON to the SI Pool pursuant to the London Pool Agreement.⁵ Dignity has reviewed the London Charter-In Agreement and the London Pool Agreement and determined that they provide no economic benefit to its estate, as Dignity has incurred significant prepetition losses from the London Charter-In Agreement and the London Pool Agreement. Dignity currently charters-in the OVERSEAS LONDON for \$26,624 net per day, but the SI Pool recently has been unable to fix the vessel at rates sufficient to justify the expense of continuing to make the charter hire payments due to the Vessel Owner under the London Charter-In Agreement.

9. Consequently, Dignity has concluded that rejecting the London Charter-In Agreement and returning the OVERSEAS LONDON to the Vessel Owner is in the best interest its estate. Additionally, Dignity has concluded that rejecting the London Pool Agreement is in the best interest of its estate. Once Debtors redeliver the OVERSEAS LONDON to the Vessel Owner, the manager of the SI Pool will no longer be able to fix the OVERSEAS LONDON on new voyages to generate revenue for the SI Pool (and, correspondingly, Dignity). Thus, as of the Redelivery Date, the London Pool Agreement will no longer be of any benefit to Dignity.

10. The London Charter-In Agreement provides that the vessel may be redelivered worldwide at a safe and ice-free port within the vessel’s normal trading pattern. The London

⁵ The First Day Declaration contains a more complete description of the SI Pool and pools generally. See First Day Declaration at 6, 14-18.

Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel to assess its condition.

11. Debtors have notified the Vessel Owner that they will redeliver the OVERSEAS LONDON to the Vessel Owner in late December 2012 or early January 2013 at such location as the Debtors select worldwide within the vessel's normal trading pattern or as otherwise agreed between the Debtors and the Vessel Owner. Debtors have paid prorated hire to the Vessel Owner for the month of December through December 25, 2012 (the "Prorated Payment Date"). The Redelivery Date may occur prior to the hearing on this Motion, in which case Dignity seeks *nunc pro tunc* relief as set forth below. If the Redelivery Date occurs after the Prorated Payment Date, Debtors will pay additional prorated hire to the Vessel Owner for the period between the Prorated Payment Date and the Redelivery Date. Debtors will also cooperate with the Vessel Owner to coordinate the redelivery and inspection of the OVERSEAS LONDON.

12. Vessels like the OVERSEAS LONDON carry certain stores and provisions that are needed for their operation. The fuel that powers a vessel's engine is typically referred to as the vessel's "bunkers," and vessels like the OVERSEAS LONDON also typically carry certain oils and greases that are used to ensure the proper functioning of their engine and equipment. These materials have been purchased by the Debtors for use during the term of the applicable Charter-in Agreement.

13. Since certain amounts of these fuel and stores must be left onboard Charter Vessels at their redelivery, the London Charter-In Agreement provides that the Vessel Owner shall at the time of redelivery take over and pay for all bunkers, broached and unbroached lubricating oils and greases, unbroached victualling provisions, paints, ropes and other consumable stores (excluding spare parts) in the OVERSEAS LONDON at the documented

invoice prices last paid (the “Redelivery Payment”). The London Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel, which will enable the vessel owner and Debtors to resolve the amount of stores and provisions left on board for which a Redelivery Payment is owed to Debtors. This Redelivery Payment – a post-petition obligation due to the Debtors – is typically received from the Vessel Owner within thirty days of the Redelivery Date.

Relief Requested

14. By this Motion, Debtors respectfully request that this Court enter an order substantially in the form attached hereto as Exhibit A (i) authorizing Dignity to reject the London Charter-In Agreement effective as of the Redelivery Date; (ii) authorizing Dignity to reject the London Pool Agreement effective as of the Redelivery Date; (iii) authorizing Dignity, if necessary, to reject the London Charter-In Agreement and the London Pool Agreement *nunc pro tunc* to the Redelivery Date; (iv) precluding setoff or recoupment as against the Redelivery Payment absent further order of the Court; and (v) granting such other and further relief as may be just and proper.

