



# **FORM 20-F**

**DHT Maritime, Inc. - DHT**

**Filed: March 12, 2009 (period: December 31, 2008)**

Registration of securities of foreign private issuers pursuant to section 12(b) or (g)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 2054

**FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report \_\_\_\_\_

Commission file number: **001-32640**

**DHT MARITIME, INC.**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's name into English)

**Republic of the Marshall Islands**

(Jurisdiction of incorporation or organization)

**26 New Street**

**St. Helier, Jersey, JE23RA**

**Channel Islands**

(Address of principal executive offices)

**Eirik Ubøe**

**Tel: +44 1534 639759**

**26 New Street**

**St. Helier, Jersey, JE23RA**

**Channel Islands**

(Insert name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Name of each exchange on which registered

**Common stock, par value \$0.01 per share**

**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

**None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

**None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**39,238,807 Common stock, par value \$0.01 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

**Yes**  **No**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

**Yes**  **No**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**Yes**  **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

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**Large Accelerated Filer**  **Accelerated Filer**  **Non-accelerated Filer**

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

**U.S. GAAP**  **International Financial Reporting Standards as issued by the International Accounting Standards**

**Board**  **Other**

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this report is an annual report, indicate by check mark whether the registrant is shell company (as defined in Rule 12b-2 of the Exchange Act).

**Yes**  **No**

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## INTRODUCTION AND USE OF CERTAIN TERMS

Unless we specify otherwise, all references and data in this report to our “business,” our “vessels” and our “fleet” refer to the seven vessels comprising our initial fleet (our “Initial Vessels”) that we acquired simultaneously with the closing of our initial public offering, or “IPO,” on October 18, 2005 and the two Suezmax tankers we acquired subsequent to our IPO. Unless we specify otherwise, all references in this report to “we,” “our,” “us” and “our company” refer to DHT Maritime, Inc. and its subsidiaries and references to our “common stock” are to our common registered shares. The shipping industry’s functional currency is the U.S. dollar. All of our revenues and most of our operating costs are in U.S. dollars. All references in this report to “\$” and “dollars” refer to U.S. dollars.

The following are definitions of certain terms that are commonly used in the tanker industry and in this report.

| <b><u>Term</u></b>        | <b><u>Definition</u></b>   |
|---------------------------|--|
| ABS                       | American Bureau of Shipping, an American classification society.   |
| Aframax                   | A medium size crude oil tanker of approximately 80,000 to 120,000 dwt. Aframaxes operate on many different trade routes, including in the Caribbean, the Atlantic, the North Sea and the Mediterranean. They are also used in ship-to-ship transfer of cargo in the US Gulf typically from VLCCs for discharge in ports from which the larger tankers are restricted. Modern Aframaxes can generally transport from 500,000 to 800,000 barrels of crude oil. |
| Annual Survey             | The inspection of a vessel pursuant to international conventions by a classification society surveyor, on behalf of the flag state, that takes place every year.   |
| Bareboat Charter          | A charter under which a charterer pays a fixed daily or monthly rate for a fixed period of time for use of the vessel. The charterer pays all voyage and vessel operating expenses, including vessel insurance. Bareboat charters are usually for a long term. Also referred to as a “demise charter.”   |
| Bunker                    | Fuel oil used to operate a vessel’s engines, generators and boilers.   |
| Charter                   | Contract for the use of a vessel, generally consisting of either a voyage, time or bareboat charter.   |
| Charterer                 | The company that hires a vessel pursuant to a charter.   |
| Charter hire              | Money paid by a charterer to the ship-owner for the use of a vessel under a time charter or bareboat charter.  |
| Classification Society    | An independent society that certifies that a vessel has been built and maintained according to the society’s rules for that type of vessel and complies with the applicable rules and regulations of the country in which the vessel is registered, as well as the international conventions which that country has ratified. A vessel that receives its certification is referred to as being “in class” as of the date of issuance.                        |
| Contract of Affreightment | A contract of affreightment, or “COA,” is an agreement between an owner and a charterer that obligates the owner to provide a vessel to the charterer to move specific quantities of cargo over a stated time period, but without designating specific vessels or voyage schedules, thereby providing the owner greater operating flexibility than with voyage charters alone.   |
| Double Hull               | A hull construction design in which a vessel has an inner and outer side and bottom separated by void space, usually 2 meters in width.  |
| Drydocking                | The removal of a vessel from the water for inspection and/or repair of those parts of a vessel which are below the water line. During drydockings, which are required to be carried out periodically, certain mandatory classification society inspections are carried out and relevant certifications issued. Drydockings are generally required once every 30 to 60 months.  |



| <b><u>Term</u></b>                          | <b><u>Definition</u></b>   |
|---|--|
| dwt   | Deadweight tons, which refers to the carrying capacity of a vessel by weight.  |
| Hull  | Shell or body of a ship.   |
| IMO   | International Maritime Organization, a United Nations agency that issues international regulations and standards for shipping.   |
| Lightering                                  | To partially discharge a tanker onto another tanker or barge.  |
| LOOP  | Louisiana Offshore Oil Port, Inc.  |
| Lloyds                                      | Lloyds Register, a U.K. classification society.  |
| Metric Ton                                  | A metric ton of 1,000 kilograms.   |
| Newbuilding                                 | A new vessel under construction or just completed.   |
| Off Hire                                    | The period a vessel is unable to perform the services for which it is required under a time charter. Off hire periods typically include days spent undergoing repairs and drydocking, whether or not scheduled.  |
| OPA   | U.S. Oil Pollution Act of 1990, as amended.  |
| OPEC  | Organization of Petroleum Exporting Countries, an international organization of oil-exporting developing nations that coordinates and unifies the petroleum policies of its member countries.  |
| Petroleum Products                          | Refined crude oil products, such as fuel oils, gasoline and jet fuel.  |
| Protection and Indemnity (or P&I) Insurance | Insurance obtained through mutual associations, or “clubs,” formed by ship-owners to provide liability insurance protection against a large financial loss by one member through contribution towards that loss by all members. To a great extent, the risks are reinsured.  |
| Scrapping                                   | The disposal of vessels by demolition for scrap metal.   |
| Special Survey                              | An extensive inspection of a vessel by classification society surveyors that must be completed at least each five year period. Special surveys require a vessel to be drydocked.   |
| Spot Market                                 | The market for immediate chartering of a vessel, usually for single voyages.   |
| Suezmax                                     | A crude oil tanker of approximately 130,000 to 170,000 dwt. Modern Suezmaxes can generally transport about 1 million barrels of crude oil and operate on many different trade routes, including from West Africa to the U.S.   |
| Tanker                                      | A ship designed for the carriage of liquid cargoes in bulk with cargo space consisting of many tanks. Tankers carry a variety of products including crude oil, refined petroleum products, liquid chemicals and liquefied gas.   |
| TCE   | Time charter equivalent, a standard industry measure of the average daily revenue performance of a vessel. The TCE rate achieved on a given voyage is expressed in \$/day and is generally calculated by subtracting voyage expenses, including bunker and port charges, from voyage revenue and dividing the net amount (time charter equivalent revenues) by the round-trip voyage duration.   |
| Time Charter                                | A charter under which a customer pays a fixed daily or monthly rate for a fixed period of time for use of the vessel. Subject to any restrictions in the charter, the customer decides the type and quantity of cargo to be carried and the ports of loading and unloading. The customer pays the voyage expenses such as fuel, canal tolls, and port charges. The ship-owner pays all vessel operating expenses such as the management expenses, crew costs and vessel insurance. |