Basis for Relief

A. Rejection of the London Charter-In Agreement and the London Pool Agreement Are an Exercise of Debtors’ Sound Business Judgment

15. Section 365(a) of the Bankruptcy Code provides that a trustee, “subject to the court’s approval, may assume or reject an executory contract or an unexpired lease.” 11 U.S.C. § 365(a); *see also Univ. Med. Ctr. v. Sullivan (In re Univ. Med. Ctr.)*, 973 F.2d 1065, 1075 (3d Cir. 1992). Section 1107 of the Bankruptcy Code provides the same power to a debtor-in-possession. 11 U.S.C. § 1107; *Univ. Med. Ctr.*, 973 F.2d at 1075 n.12. The Court should approve a debtor’s rejection of an executory contract or unexpired lease where such rejection is made in the exercise

of such debtor's sound business judgment and if the rejection benefits its estate. *See, e.g., Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39 (3d Cir. 1989); *see also NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982), *aff'd*, 465 U.S. 513 (1984); *In re Patterson*, 119 B.R. 59 (E.D. Pa. 1990); *In re Federated Dep't Stores, Inc.*, 131 B.R. 808, 811 (S.D. Ohio 1991) ("Courts traditionally have applied the business judgment standard in determining whether to authorize the rejection of executory contracts and unexpired leases."); *Westbury Real Estate Ventures, Inc. v. Bradlees, Inc. (In re Bradlees, Inc.)*, 194 B.R. 555, 558 n.1 (Bankr. S.D.N.Y. 1996) ("Under the business judgment test, . . . [a court should approve a debtor's proposed rejection] if the debtor can demonstrate that rejection will benefit the estate.").

16. A motion to reject should thus be granted if a debtor determines in its business judgment that a benefit will be realized by rejecting a contract or lease. *Sharon Steel Corp.*, 872 F.2d at 39 (citing *Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co. (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987)). The business judgment standard requires that the court approve the debtor's business decision unless that judgment is the product of bad faith, whim or caprice. *See In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); *see also Lubrizol Enter., Inc. v. Richmond Metal Finishers*, 756 F.2d 1043, 1047 (4th Cir. 1985).

17. As noted in the Zabrocky Declaration and above, Dignity has reviewed the London Charter-In Agreement and the London Pool Agreement and determined that they provide no economic benefit to its estate. The London Charter-In Agreement is not necessary for the continued operation of Debtors' businesses and if it were not rejected, Dignity would continue to suffer the losses described above to the detriment of its creditors. Additionally, after the

OVERSEAS LONDON's redelivery, the London Pool Agreement will serve no purpose. Consequently, rejection of the London Charter-In Agreement and the London Pool Agreement is in the best interests of Dignity's estate and is within Dignity's sound business judgment.

18. Further, absent an order of the Court to the contrary, the Debtors are entitled to the Redelivery Payment – a post-petition obligation – without setoff or recoupment against any prepetition claims against Debtors, including any claims arising in connection with the rejection of the London Charter-In Agreement. *See Univ. Med. Ctr.*, 973 F.2d at 1079 (“[A] creditor’s pre-petition claims against the debtor cannot be set off against post-petition debts owed to the debtor.”); *see also id.* at 1081 (stating that recoupment “should be narrowly construed” and is available only when both debts arise out of “a single integrated transaction”); *HHI FormTech Indus., LLC v. Magna Powertrain USA, Inc.*, (In re *FormTech Indus., LLC*), 439 B.R. 352, 362 (Bankr. D. Del. 2010) (holding that, “[b]ecause recoupment frustrates the purpose of section 365 and . . . is [therefore] narrowly construed,” rejection damages may not be recouped from accounts receivable); *United States ex rel. U.S. Postal Serv. v. Dewey Freight Sys., Inc.*, 31 F.3d 620, 625 (8th Cir. 1994) (holding that allowing counterparty asserting equivalent of rejection damages to recoup those damages from payments otherwise due the debtor for post-petition services would “frustrate the very purpose of § 365”).