| <b><u>Term</u></b>        | <b><u>Definition</u></b>  |
|---------------------------|---|
| Vessel Operating Expenses | The costs of operating a vessel that are incurred during a charter, primarily consisting of crew wages and associated costs, insurance premiums, lubricants and spare parts, and repair and maintenance costs. Vessel operating expenses exclude fuel and port charges, which are known as “voyage expenses.” For a time charter, the ship-owner pays vessel operating expenses. For a bareboat charter, the charterer pays vessel operating expenses.  |
| VLCC                      | VLCC is the abbreviation for “very large crude carrier,” a large crude oil tanker of approximately 200,000 to 320,000 dwt. Modern VLCCs can generally transport two million barrels or more of crude oil. These vessels are mainly used on the longest (long haul) routes from the Arabian Gulf to North America, Europe, and Asia, and from West Africa to the U.S. and Far Eastern destinations.  |
| Voyage Expenses           | Expenses incurred due to a vessel traveling to a destination, such as fuel cost and port charges.   |
| Worldscale                | Industry name for the Worldwide Tanker Nominal Freight Scale, which is published annually by the Worldscale Association as a rate reference for shipping companies, brokers, and their customers engaged in the bulk shipping of oil in the international markets. Worldscale is a list of calculated rates for specific voyage itineraries for a standard vessel, as defined, using defined voyage cost assumptions such as vessel speed, fuel consumption, and port costs. Actual market rates for voyage charters are usually quoted in terms of a percentage of Worldscale. |
| Worldscale Flat Rate      | Base rates expressed in U.S. dollars per ton which apply to specific sea transportation routes, calculated to give the same return as Worldscale 100.   |
| Worldscale Points         | The freight rate negotiated for spot voyages expressed as a percentage of the Worldscale Flat Rate.   |

#### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This report contains certain forward-looking statements and information relating to us that are based on beliefs of our management as well as assumptions made by us and information currently available to us, in particular under the headings “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects.” When used in this report, 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 our 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. We discuss many of these risks in this report in greater detail under the subheadings “Item 3. Key Information—Risk Factors” and “Item 5. Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These forward-looking statements represent our estimates and assumptions only as of the date of this report and are not intended to give any assurance as to future results. Factors that might cause future results to differ include, but are not limited to, the following:

- future payments of dividends and the availability of cash for payment of dividends;
- future operating or financial results, including with respect to the amount of basic hire and additional hire that we may receive;

- statements about future, pending or recent acquisitions, business strategy, areas of possible expansion and expected capital spending or operating expenses;
- statements about tanker industry trends, including charter rates and vessel values and factors affecting vessel supply and demand;
- expectations about the availability of vessels to purchase, the time which it may take to construct new vessels or vessels' useful lives;
- expectations about the availability of insurance on commercially reasonable terms;
- our ability to repay our credit facility, to obtain additional financing and to obtain replacement charters for our vessels;
- assumptions regarding interest rates;
- changes in production of or demand for oil and petroleum products, either globally or in particular regions;
- greater than anticipated levels of newbuilding orders or less than anticipated rates of scrapping of older vessels;
- changes in trading patterns for particular commodities significantly impacting overall tonnage requirements;
- changes in the rate of growth of the world and various regional economies;
- risks incident to vessel operation, including discharge of pollutants; and
- unanticipated changes in laws and regulations.

We undertake no obligation to publicly update or revise any forward-looking statements contained in this report, 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 report might not occur, and our actual results could differ materially from those anticipated in these forward-looking statements.

## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

Not applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIME TABLE**

Not applicable.

### **ITEM 3. KEY INFORMATION**

#### **A. SELECTED FINANCIAL DATA**

The following selected combined financial and other data summarize historical financial and other information for DHT Maritime, Inc., or “DHT,” for the period from January 1, 2008 through December 31, 2008, January 1, 2007 through December 31, 2007, January 1, 2006 through December 31, 2006 and October 18, 2005 through December 31, 2005 and for our predecessor for the periods January 1, 2005 through October 17, 2005 and January 1, 2004 through December 31, 2004. (In this report, we refer to the companies that owned our Initial Vessels prior to our IPO collectively as our “predecessor,” or, in the financial statements that form a part of this report, as “OSG Crude.”) We have derived the selected statement of operations data set forth below for the years ended December 31, 2008, 2007, 2006 and the period October 18, 2005 to December 31, 2005 and the selected balance sheet data as of December 31, 2007 and 2006 from DHT’s audited financial statements. The selected financial and other data set forth below as of December 31, 2004 and for the year then ended and the period from January 1, 2005 to October 17, 2005 have been derived from our predecessor combined carve-out financial statements not included in this report. This information should be read in conjunction with other information presented in this report, including “Item 5. Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical predecessor combined carve-out financial statements and the notes thereto.

|   | <u>Year ended<br/>December 31,<br/>Successor</u> | <u>Year ended<br/>December 31,<br/>Successor</u> | <u>Year ended<br/>December 31,<br/>Successor</u> | <u>2005</u>                              |   | <u>Year ended<br/>December<br/>31,<br/>Predecessor</u> |
|---|--|--|--|--|---|--|
|   | <u>2008</u>                                      | <u>2007</u>                                      | <u>2006</u>                                      | <u>Successor<br/>Oct 18 -<br/>Dec 31</u> | <u>Predecessor<br/>Jan 1 -<br/>Oct 17</u> | <u>2004</u>  |
| <b>Statement of operations data:</b>                |  |  |  |  |   |  |
|   | <i>(in thousands, except per share data)</i>     |  |  |  |   |  |
| Shipping revenues                                   | \$ 114,603                                       | \$ 81,427  | \$ 86,793  | \$ 20,173                                | \$ 84,134                                 | \$ 136,205   |
| Total ship operating expenses                       | 52,123   | 40,469   | 37,994   | 7,899                                    | 35,426                                    | 40,870   |
| Income from vessel operations                       | 62,480   | 40,958   | 48,799   | 12,274                                   | 48,708                                    | 95,335   |
| Net Income (loss)                                   | 42,148   | 27,463   | 35,750   | 9,469                                    | 43,641                                    | 86,690   |
| Net income per share – basic and diluted            | 1.17   | 0.91   | 1.19   | 0.32                                     | 62,344                                    | 123,843  |
| <b>Balance sheet data (at end of year):</b>         |  |  |  |  |   |  |
| Vessels, net  | 462,387  | 398,005  | 322,577  | 339,491                                  |   | 355,571  |
| Total assets  | 532,496  | 422,208  | 349,040  | 364,062                                  |   | 388,518  |
| Current liabilities                                 | 40,673   | 96,633   | 9,625  | 10,828                                   |   | 7,243  |
| Long-term liabilities <sup>(1)</sup>                | 344,000  | 253,700  | 236,000  | 236,000                                  |   | 256,477  |
| Stockholders’ equity                                | 147,823  | 71,875   | 103,415  | 117,234                                  |   | 124,798  |
| Weighted average number of shares (basic)           | 36,055,422                                       | 30,024,407                                       | 30,007,000                                       | 30,006,250                               | 700                                       | 700  |
| Weighted average number of shares (diluted)         | 36,055,422                                       | 30,036,523                                       | 30,016,352                                       | 30,008,190                               | 700                                       | 700  |
| Dividends declared per share                        | 1.15   | 1.58   | 1.74   |  |   |  |
| <b>Cash flow data:</b>                              |  |  |  |  |   |  |
| Net cash provided by operating activities           | 65,016   | 49,363   | 53,998   | 15,893                                   | 83,039                                    | 84,248   |
| Net cash (used in) investing activities             | (81,185)   | (101,845)  | -  | (412,580)                                | (830)                                     | (9,696)  |
| Net cash provided by (used in) financing activities | 64,824   | 45,167   | (52,511)   | 412,580                                  | (82,209)                                  | (74,582)   |
| <b>Fleet data:</b>                                  |  |  |  |  |   |  |
| Number of tankers owned (at end of period)          | 9  | 8  | 7  | 7  | 7   | 7  |
| Revenue days <sup>(2)</sup>                         | 3,190  | 2,514  | 2,482  | 520                                      | 1,987                                     | 2,451  |
| <b>Average daily time charter equivalent rate:</b>  |  |  |  |  |   |  |
| VLCCs <sup>(3)</sup>                                | \$ 52,300  | \$ 41,500  | \$ 46,900  | 50,300                                   | 53,392                                    | \$ 77,422  |
| Aframaxes <sup>(3)</sup>                            | \$ 26,700  | \$ 25,700  | \$ 26,200  | 30,200                                   | 33,296                                    | \$ 38,831  |
| <b>Average daily bareboat rate:</b>                 |  |  |  |  |   |  |
| Suezmaxes <sup>(4)</sup>                            | \$ 28,900  | \$ 27,400  |  |  |   |  |