B. If Necessary, Rejection of the London Charter-In Agreement and the London Pool Agreement Should Be Authorized *Nunc Pro Tunc* to the Redelivery Date

19. Bankruptcy courts possess the equitable power to grant retroactive rejection of a contract or lease with a date that is effective prior to the date the order is entered. *Thinking Machs. Corp. v. Mellon Fin. Servs. Corp.* (In re *Thinking Machs. Corp.*), 67 F.3d 1021, 1029 (1st Cir. 1995); *In re Chi-Chi's, Inc.*, 305 B.R. 396, 399 (Bankr. D. Del. 2004); *TW, Inc. v. Angelastro* (In re *TW, Inc.*), No. 03-10785, 2004 WL 115521, *2 (D. Del. Jan. 14, 2004) (“The

power to grant relief retroactively is derived from the bankruptcy's equitable powers to insure a fair outcome," and an order granting retroactive relief should be given "only after a balancing of the equities in a particular case.").

20. In balancing the equities, courts focus on whether the debtor surrendered the property prior to the proposed rejection date, and courts approve retroactive rejection when the debtor timely surrendered the property. See *Pac. Shores Dev., LLC v. At Home Corp. (In re At Home Corp.)*, 392 F.3d 1064, 1074 (9th Cir. 2004) (affirming retroactive rejection of vacated premises and noting that "most cases approving the rejection of a lease retroactively to the motion date highlight the fact that the debtor has vacated the premises"); *In re Amber's Stores, Inc.*, 193 B.R.819, 827 (Bankr. N.D. Tex. 1996) (explaining that "the debtor should not be permanently penalized by the time lag between filing a motion and the entry of an order by the court").

21. If the Redelivery Date occurs before the date of the hearing at which this Motion is considered, this Court should approve rejection of the London Charter-In Agreement and the London Pool Agreement *nunc pro tunc* to the Redelivery Date. Due to the potential for delays at sea and the unpredictability of the needs of the SI Pool's customers, Debtors are presently unable to estimate the Redelivery Date with precision. However, depending on the circumstances of the final voyage of the OVERSEAS LONDON before its redelivery, Debtors may be in a position to redeliver the OVERSEAS LONDON before the hearing date. If this occurs, the redelivery of the OVERSEAS LONDON would precede the entry of a formal order of rejection by this court, and there could be issues raised as to whether Dignity has any continuing obligations following redelivery. Although redelivery of the OVERSEAS LONDON would serve as effective rejection of the London Charter-In Agreement and the London Pool Agreement even absent a

court order, Dignity seeks *nunc pro tunc* rejection out of an abundance of caution. Since Dignity should not be penalized by any time lag between the Redelivery Date and the entry of an order, this Court should grant rejection of the London Charter-In Agreement and the London Pool Agreement *nunc pro tunc* to the Redelivery Date as may be required.

Notice of Motion

22. Notice of the Motion has been given via facsimile, electronic transmission, hand delivery or overnight mail to the (i) Vessel Owner; (ii) proposed counsel to the Committee; (iii) participants in the SI Pool; (iv) Office of the United States Trustee for the District of Delaware; (v) the trustee under that certain indenture dated as of December 1, 1993, with respect to the 8.75% debentures due 2013; (vi) the trustee under that certain indenture dated as of March 29, 2010, with respect to the 8.125% senior notes due 2018; (vii) the trustee under that certain indenture dated as of March 7, 2003, with respect to the 7.500% unsecured notes due 2024; (viii) Danish Ship Finance A/S, as Agent under that certain Second Amended and Restated Loan Agreement dated as of August 28, 2008; (ix) the Export-Import Bank of China, as Original Lender and Agent under that certain Loan Agreement dated as of August 10, 2009; (x) DNB Nor Bank A.S.A., as Agent under that certain Credit Agreement dated as of February 9, 2006; (xi) holders of the fifty (50) largest unsecured claims on a consolidated basis against Debtors; and (xii) all others that are required to be noticed in accordance with Bankruptcy Rule 2002 (collectively, the "Initial Notice Parties"). In light of the exigencies of the circumstances and the potential harm to Debtors, their estates, and other parties in interest that will ensue if the relief requested herein is not granted, Debtors submit that no other notice need be given.

No Prior Request

23. No prior request for the relief requested herein has been made to this or any other court.

[Remainder of Page Intentionally Blank]

WHEREFORE, Debtors respectfully request that this Court enter an order substantially in the form attached hereto as Exhibit A (i) granting this Motion and the relief requested herein and (ii) granting such other and further relief as may be just and proper.