(1) Includes loans payable to Overseas Shipholding Group, Inc., or “OSG,” for the periods until October 17, 2005.

(2) Revenue days consist of the aggregate number of calendar days in a period in which our vessels are owned by us less days on which a vessel is off hire. Off hire days are days a vessel is unable to perform the services for which it is required under a time

charter. Off hire days include days spent undergoing repairs and drydockings, whether or not scheduled.

- (3) Average daily time charter equivalent rates, or TCE rates, are a standard industry measure of daily revenue performance. We calculate TCE rates by dividing our time charter equivalent revenues in a period by the number of revenue days in the period. Time charter equivalent revenues represent shipping revenues less voyage expenses. Voyage expenses consist of cost of bunkers (fuel), port and canal charges and brokerage commissions. For the period commencing on October 18, 2005, TCE revenue is the sum of the basic hire earned by our vessels under our time charters with subsidiaries of OSG and the additional hire, if any, earned by the vessels pursuant to the Charter Framework Agreement between DHT and OSG. Revenue days consist of the aggregate number of calendar days in a period in which our vessels are owned by us less days on which a vessel is off hire. Off hire days are days a vessel is unable to perform the services for which it is required under a time charter. Off hire days include days spent undergoing repairs and drydockings, whether or not scheduled.
- (4) The 2008 column includes *Overseas London* from January 28, 2008 and the *Overseas Newcastle* for the whole period. The 2007 column includes the *Overseas Newcastle* for the 27 day period from December 4, 2007 to December 31, 2007. Includes 33% profit sharing above TCE earnings of \$35,000 per day for the *Overseas Newcastle*.

**B. CAPITALIZATION AND INDEBTEDNESS**

Not applicable.

**C. REASONS FOR THE OFFER AND USE OF THE PROCEEDS**

Not applicable.

**D. RISK FACTORS**

*If the events discussed in these Risk Factors occur, our business, financial condition, results of operations or cash flows could be materially, adversely affected. In such a case, the market price of our common stock could decline. The risks described below are not the only ones that may exist. Additional risks not currently known by us or that we deem immaterial may also impair our business operations.*

**RISKS RELATING TO OUR COMPANY**

**We cannot assure you that we will pay any dividends.**

During the period from our IPO through the fourth quarter of 2007, we paid dividends on a quarterly basis in amounts determined by our board of directors substantially equal to the available cash from our operations during the previous quarter, less cash expenses and any reserves established by our board of directors. In January 2008, our board of directors approved a new dividend policy whereby shareholders of record are intended to be paid a fixed quarterly dividend. Commencing with the first dividend payment attributable to the 2008 fiscal year, the dividend was \$0.25 per share. The dividends paid related to the four quarters of 2008 amounted to \$0.25, \$0.25, \$0.30 and \$0.30 per share, respectively.

The timing and amount of future dividends, if any, could be affected by various factors, including our earnings, financial condition and anticipated cash requirements, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, including insurance premiums, a change in our dividend policy, increased borrowings, future issuances of securities or the other risks described in this section of the report, many of which will be beyond our control. In addition, the declaration of dividends is subject at all times to the discretion of our board of directors. As a result, the amount of dividends actually paid may vary from the amounts currently estimated and such variations may be material. Also, these factors could result in a high degree of variability from period to period in the amount of cash that we have available for the payment of dividends.

**Our ability to pay dividends is limited by our secured credit facility.**

We have entered into a \$420 million secured credit facility with The Royal Bank of Scotland, or “RBS.” Our secured credit facility provides that we may not pay dividends if the charter-free market value of our vessels that secure the credit facility is less than 135% of our borrowings under the facility plus the actual or notional cost of terminating any interest rate swaps that we enter, if there is a continuing default under the credit facility or if the payment of the dividend would result in a default or breach of a loan covenant. Our ability to declare and pay dividends will therefore depend on whether we are in compliance with our credit facility, the market value of our vessels and the value of our swap agreements. The difference between the market value of our vessels and the outstanding borrowings under our credit facility may decrease over time, as vessels generally decrease in value as they age. Therefore, our ability to comply with our financial ratio covenants and to make dividend payments under our credit facility may decrease over time. Subsequent to the repayment of \$75 million in October 2008, the outstanding amount under our secured credit facility was \$344 million as of December 31, 2008. Starting in January 2011, we will be required to make principal repayments of approximately \$9 million per quarter on our secured credit facility until its final maturity in 2017, when a final payment of approximately \$109 million will be due.

**Restrictive covenants in our secured credit facility may impose financial and other restrictions on us.**

Our secured credit facility with RBS imposes operating and financial restrictions on us. These restrictions may limit our ability to, among other things:

- pay dividends if the charter-free market value of our vessels that secure our obligations under the credit facility is less than 135% of our borrowings under the credit facility plus the notional or actual cost of terminating any interest rate swaps to which we are a party, if there is a continuing default under the credit facility or if the payment of the dividend would result in a default or breach of a loan covenant;
- incur additional indebtedness, including through the issuance of guarantees;
- change the management of our vessels without the prior consent of the lender;
- permit liens on our assets;
- sell our vessels;
- merge or consolidate with, or transfer all or substantially all of our assets to, another person;
- enter into certain types of charters; and
- enter into a new line of business.

Therefore, we may need to seek permission from our lender in order to engage in some corporate actions. Our lender’s interests may be different from ours and we cannot guarantee that we will be able to obtain our lender’s permission when needed. This may limit our ability to pay dividends to you, finance our future operations, make acquisitions or pursue business opportunities.

**We cannot assure you that we will be able to refinance any indebtedness incurred under our secured credit facility.**

In the event that we are unable to service our debt obligations out of our chartering activities, we may need to refinance our indebtedness and we cannot assure you that we will be able to do so on terms that are acceptable to us or at all. The actual or perceived credit quality of our charterers, any defaults by them, and the market value of our fleet, among other things, may materially affect our ability to obtain new debt financing. In addition, our charters include provisions that will generally require us to use our best efforts to (i) negotiate security provisions with future lenders that would allow the charterers to continue their use of our vessels so long as they comply with their charters, regardless of any default by us under the loan agreement or the charters and (ii) arrange for future lenders to allow the charterers to purchase their loans and any related security at par if we default on our obligations under our charters or their loans. These provisions may make it more difficult for us to obtain acceptable financing in the future, increase the costs of any such financing to us or increase the time that it takes to refinance our indebtedness. If we are not able to refinance our indebtedness, we may choose to issue securities or sell certain of our assets in order to satisfy our debt obligations. If we are unable to meet our debt obligations for any reason, our lenders could declare their debt, together with accrued interest and fees, to be immediately due and payable and foreclose on vessels in our fleet, which could result in the acceleration of other indebtedness that we may have at such time and the commencement of similar foreclosure proceedings by other lenders.

**We are highly dependent on the charterers and OSG.**

All of our vessels are chartered to wholly-owned subsidiaries of Overseas Shipholding Group, Inc., or “OSG,” (which we refer to collectively as the “charterers”) pursuant to either time charters or bareboat charters. The charterers’ payments to us under these charters are our sole source of revenue and we are highly dependent on the performance by the charterers of their obligations under the charters. OSG has also guaranteed the payment of charter hire by the charterers under these charters. Any failure by the charterers or OSG, as the guarantor of charter hire payments under the charters, to perform their obligations would materially and adversely affect our business, financial position and cash available for the payment of dividends. Our stockholders do not have any direct recourse against the charterers or OSG.

**We may have difficulty managing our planned growth.**

We intend to grow our fleet by acquiring additional vessels in the future. Our future growth will primarily depend on:

- locating and acquiring suitable vessels;
- identifying and consummating acquisitions or joint ventures;
- adequately employing any acquired vessels;
- managing our expansion; and
- obtaining required financing on acceptable terms so that the acquisition is accretive to earnings and dividends per share.

Growing any business by acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. We cannot give any assurance that we will be successful in executing our growth plans, that we will be able to employ acquired vessels under charters or ship management agreements with similar or better terms than those we have obtained from OSG and its subsidiaries or that we will not incur significant expenses and losses in connection with our future growth.

**Our dividend policy is subject to change at the discretion of our board of directors.**

Our dividend policy is subject to change at any time at the discretion of our board and our board may elect to change our dividend policy by establishing a reserve for, among other things, the repayment of our credit facility or to help fund the acquisition of a vessel. Our board may also decide to establish a reserve to repay indebtedness if, as the maturity of our credit facility approaches in 2017, we are no longer able to generate cash flows from our chartering activities in amounts sufficient to meet our debt obligations and it becomes clear that refinancing terms, or the terms of a vessel sale, are unacceptable or inadequate. If our board were to establish such a reserve, the amount of cash available for dividend payments would decrease by the amount of the reserve. In addition, our ability to pay dividends is limited by Marshall Islands law. Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or if a company would be rendered insolvent by the payment of such dividends. In addition, any dividend may be discontinued at the discretion of our board.



**Certain agreements between us and OSG and its affiliates may be less favorable than agreements that we could obtain from unaffiliated third parties.**

The memoranda of agreement, time charters and other contractual agreements we have with OSG and its affiliates with respect to our Initial Vessels (other than the new ship management agreements entered into on January 16, 2009) were made in the context of an affiliated relationship and were negotiated in the overall context of the public offering of our shares, the purchase of our Initial Vessels and other related transactions. Because we were a wholly owned subsidiary of OSG prior to the completion of our IPO, the negotiation of the memoranda of agreement, the time charters for our Initial Vessels, the ship management agreements and our other contractual arrangements may have resulted in prices and other terms that are less favorable to us than terms we might have obtained in arm's length negotiations with unaffiliated third parties for similar services.

**Our charters begin to expire in 2012 unless extended at the option of the charterers, and we may not be able to re-charter our vessels profitably.**

At the time of our IPO, we entered into time charters with respect to our seven Initial Vessels whereby four charters would expire approximately six years after the date of delivery of the chartered vessel to us and three would expire approximately five years following such date, unless in each case extended at the option of the applicable charterer for additional one, two or three-year periods. The charterers have the sole discretion to exercise those options. We cannot predict whether the charterers will exercise any of their extension options under one or more of the time charters. The charterers do not owe any fiduciary or other duty to us or our stockholders in deciding whether to exercise the extension options, and the charterers' decisions may be contrary to our interests or those of our stockholders.

On November 26, 2008, we entered in agreements with OSG whereby OSG exercised part of the extension options for the Initial Vessels upon expiry of the vessels' initial charter periods. For two of the vessels, the charters were extended for 18 months following the expiry of the initial charter periods and for five of the vessels, the charters were extended for 12 months following the expiry of the initial charter periods between April 2011 and April 2012.

We cannot predict at this time any of the factors that the charterers will consider in deciding whether to exercise any further extension options under the charters. It is likely, however, that the charterers would consider a variety of factors, which may include the age and specifications of the chartered vessel, whether the vessel is surplus or suitable to the charterers' requirements and whether more competitive charter hire rates are available to the charterers in the open market at that time.

If the charterers decide not to further extend our current time charters, we may not be able to re-charter our vessels with terms similar to the terms of our charters. We may also employ the vessels on the spot charter market, which is subject to greater rate volatility than the long-term time charter market in which we operate. If we receive lower charter rates under replacement charters or are unable to re-charter all of our vessels, the amounts that we have available, if any, to pay distributions to our stockholders may be significantly reduced or eliminated.

If a time charter is extended further, the charter terms providing for profit sharing will remain in effect and the charterer, at the time of exercise, will have the option to select a basic charter rate that is equal to (i) 5% above the published one, two or three-year time charter rate (corresponding to the extension length) for the vessel's class, as decided by a shipbrokers' panel (subject to specified floors, for certain of our vessels for the declared extension period), or (ii) the basic hire rate set forth in the charter. The shipbrokers' panel will be The Association of Shipbrokers and Agents Tanker Broker Panel or another panel of brokers mutually acceptable to us and the charterer. If a charterer were to renew a charter, the renewal charter rate could be lower than the charter rate in existence prior to the renewal. Furthermore, if our charters were to be extended further, we would not be able to take full advantage of more favorable spot market rates, should they exist at the time of renewal. As a result, the amounts that we have available, if any, to pay distributions to our stockholders could be significantly reduced.

With respect to our two Suezmaxes currently on bareboat charter, one charter expires in 2014 and the other charter expires in 2017. We may not be able to re-charter our Suezmaxes with terms similar to the terms of our current bareboat charters. We may also employ the vessels in the spot charter market, which is subject to greater rate volatility than the long-term time charter market in which we operate. If we receive lower charter rates under replacement charters or are unable to re-charter our vessels, the amounts that we have available, if any, to pay distributions to our stockholders may be significantly reduced or eliminated.