Dated: December 6, 2012
Wilmington, Delaware

CLEARY GOTTlieb STEEN & HAMILTON LLP

James L. Bromley (*admitted pro hac vice*)
Luke A. Barefoot (*admitted pro hac vice*)
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- and -

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*Proposed Counsel for the Debtors
and Debtors in Possession*

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----X
In re: : Chapter 11
 :
Overseas Shipholding Group, Inc., et al. : Case No. 12-20000 (PJW)
 :
 : Debtors.¹ : Jointly Administered
 :
 : Hearing Date: December 27, 2012, at 10:00 a.m.
 : (ET)
 : Objections Due: December 20, 2012, at 4:00 p.m.
 : (ET)
-----X

NOTICE OF DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO SECTIONS 105(a) AND 365(a) OF THE BANKRUPTCY CODE AUTHORIZING REJECTION OF THE OVERSEAS LONDON BAREBOAT CHARTER AND THE OVERSEAS LONDON POOL AGREEMENT *NUNC PRO TUNC* AS NECESSARY TO THE REDELIVERY DATE AND RELATED RELIEF

PLEASE TAKE NOTICE that today, the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), filed the attached **Debtors' Motion For Entry Of An Order Pursuant To Sections 105(a) And 365(a) Of The Bankruptcy Code Authorizing Rejection Of The Overseas London Bareboat Charter And The Overseas London Pool Agreement *Nunc Pro Tunc* As Necessary To The Redelivery Date And Related Relief** (the "Motion").

PLEASE TAKE FURTHER NOTICE that any party wishing to oppose the entry of an order approving the Motion must file a response or an objection to the Motion ("Objection") with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **December 20, 2012, at 4:00 p.m. (ET)** (the "Objection Deadline"). At the same time, you must serve such Objection upon the undersigned counsel so as to be received by the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **DECEMBER 27, 2012 AT 10:00 A.M. (ET)** BEFORE THE HONORABLE PETER J. WALSH, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 6TH FLOOR, COURTROOM #2, WILMINGTON, DELAWARE 19801. ONLY PARTIES WHO HAVE FILED A TIMELY

¹ A complete list of all Debtors in these jointly administered cases can be found at <http://www.kccllc.net/osg>, by contacting Debtors' counsel, or by reviewing the joint administration order in these cases, located at D.I. 38 in Case No. 12-20000. The Debtors' address for purposes of these chapter 11 cases is 666 3rd Avenue, New York, NY 10017.

OBJECTION WILL BE HEARD AT ANY HEARING ON THE MOTION.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE OR ANY ORDER ENTERED BY THE COURT REGARDING THE SCHEDULING OF THE MOTION, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: December 6, 2012
Wilmington, Delaware

CLEARY GOTTLIEB STEEN & HAMILTON LLP

James L. Bromley (admitted *pro hac vice*)
Luke A. Barefoot (admitted *pro hac vice*)
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000
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- and -

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*Proposed Counsel for the Debtors
and Debtors in Possession*

6812995.1

Exhibit A

Proposed Order



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X	:	
<i>In re</i>	:	Chapter 11
	:	
Overseas Shipholding Group, Inc., <i>et al.</i> ,	:	Case No. 12-20000 (PJW)
	:	
Debtors. ¹	:	Jointly Administered
	:	
-----X	:	

**ORDER AUTHORIZING REJECTION
OF THE OVERSEAS LONDON BAREBOAT CHARTER AND
THE OVERSEAS LONDON POOL AGREEMENT *NUNC PRO TUNC*
AS NECESSARY TO THE REDELIVERY DATE AND RELATED RELIEF**

Upon the motion (the "Motion")² of Debtors for an order under Bankruptcy Code Sections 105(a) and 365(a), (i) authorizing Dignity to reject the London Charter-In Agreement