**Our Initial Vessels, of which six currently operate in pools, may cease operating in those pools.**

Our three VLCCs currently participate in the Tankers International Pool, which consists of OSG and eight other tanker companies, and three of our four Aframaxes currently participate in the Aframax International Pool, which has eight members, including OSG. The *Overseas Ania* left the Aframax International Pool in July 2008. In a pooling arrangement, the net revenues generated by all of the vessels in a pool are aggregated and distributed to pool members pursuant to a pre-arranged weighting system that recognizes each vessel's earnings capacity based on its cargo capacity, speed and consumption, and actual on-hire performance. The Charterers currently operate our VLCCs in the Tankers International Pool and three of our four Aframaxes in the Aframax International Pool. Under our charter arrangements for these vessels, we are entitled to share in the revenues that the charterers realize from operating the vessels in these pools in excess of the basic hire paid to us. Pooling arrangements are intended to maximize tanker utilization. We cannot assure you that OSG will continue to use pooling arrangements for those vessels or any of the vessels it manages. Our two Suezmaxes do not operate in pools and we cannot assure you that any additional vessels we acquire would operate in pools. Further, because OSG voluntarily participates in the pools, we cannot predict whether the pools in which our vessels participate will continue to exist in the future. In addition, the European Union has adopted rules which substantially reform the way it regulates traditional agreements for maritime services from an antitrust perspective. These changes may alter the way the pools are operated. If for any reason any of our vessels cease to participate in a pooling arrangement or the pooling arrangements are significantly restricted, their utilization rates could fall and the amount of additional hire paid could decrease, either of which could have an adverse effect on our results of operations and our ability to pay dividends. Our Suezmaxes, the *Overseas London* and *Overseas Newcastle*, do not operate in pools.

**Under the new ship management agreements entered into with respect to the Initial Vessels, our operating costs could materially increase, as compared to our historical operating costs associated with the management of such vessels.**

Under the Initial Vessels' new ship management agreements, effective January 16, 2009, Tanker Management Limited, or "Tanker Management," a wholly owned subsidiary of OSG, is responsible for all of the technical and operational management of the Initial Vessels and receives a technical management fee for its services. Under the Initial Vessels' old ship management agreements, we paid a fixed daily fee for the cost of the vessels' operations, including scheduled drydockings, for each vessel. However, under the new ship management agreements, we will pay the actual cost related to the technical management of the Initial Vessels, plus an additional management fee. The amounts that we have available, if any, to pay distributions to our stockholders could be significantly impacted by changes in the cost of operating our vessels.

**OSG's other business activities may create conflicts of interest.**

Under our time charters with OSG, we are entitled to receive variable additional hire in amounts based on whether a vessel is part of a pooling arrangement, is subchartered by the charterer under a time charter or is used on the spot market. While the *Overseas Ania* left the Aframax International Pool in July 2008, we currently expect OSG to continue to operate our three VLCCs in the Tankers International Pool and three of our four Aframaxes in the Aframax International Pool. When operated in a pool, chartering decisions are made by the pool manager and vessel earnings are based on a formula designed to allocate the pool's earnings to vessel owners based on attributes of the vessels they contributed, rather than amounts actually earned by those vessels. For these reasons, it is unlikely that a conflict of interest will arise with respect to our Initial Vessels between us and OSG while such vessels are operated in a pool. However, if OSG withdraws from a pool or any further vessels cease operating in a pool for any other reasons, chartering decisions will effectively be made by OSG. Although our time charter arrangements expressly prohibit OSG from giving preferential treatment to any of the other vessels owned, managed by or under the control of OSG or its affiliates when sub-chartering any of our vessels, conflicts of interest may arise between us and OSG in the allocation of chartering opportunities that could reduce our additional hire, particularly if our vessels are sub-chartered by OSG in the time charter market outside of a pool. The *Overseas Ania*, which left the Aframax International Pool in July 2008, is currently on charter to OSG Lightering, a subsidiary of OSG, until October 2010 at a daily rate of \$29,000, which also serves as the basis for the fleet wide four quarter rolling profit sharing calculation. We are also entitled to receive additional hire with respect to our Suezmax, the *Overseas Newcastle*. This vessel is not operating in a pool and chartering decisions are made by OSG. Therefore, conflicts of interest may therefore arise between us and OSG in the allocation of chartering opportunities that could reduce our additional hire for this vessel.

**We are leveraged and subject to restrictions in our financing agreements that impose constraints on our operating and financing flexibility.**

We have entered into a \$420 million secured credit facility with RBS under which we initially borrowed approximately \$236 million under a term loan to finance a portion of the cash purchase price for our Initial Vessels. In addition, on December 4, 2007 we borrowed \$92.7 million and, on January 28, 2008, a further \$90.3 million to fund the acquisition of our Suezmaxes. Subsequent to the repayment of \$75 million in October 2008, the outstanding amount under the credit facility is \$344 million. We are required to apply a substantial portion of our cash flow from operations to the payment of interest on borrowings under the facility. Our credit facility, which is secured by, among other things, mortgages over all of our vessels, assignments of earnings and insurances and pledges over our bank accounts, requires that we comply with various operating covenants and maintain certain financial ratios, including that the charter-free market value of our vessels that secure the credit facility be no less than 120% of our borrowings plus the actual or notional cost of terminating any swap agreements that we enter into to satisfy collateral maintenance requirements and that the charter-free market value of our vessels that secure the credit facility be no less than 135% of our borrowings plus the actual or notional cost of terminating any swap agreement that we enter into to pay dividends. We pay a floating rate of interest under our credit facility, although at the time of our IPO we fixed the interest rate for five years on \$236 million of our outstanding debt at a rate of 5.6% through a swap agreement effective as of October 18, 2005, and on October 16, 2007 we fixed the interest rate for five years on \$100 million of our outstanding debt at a rate of 5.95% through a swap agreement with respect to \$92.7 million effective as of December 4, 2007, and a further \$7.3 million effective as of January 18, 2008.

**We are a holding company and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial and other obligations.**

We are a holding company and have no significant assets other than the equity interests in our subsidiaries. Our subsidiaries own all of our vessels, and payments under our charters are made to our subsidiaries. As a result, our ability to pay dividends depends on the performance of our subsidiaries and their ability to distribute funds to us. Our ability or the ability of our subsidiaries to make these distributions could be affected by a claim or other action by a third party, including a creditor, or by Marshall Islands law which regulates the payment of dividends by companies. If we are unable to obtain funds from our subsidiaries, we will not be able to pay dividends.

**Certain adverse U.S. federal income tax consequences could arise for U.S. stockholders.**

A foreign corporation will be treated as a “passive foreign investment company,” or “PFIC,” for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of “passive income” or (2) at least 50% of the average value of the corporation’s assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute “passive income.” U.S. stockholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC. In particular, U.S. holders who are individuals would not be eligible for the 15% tax rate on qualified dividends.

Based on our operations, representations previously made by us (and prior representations made by OSG), including representations that certain terms of our ship management agreements and our time charters with OSG's subsidiaries are consistent with normal commercial practice and the opinion of our tax counsel dated August 8, 2008, we believe that it is more likely than not that we are not currently a PFIC (even after taking into account the fact that our two Suezmaxes, the *Overseas Newcastle* and *Overseas London*, are subject to bareboat charters). In this regard, we intend to treat the gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that it is more likely than not that our income from our time chartering activities does not constitute "passive income," and that the assets we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our current and projected future operations. In addition, our tax counsel's opinion was based on representations made by us (and prior representations made by OSG) that were not reviewed by the U.S. Internal Revenue Service, or "IRS." Accordingly, no assurance can be given that the IRS or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. stockholders will face adverse U.S. tax consequences. Under the PFIC rules, unless those stockholders make an election available under the Internal Revenue Code of 1986, as amended, or the "Code," such stockholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common stock, as if the excess distribution or gain had been recognized ratably over the stockholder's holding period of our common stock. The 15% maximum tax rate for individuals would not be available for this calculation. See "Item 10. Additional Information—Taxation—United States Federal Income Tax Considerations" for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. stockholders if we are treated as a PFIC.

In addition, even if we are not a PFIC, under proposed legislation, dividends of a corporation incorporated in a country without a "comprehensive income tax system" paid to U.S. individuals would not be eligible for the 15% tax rate. Although the term "comprehensive income tax system" is not defined in the proposed legislation, we believe this rule would apply to us, and therefore that dividends paid by us would not be eligible for the 15% tax rate, because we are incorporated in the Marshall Islands.

**Our operating income could fail to qualify for an exemption from U.S. federal income taxation, which will reduce our cash flow.**

Under the Code, 50% of the gross shipping income of a vessel-owning or chartering corporation, such as us and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income and such income is subject to a 4% U.S. federal income tax without allowance for any deductions, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury regulations promulgated thereunder in August of 2003. Based on our review of the applicable United States Securities and Exchange Commission, or "SEC," documents, we believe that we do qualify for this statutory tax exemption and we will take this position for U.S. federal income tax return reporting purposes.

However, there are factual circumstances beyond our control that could cause us to lose the benefit of this tax exemption in the future and thereby become subject to U.S. federal income tax on our U.S. source income. For example, if stockholders with a 5% or greater interest in our common stock were to collectively own 50% or more of the outstanding shares of our common stock on more than half the days during the taxable year, we might not be able to qualify for exemption under Code Section 883.

If we are not entitled to this exemption under Section 883 for any taxable year, we would be subject for those years to a 4% United States federal income tax on our U.S. source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our stockholders.

**We may be subject to taxation in the United Kingdom, which could have a material adverse effect on our results of operations.**

If we were considered to be a resident of the United Kingdom or to have a permanent establishment in the United Kingdom, all or a part of our profits could be subject to UK corporate tax. We intend to operate in a manner so that we do not have a permanent establishment in the United Kingdom and so that we are not resident in the United Kingdom, including by locating our principal place of business outside the United Kingdom, requiring our executive officers to be outside of the United Kingdom when making any material decision regarding our business or affairs and by holding all of our board meetings outside of the United Kingdom. However, because certain of our executive officers and directors reside in the United Kingdom, and because UK statutory and case law fail to definitively identify the activities that constitute a trade being carried on in the United Kingdom through a permanent establishment, the UK taxing authorities may contend that we are subject to UK corporate tax. If the UK taxing authorities made such a contention, we could incur substantial legal costs defending our position, and, if we were unsuccessful in our defense, our results of operations would be materially and adversely affected.

**RISKS RELATING TO OUR INDUSTRY**

**Vessel values and charter rates are volatile. Significant decreases in values or rates could adversely affect our financial condition and results of operations.**

The tanker industry historically has been highly cyclical. If the tanker industry is depressed in the future when our charters expire or at a time when we may want to sell a vessel, our earnings and available cash flow may decrease. Our ability to re-charter our vessels on the expiration or termination of the charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, the conditions in the tanker market at that time. Fluctuations in charter rates and vessel values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. Vessel values have declined significantly during 2008 and there can be no assurance that vessel values will not decline further from current levels or that future charter rates will be sufficient to provide us with additional hire payments.

**The highly cyclical nature of the tanker industry may lead to volatile changes in charter rates from time to time, which may adversely affect our earnings.**

Factors affecting the supply and demand for tankers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable and may adversely affect the values of our vessels and result in significant fluctuations in the amount of additional hire we earn, which could result in significant fluctuations in our quarterly results. The factors that influence the demand for tanker capacity include:

- demand for oil and oil products, which affect the need for tanker capacity;
- global and regional economic and political conditions which, among other things, could impact the supply of oil as well as trading patterns and the demand for various types of vessels;
- changes in the production of crude oil, particularly by OPEC and other key producers, which impact the need for tanker capacity;
- developments in international trade;

- changes in seaborne and other transportation patterns, including changes in the distances that cargoes are transported;
- environmental concerns and regulations;
- weather; and
- competition from alternative sources of energy.

**The factors that influence the supply of tanker capacity include:**

- the number of newbuilding deliveries;
- the scrapping rate of older vessels;
- the number of vessels that are out of service; and
- environmental and maritime regulations.

**An oversupply of new vessels may adversely affect charter rates and vessel values.**

If the capacity of new ships delivered exceeds the capacity of tankers being scrapped and lost, tanker capacity will increase. In addition, the newbuilding order book equaled approximately 40% of the existing world tanker fleet as of February 2009 and we cannot assure you that the order book will not increase further in proportion to the existing fleet. The newbuilding order book is not fully booked for 2011. If the supply of tanker capacity increases and the demand for tanker capacity does not increase correspondingly, charter rates could materially decline and the value of our vessels could be adversely affected.

**The amount of additional hire that we receive under our charter arrangements, if any, will generally depend on prevailing spot market rates, which are volatile.**

Our Initial Vessels are operated under time charters with the charterers, and additional hire is paid to us pursuant to a charter framework agreement among us and OSG International, Inc., or "OIN," and certain of our and its subsidiaries. Under the time charters, we receive a fixed minimum daily basic charter rate and under the charter framework agreement we may also receive additional hire. Additional hire, if any, is paid quarterly in arrears. The amount of additional hire is subject to variation depending on the charter hire received by the charterers through their pooling arrangements or, if a vessel is not operated in a pool, charter rates in the time charter or spot charter markets, each of which is highly dependent on general tanker market conditions. One of our Suezmaxes, the *Overseas Newcastle*, which was delivered to us on December 4, 2007, is operated under a bareboat charter pursuant to which we receive a fixed minimum daily basic charter rate and may also receive additional hire. Additional hire, if any, is paid quarterly in arrears. The amount of additional hire is subject to variation depending on the charter hire received by the charterer in the time charter or spot charter markets, each of which is highly dependent on general tanker market conditions. We cannot assure you that we will receive additional hire for any quarter.

**Terrorist attacks and international hostilities can affect the tanker industry, which could adversely affect our business.**

Terrorist attacks, the outbreak of war or the existence of international hostilities could damage the world economy, adversely affect the availability of and demand for crude oil and petroleum products and adversely affect our ability to re-charter our vessels on the expiration or termination of the charters and the charter rates payable under any renewal or replacement charters. We conduct our operations internationally, and our business, financial condition and results of operations may be adversely affected by changing economic, political and government conditions in the countries and regions where our vessels are employed. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political instability, terrorist or other attacks, war or international hostilities.