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's tax identification number, are: Overseas Shipholding Group, Inc. (7623); OSG International, Inc. (7117); OSG Bulk Ships, Inc. (2600); 1372 Tanker Corporation (4526); Africa Tanker Corporation (9119); Aleesmar Limited (5306); Alcmar Limited (5307); Alpha Suezmax Corporation (1684); Alpha Tanker Corporation (6063); Amalia Product Corporation (3808); Ambermar Product Carrier Corporation (8898); Ambermar Tanker Corporation (7100); Andromar Limited (5312); Antigmar Limited (5303); Aqua Tanker Corporation (7408); Aquarius Tanker Corporation (9161); Ariadmar Limited (5301); Aspro Tanker Corporation (4152); Atalmar Limited (5314); Athens Product Tanker Corporation (9565); Atlas Chartering Corporation (8720); Aurora Shipping Corporation (5649); Avila Tanker Corporation (4155); Batangas Tanker Corporation (8208); Beta Aframax Corporation (9893); Brooklyn Product Tanker Corporation (2097); Cabo Hellas Limited (5299); Cabo Sounion Limited (5296); Caribbean Tanker Corporation (6614); Carina Tanker Corporation (9568); Carl Product Corporation (3807); Concept Tanker Corporation (9150); Crown Tanker Corporation (6059); Delphina Tanker Corporation (3859); Delta Aframax Corporation (9892); DHT Ania Aframax Corp. (9134); DHT Ann VLCC Corp. (9120); DHT Cathy Aframax Corp. (9142); DHT Chris VLCC Corp. (9122); DHT Rebecca Aframax Corp. (9143); DHT Regal Unity VLCC Corp. (9127); DHT Sophie Aframax Corp. (9138); Dignity Chartering Corporation (6961); Edindun Shipping Corporation (6412); Eighth Aframax Tanker Corporation (8100); Epsilon Aframax Corporation (9895); First Chemical Carrier Corporation (2955); First LPG Tanker Corporation (9757); First Union Tanker Corporation (4555); Fourth Aframax Tanker Corporation (3887); Front President Inc. (1687); Goldmar Limited (0772); GPC Aframax Corporation (6064); Grace Chartering Corporation (2876); International Seaways, Inc. (5624); Jademar Limited (7939); Joyce Car Carrier Corporation (1737); Juneau Tanker Corporation (2863); Kimolos Tanker Corporation (3005); Kythnos Chartering Corporation (3263); Leo Tanker Corporation (9159); Leyte Product Tanker Corporation (9564); Limar Charter Corporation (9567); Luxmar Product Tanker Corporation (3136); Luxmar Tanker LLC (4675); Majestic Tankers Corporation (6635); Maple Tanker Corporation (5229); Maremar Product Tanker Corporation (3097); Maremar Tanker LLC (4702); Marilyn Vessel Corporation (9927); Maritrans General Partner Inc. (8169); Maritrans Operating Company L.P. (0496); Milos Product Tanker Corporation (9563); Mindanao Tanker Corporation (8192); Mykonos Tanker LLC (8649); Nedimar Charter Corporation (9566); Oak Tanker Corporation (5234); Ocean Bulk Ships, Inc. (6064); Oceania Tanker Corporation (9164); OSG 192 LLC (7638); OSG 209 LLC (7521); OSG 214 LLC (7645); OSG 215 Corporation (7807); OSG 242 LLC (8002); OSG

effective upon the Redelivery Date, (ii) authorizing Dignity to reject the London Pool Agreement effective upon the Redelivery Date, (iii) authorizing Dignity, if necessary, to reject the London Charter-In Agreement *nunc pro tunc* to the Redelivery Date, (iv) precluding setoff or recoupment as against the Redelivery Payment absent further order of the Court, and (v) granting such other and further relief as may be just and proper; and the Court having reviewed the Motion and the Zabrocky Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of Dignity, its estate, its creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and