**Our vessels call on ports located in countries that are subject to restrictions imposed by the U.S. government, which could negatively affect the trading price of our common stock.**

From time to time, vessels in our fleet call on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and countries identified by the U.S. government as state sponsors of terrorism. From January 1, 2008 through December 31, 2008, vessels in our fleet have made seven calls to ports in Iran out of a total of 313 calls on worldwide ports. Although the sanctions and embargoes imposed by the U.S. government do not prevent our vessels from making calls to ports in these countries, potential investors could view such port calls negatively, which could adversely affect our reputation and the market for our common stock. Investor perception of the value of our common stock may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

**The value of our vessels may be depressed at a time and in the event that we sell a vessel.**

Tanker values have generally experienced high volatility. Investors can expect the fair market value of our tankers to fluctuate, depending on general economic and market conditions affecting the tanker industry and competition from other shipping companies, types and sizes of vessels and other modes of transportation. In addition, as vessels grow older, they generally decline in value. These factors will affect the value of our vessels at the time of any vessel sale. If for any reason we sell a tanker at a time when tanker prices have fallen, the sale may be at less than the tanker's carrying amount on our financial statements, with the result that we would also incur a loss on the sale and a reduction in earnings and surplus, which could reduce our ability to pay dividends.

**Vessel values may be depressed at a time when we are required to make a repayment under our credit facility, or when our credit facility matures, which could adversely affect our liquidity and our ability to refinance our credit facility.**

In the event of the sale or loss of a vessel, our credit facility requires us to prepay the facility in an amount proportionate to the market value of the sold or lost vessel compared with the total market value of all of our vessels before such sale or loss. If vessel values are depressed at such a time, our liquidity could be adversely affected as the amount that we are required to repay could be greater than the proceeds we receive from a sale. In addition, declining tanker values could adversely affect our ability to refinance our credit facility at its maturity in 2017, as the amount that a new lender would be willing to lend on the same terms may be less than the amount we owe under the expiring facility.

**We operate in the highly competitive international tanker market which could affect our financial position if the charterers do not renew our charters.**

The operation of tankers and transportation of crude oil and petroleum products are extremely competitive. Competition arises primarily from other tanker owners, including major oil companies, as well as independent tanker companies, some of whom have substantially larger fleets and substantially greater resources than we do. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition and the acceptability of the tanker and its operators to the charterers. During the term of our charters, our exposure to this competition is limited because of the predominantly fixed rate nature of our charters. In the event that the charterers do not further renew the charters when they expire (beginning in 2012) or terminate the charters for any reason, we will have to compete with other tanker owners, including major oil companies and independent tanker companies, for charters. Due in part to the fragmented tanker market, competitors with greater resources may be able to offer better prices than us, which could result in our achieving lower revenues from our vessels.

**Compliance with environmental laws or regulations may adversely affect our business.**

Our operations are affected by extensive and changing international, national and local environmental protection laws, regulations, treaties, conventions and standards in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration. Many of these requirements are designed to reduce the risk of oil spills and other pollution, and our compliance with these requirements can be costly.

These requirements can affect the resale value or useful lives of our vessels, require a reduction in carrying capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in, certain ports. Under local, national and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including cleanup obligations, in the event that there is a release of petroleum or other hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of or exposure to hazardous materials associated with our current or historic operations. Violations of or liabilities under environmental requirements also can result in substantial penalties, fines and other sanctions, including in certain instances, seizure or detention of our vessels.

We could incur significant costs, including cleanup costs, fines, penalties, third-party claims and natural resource damages, as the result of an oil spill or other liabilities under environmental laws. The United States Oil Pollution Act of 1990, or “OPA,” affects all vessel owners shipping oil to, from or within the United States. OPA allows for potentially unlimited liability without regard to fault for owners, operators and bareboat charterers of vessels for oil pollution in U.S. waters. Similarly, the International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended, which has been adopted by most countries outside of the United States, imposes liability for oil pollution in international waters. OPA expressly permits individual states to impose their own liability regimes with regard to hazardous materials and oil pollution incidents occurring within their boundaries. Coastal states in the United States have enacted pollution prevention liability and response laws, many providing for unlimited liability.

OPA provides for the scheduled phase-out of all non double-hull tankers that carry oil in bulk in U.S. waters. The International Maritime Organization, or “IMO,” and the European Union also have adopted separate phase-out schedules applicable to single-hull tankers operating in international and EU waters. These regulations will reduce the demand for single-hull tankers, force the remaining single-hull vessels into less desirable trading routes, increase the number of ships trading in routes open to single-hull vessels and could increase demands for further restrictions in the remaining jurisdictions that permit the operation of these vessels. As a result, single-hull vessels are likely to be chartered less frequently and at lower rates. Although all of our tankers are double-hulled, we cannot assure you that these regulatory programs will not apply to vessels acquired by us in the future.

In addition, in complying with OPA, IMO regulations, EU directives and other existing laws and regulations and those that may be adopted, ship-owners may incur significant additional costs in meeting new maintenance and inspection requirements, developing contingency arrangements for potential spills and obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become more strict in the future and require us to incur significant capital expenditures on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. For example, various jurisdictions are considering imposing more stringent requirements on air emissions, including greenhouse gases, and on the management of ballast waters to prevent the introduction of non-indigenous species that are considered to be invasive. As a result of accidents such as the November 2002 oil spill from the *Prestige*, a 26-year-old single-hull tanker unrelated to us, we believe that regulation of the shipping industry will continue to become more stringent and more expensive for us and our competitors. In recent years, the IMO and EU have both accelerated their existing non-double-hull phase-out schedules in response to highly publicized oil spills and other shipping incidents involving companies unrelated to us. Future accidents can be expected in the industry, and such accidents or other events could be expected to result in the adoption of even stricter laws and regulations, which could limit our operations or our ability to do business and which could have a material adverse effect on our business and financial results.



**The shipping industry has inherent operational risks, which could impair the ability of the charterers to make payments to us.**

Our tankers and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, mechanical failures, human error, war, terrorism, piracy, environmental accidents and other circumstances or events. In addition, transporting crude oil across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential for changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events could impair the ability of the charterers to make payments to us under our charters.

**Our insurance coverage may be insufficient to make us whole in the event of a casualty to a vessel or other catastrophic event, or fail to cover all of the inherent operational risks associated with the tanker industry.**

In the event of a casualty to a vessel or other catastrophic event, we will rely on our insurance to pay the insured value of the vessel or the damages incurred. Under the old ship management agreements for our Initial Vessels, Tanker Management was responsible for arranging insurance and under the new ship management agreements, which became effective as of January 16, 2009, Tanker Management will, upon instruction by the Company, continue to be responsible for arranging insurance against those risks that we believe the shipping industry commonly insures against, and we are responsible for the premium payments on such insurance. With respect to our two Suezmaxes, the *Overseas Newcastle* and the *Overseas London*, which are on bareboat charters, the charterer is responsible for arranging and paying insurance. This insurance includes marine hull and machinery insurance, protection and indemnity insurance, which includes pollution risks and crew insurance, and war risk insurance. Tanker Management is also responsible for arranging loss of hire insurance in respect of each of our Initial Vessels, and we are responsible for the premium payments on such insurance. This insurance generally provides coverage against business interruption for periods of more than 21 days (in the case of our VLCCs) or 14 days (in the case of our Aframax) per incident (up to a maximum of 120 days) per incident, following any loss under our hull and machinery policy. We will not be reimbursed under the loss of hire insurance policies, on a per incident basis, for the first 21 days of off hire in the case of our VLCCs and for the first 14 days in the case of our Aframax. Currently, the amount of coverage for liability for pollution, spillage and leakage available to us on commercially reasonable terms through protection and indemnity associations and providers of excess coverage is \$1 billion per vessel per occurrence. We cannot assure you that we will be adequately insured against all risks. If insurance premiums increase, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Additionally, our insurers may refuse to pay particular claims. Any significant loss or liability for which we are not insured could have a material adverse effect on our financial condition. In addition, the loss of a vessel would adversely affect our cash flows and results of operations.