243 LLC (7647); OSG 244 LLC (3601); OSG 252 LLC (7501); OSG 254 LLC (7495); OSG 300 LLC (3602); OSG 400 LLC (7499); OSG America LLC (2935); OSG America L.P. (2936); OSG America Operating Company LLC (5493); OSG Car Carriers, Inc. (1608); OSG Clean Products International, Inc. (6056); OSG Columbia LLC (7528); OSG Constitution LLC (8003); OSG Courageous LLC (2871); OSG Delaware Bay Lightering LLC (4998); OSG Discovery LLC (8902); OSG Endeavor LLC (5138); OSG Endurance LLC (2876); OSG Enterprise LLC (3604); OSG Financial Corp. (8639); OSG Freedom LLC (3599); OSG Honour LLC (7641); OSG Independence LLC (7296); OSG Intrepid LLC (7294); OSG Liberty LLC (7530); OSG Lightering Acquisition Corporation (N/A); OSG Lightering LLC (0553); OSG Lightering Solutions LLC (5698); OSG Mariner LLC (0509); OSG Maritrans Parent LLC (3903); OSG Navigator LLC (7524); OSG New York, Inc. (4493); OSG Product Tankers AVTC, LLC (0001); OSG Product Tankers I, LLC (8236); OSG Product Tankers II, LLC (8114); OSG Product Tankers, LLC (8347); OSG Product Tankers Member LLC (4705); OSG Quest LLC (1964); OSG Seafarer LLC (7498); OSG Ship Management, Inc. (9004); OSG Valour Inc. (7765); Overseas Allegiance Corporation (7820); Overseas Anacortes LLC (5515); Overseas Boston LLC (3665); Overseas Diligence LLC (6681); Overseas Galena Bay LLC (6676); Overseas Houston LLC (3662); Overseas Integrity LLC (6682); Overseas Long Beach LLC (0724); Overseas Los Angeles LLC (5448); Overseas Martinez LLC (0729); Overseas New Orleans LLC (6680); Overseas New York LLC (0728); Overseas Nikiski LLC (5519); Overseas Perseverance Corporation (7817); Overseas Philadelphia LLC (7993); Overseas Puget Sound LLC (7998); Overseas Sea Swift Corporation (2868); Overseas Shipping (GR) Ltd. (5454); Overseas ST Holding LLC (0011); Overseas Tampa LLC (3656); Overseas Texas City LLC (5520); Pearlmar Limited (7140); Petromar Limited (7138); Pisces Tanker Corporation (6060); Polaris Tanker Corporation (6062); Queens Product Tanker Corporation (2093); Reymar Limited (7131); Rich Tanker Corporation (9147); Rimar Chartering Corporation (9346); Rosalyn Tanker Corporation (4557); Rosemar Limited (7974); Rubymar Limited (0767); Sakura Transport Corp. (5625); Samar Product Tanker Corporation (9570); Santorini Tanker LLC (0791); Serifos Tanker Corporation (3004); Seventh Aframax Tanker Corporation (4558); Shirley Tanker SRL (3551); Sifnos Tanker Corporation (3006); Silvermar Limited (0766); Sixth Aframax Tanker Corporation (4523); Skopelos Product Tanker Corporation (9762); Star Chartering Corporation (2877); Suezmax International Agencies, Inc. (4053); Talara Chartering Corporation (3744); Third United Shipping Corporation (5622); Tokyo Transport Corp. (5626); Transbulk Carriers, Inc. (6070); Troy Chartering Corporation (3742); Troy Product Corporation (6969); Urban Tanker Corporation (9153); Vega Tanker Corporation (3860); View Tanker Corporation (9156); Vivian Tankships Corporation (7542); Vulpecula Chartering Corporation (8718); Wind Aframax Tanker Corporation (9562). The mailing address of the Debtors is: 666 3rd Avenue, New York, NY 10017.

² Capitalized terms used but not defined in this Order shall have the meaning ascribed to them in the Motion.

good and sufficient cause appearing therefore, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. The London Charter-In Agreement and the London Pool Agreement set forth on Exhibit 1 to this Order are hereby rejected pursuant to Section 365(a) of the Bankruptcy Code, effective upon the Redelivery Date. To the extent necessary, the London Charter-In Agreement and the London Pool Agreement are rejected *nunc pro tunc* to the Redelivery Date.
3. The parties to the London Charter-In Agreement and the London Pool Agreement expressly reserve and retain any and all claims and defenses they may have against one another as a result of the rejection provided for in this Order.
4. If the Redelivery Date occurs after the Prorated Payment Date, then Debtors shall promptly pay additional prorated hire to the Vessel Owner at a rate of \$26,624 per day for the period between the Prorated Payment Date and the Redelivery Date.
5. The Vessel Owner shall make the Redelivery Payment within thirty days of the Redelivery Date.
6. In accordance with Section 362 of the Bankruptcy Code, the Vessel Owner shall not setoff, net or recoup the Redelivery Payment against any prepetition claim against Debtors, including without limitation any claims arising in connection with the rejection of the London Charter-In Agreement.
7. Debtors are hereby authorized to take all actions and execute all documents that may be necessary to implement the relief granted by this Order.

8. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order, including but not limited to any disputes concerning the redelivery of the OVERSEAS LONDON and the Redelivery Payment.

Dated: _____, 2012
Wilmington, Delaware

THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Contracts to Be Rejected

Debtor	Counterparty	Contract ¹
Dignity Chartering Corporation	Double Hull Tankers, Inc., or Nominee	The bareboat charter agreement in respect of the vessel once named OTTOMAN DIGNITY and now renamed OVERSEAS LONDON, dated August 28, 2007, and all related agreements and addenda
Dignity Chartering Corporation	Suezmax International Agencies, Inc. as manager of and on behalf of the Suezmax International Pool	The Suezmax International Pool Accession Agreement, and all related agreements and addenda ²

¹ Debtors reserve the right to modify this list to include additional agreements, addenda and other documents related to the Contracts or to remove Contracts, in their discretion.

² For the avoidance of doubt, the only SI Pool accession agreement that this Order rejects is the London Pool Agreement. Debtors do not reserve the right to modify this list to include additional SI Pool accession agreements.

Exhibit B

Declaration of Lois K. Zabrocky

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----X	:	
<i>In re</i>	:	Chapter 11
Overseas Shipholding Group, Inc., <i>et al.</i> ,	:	Case No. 12-20000 (P JW)
Debtors. ¹	:	Jointly Administered
-----X	:	

**DECLARATION OF LOIS K. ZABROCKY IN SUPPORT OF
DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO
SECTIONS 105(a) AND 365(a) OF THE BANKRUPTCY CODE
AUTHORIZING REJECTION OF THE OVERSEAS LONDON BAREBOAT
CHARTER AND THE OVERSEAS LONDON POOL AGREEMENT *NUNC PRO TUNC*
AS NECESSARY TO THE REDELIVERY DATE AND RELATED RELIEF**

I, Lois K. Zabrocky, do hereby declare as follows:

1. I am Senior Vice President and Chief Commercial Officer of the International Flag Strategic Business Unit of Overseas Shipholding Group, Inc. ("Parent"), a corporation organized under the laws of Delaware. I am generally familiar with the international flag businesses and chartering operations of Parent and its affiliates, including those affiliates that have together with Parent filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code before this Court.

2. I submit this Declaration in support of Debtors' Motion for Entry of an Order Authorizing Rejection of the Overseas London Bareboat Charter and the Overseas London Pool Agreement (the "Motion").² I have personal knowledge of the facts as set forth herein. If I were

¹ A complete list of all Debtors in these jointly administered cases can be found at <http://www.kccllc.net/osg>, by contacting Debtors' counsel, or by reviewing the joint administration order in these cases, located at D.I. 38 in Case No. 12-20000. The Debtors' address for purposes of these chapter 11 cases is 666 3rd Avenue, New York, NY 10017.

² Capitalized terms used but not defined in the Zabrocky Declaration shall have the meaning ascribed to them in the Motion.

called to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this declaration.

3. In the years prior to the Petition Date, as part of Debtors' ordinary course of business, Debtors engaged in a practice of "chartering-in" (i.e., leasing) vessels owned by third parties ("Charter Vessels") pursuant to time charter party agreements ("Charter-In Agreements"). As part of this practice, Debtors would in certain cases separately enter into agreements with third party vessel operators or pools pursuant to which Debtors would "charter-out" the Charter Vessels to third party ship operators under charter party agreements ("Charter-Out Agreements"). Alternatively, Debtors would enter into shorter-term contracts to employ the Charter Vessels on voyages to provide services to Debtors' customers – a process known in the shipping industry as "fixing" the vessel. In better market conditions, Debtors would generate revenue from the spread between the Charter-In Agreements and either the Charter-Out Agreements or contracts for fixing the vessel. With the downturn of the shipping industry, certain of these arrangements have become unprofitable.

4. Debtor Dignity currently charters-in the OVERSEAS LONDON from the Vessel Owner pursuant to the London Charter-In Agreement. Dignity has committed the OVERSEAS LONDON to the SI Pool pursuant to the London Pool Agreement. I or my designees, in consultation with Debtors' counsel, have reviewed the London Charter-In Agreement and the London Pool Agreement and determined that they provide no economic benefit to Dignity's estate, as Dignity has incurred significant prepetition losses from the London Charter-In Agreement and the London Pool Agreement. Dignity currently charters-in the OVERSEAS LONDON for \$26,624 net per day, but the SI Pool recently has been unable to fix the vessel at

rates sufficient to justify the expense of continuing to make the charter hire payments due to the Vessel Owner under the London Charter-In Agreement.

5. Consequently, I or my designees, in consultation with Debtors' counsel, have concluded that rejecting the London Charter-In Agreement and returning the OVERSEAS LONDON to the Vessel Owner is in the best interest of Dignity's estate. Additionally, I or my designees, in consultation with Debtors' counsel, have concluded that rejecting the London Pool Agreement is in the best interest of Dignity's estate. Once Debtors redeliver the OVERSEAS LONDON to the Vessel Owner, the SI Pool will no longer be able to fix the OVERSEAS LONDON on new voyages to generate revenue for the SI Pool (and, correspondingly, Dignity). Thus, as of the Redelivery Date, the London Pool Agreement will no longer be of any benefit to Dignity.

6. The London Charter-In Agreement provides that the vessel may be redelivered worldwide at a safe and ice-free port within the vessel's normal trading pattern. The London Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel to assess its condition.

7. Debtors have notified the Vessel Owner that they will redeliver the OVERSEAS LONDON to the Vessel Owner in late December 2012 or early January 2013 at such location as the Debtors select worldwide within the vessel's normal trading pattern or as otherwise agreed between the Debtors and the Vessel Owner.

8. Due to the potential for delays at sea and the unpredictability of the needs of the SI Pool's customers, I and my designees are presently unable to estimate the Redelivery Date with precision. However, depending on the circumstances of the final voyage of the

OVERSEAS LONDON before its redelivery, Debtors may be in a position to redeliver the OVERSEAS LONDON before the hearing date.

9. Debtors have paid prorated hire to the Vessel Owner for the month of December through December 25, 2012 (the "Prorated Payment Date"). The Redelivery Date may occur prior to the hearing on this Motion, in which case the Dignity seeks *nunc pro tunc* relief as set forth above. If the Redelivery Date occurs after the Prorated Payment Date, Debtors will pay additional prorated hire to the Vessel Owner for the period between the Prorated Payment Date and the Redelivery Date. Debtors will also cooperate with the Vessel Owner to coordinate the redelivery and inspection of the OVERSEAS LONDON.

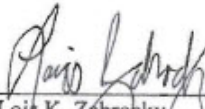
10. Vessels like the OVERSEAS LONDON carry certain stores and provisions that are needed for their operation. The fuel that powers a vessel's engine is typically referred to as the vessel's "bunkers," and vessels like the OVERSEAS LONDON also typically carry certain oils and greases that are used to ensure the proper functioning of their engine and equipment. Since certain amounts of these fuel and stores must be left onboard Charter Vessels at their redelivery, the London Charter-In Agreement provides that the Vessel Owner shall at the time of redelivery take over and pay for all bunkers, broached and unbroached lubricating oils and greases, unbroached victualling provisions, paints, ropes and other consumable stores (excluding spare parts) in the OVERSEAS LONDON at the documented invoice prices last paid (the "Redelivery Payment"). The London Charter-In Agreement also provides for certain inspections and surveys to be conducted upon redelivery of the vessel, which will enable the vessel owner and Debtors to resolve the amount of stores and provisions left on board for which a Redelivery Payment is owed to Debtors. Debtors typically receive this Redelivery Payment – a post-petition obligation due to the Debtor – from the Vessel Owner within thirty days of the Redelivery Date.

11. I can attest that the London Charter-In Agreement and the London Pool Agreement provide no economic benefit to Dignity's estate, that the London Charter-In Agreement and the London Pool Agreement are not necessary for the continued operation of Debtors' businesses, and that, if the London Charter-in Agreement and the London Pool Agreement were not rejected, Dignity would continue to suffer the losses described herein to the detriment of their creditors.

12. Consequently, I can attest that rejection of the London Charter-In Agreement and the London Pool Agreement is in the best interests of Dignity's estate and is within Dignity's sound business judgment.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: December 6, 2012



Lois K. Zabrocky
Senior Vice President