**Maritime claimants could arrest our tankers, which could interrupt the charterers' or our cash flow.**

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt the charterers' or our cash flow and require us to pay a significant amount of money to have the arrest lifted. In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against one vessel in our fleet for claims relating to another vessel in our fleet.

**Governments could requisition our vessels during a period of war or emergency without adequate compensation.**

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes her owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although we would be entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of our vessels may negatively impact our revenues and reduce the amount of cash we have available for distribution as dividends to our stockholders.

## **RISKS RELATING TO OUR COMMON STOCK**

### **The market price of our common stock may be unpredictable and volatile.**

The market price of our common stock may fluctuate due to factors such as actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry, mergers and strategic alliances in the tanker industry, market conditions in the tanker industry, changes in government regulation, shortfalls in our operating results from levels forecast by securities analysts, announcements concerning us or our competitors and the general state of the securities market. The tanker industry has been highly unpredictable and volatile. The market for common stock in this industry may be equally volatile. Therefore, we cannot assure you that you will be able to sell any of our common stock you may have purchased at a price greater than or equal to the original purchase price.

### **Future sales of our common stock could cause the market price of our common stock to decline.**

The market price of our common stock could decline due to sales of a large number of our shares in the market or the perception that such sales could occur. This could depress the market price of our common stock and make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate, or at all.

### **We are incorporated in the Marshall Islands, which does not have a well-developed body of corporate law.**

Our corporate affairs are governed by our amended and restated articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or the "BCA." The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Marshall Islands interpreting the BCA, and the rights and fiduciary responsibilities of directors under the laws of the Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in the United States. Therefore, the rights of stockholders of the Marshall Islands may differ from the rights of stockholders of companies incorporated in the United States. While the BCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we can not predict whether Marshall Islands courts would reach the same conclusions that any particular United States court would reach or has reached. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling stockholders than would stockholders of a corporation incorporated in a United States jurisdiction which has developed a relatively more substantial body of case law.

### **Our bylaws restrict stockholders from bringing certain legal action against our officers and directors.**

Our bylaws contain a broad waiver by our stockholders of any claim or right of action, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of stockholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty.

**We have anti-takeover provisions in our bylaws that may discourage a change of control.**

Our bylaws contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions provide for:

- a classified board of directors with staggered three-year terms, elected without cumulative voting;
- directors only to be removed for cause and only with the affirmative vote of holders of at least a majority of the common stock issued and outstanding;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at annual meetings;
- a limited ability for stockholders to call special stockholder meetings; and
- our board of directors to determine the powers, preferences and rights of our preferred stock and to issue the preferred stock without stockholder approval.

These provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many stockholders. As a result, stockholders may be limited in their ability to obtain a premium for their shares.

**ITEM 4. INFORMATION ON THE COMPANY**

**A. HISTORY AND DEVELOPMENT OF THE COMPANY**

**General Information**

DHT Maritime, Inc was incorporated under the name of Double Hull Tankers, Inc. in April 2005 under the laws of the Marshall Islands. In June 2008, the shareholders voted to approve an amendment to the Company's articles of incorporation to change the Company's name to DHT Maritime, Inc. Our principal executive offices are located at 26 New Street, St. Helier, Jersey, Channel Islands, JE23RA and our telephone number at that address is +44 (0) 1534 639759.

**B. BUSINESS OVERVIEW**

We operate a fleet of double-hull tankers. As of March 12, 2009, our fleet consists of three very large crude carriers, or "VLCCs," which are tankers ranging in size from 200,000 to 320,000 deadweight tons, or "dwt," two Suezmax tankers, which are tankers ranging in size from 130,000 to 170,000 dwt, and four Aframax tankers, which are tankers ranging in size from 80,000 to 120,000 dwt. Our fleet principally operates on international routes and had a combined carrying capacity of 1,656,921 dwt and a weighted average age of 8.7 years as of December 31, 2008, compared with an average age of approximately 10.5 years for the world crude tanker fleet.

We acquired our seven Initial Vessels from subsidiaries of OSG on October 18, 2005 in exchange for cash and shares of our common stock and have time chartered these vessels back to subsidiaries of OSG. In addition, on December 4, 2007 and January 28, 2008, we acquired two Suezmaxes, the *Overseas Newcastle* and *Overseas London*, respectively, in exchange for cash and have bareboat chartered these vessels to subsidiaries of OSG. OSG, one of the world's largest bulk-shipping companies, owns and operates a modern fleet of 154 vessels (including newbuildings on order) that have a combined carrying capacity of 15.9 million dwt and 865,000 cbm as of December 31, 2008. OSG's fleet consists of both internationally flagged and U.S. flagged vessels that transport crude oil, petroleum products and dry bulk commodities.

Our strategy is to charter our vessels primarily pursuant to multi-year charters to take advantage of the stable cash flow associated with long-term charters. In addition, the majority of our charter arrangements include a profit sharing component that gives us the opportunity to earn additional hire when vessel earnings exceed the basic hire amounts set forth in the charters. Six of the seven Initial Vessels are operated in the Tankers International Pool and the Aframax International Pool and we expect our potential to earn additional hire will benefit from the higher utilization rates realized by these pools. In a pooling arrangement, the net revenues generated by all of the vessels in a pool are aggregated and distributed to pool members pursuant to a pre-arranged weighting system that recognizes each vessel's earnings capacity based on its cargo capacity, speed and consumption, and actual on-hire performance.

On October 18, 2005, we agreed to time charter our Initial Vessels to subsidiaries of OSG for terms of five to six and one-half years. Each time charter may be renewed by the charterer on one or more successive occasions for periods of one, two or three years, up to an aggregate of five, six or eight years, depending on the vessel, from the initial expiration date. On November 26, 2008, we entered into an agreement with OSG whereby OSG exercised its option to extend the charters for the Initial Vessels upon expiry of the vessels' initial charter periods. For two of the vessels, the charters were extended for 18 months after the initial charter periods expire in October 2010 and for five of the vessels, the charters were extended for 12 months following the expiry of the initial charter periods between April 2011 and April 2012. When a time charter is renewed, the charter terms providing for profit sharing will remain in effect and the charterer, at the time of exercise, will have the option to select a basic charter rate that is equal to (i) 5% above the published one, two or three-year time charter rate (corresponding to the extension length) for the vessel's class, as decided by a shipbrokers' panel (subject to specified floors, for certain of our vessels for the declared extension period), or (ii) the basic hire rate set forth in the applicable charter. The shipbrokers' panel, which we call the "Broker Panel", will be The Association of Shipbrokers and Agents Tanker Broker Panel or another panel of brokers mutually acceptable to us and the charterer. Upon delivery to us of our Suezmax, the *Overseas Newcastle*, on December 4, 2007, the vessel was bareboat chartered to a subsidiary of OSG for a term of seven years at a basic bareboat charter rate of \$26,300 per day for the first three years of the charter term, and \$25,300 per day for the last four years of the charter term. In addition to the bareboat charter rate, we will, through the profit sharing element of the charter agreement, earn 33% of the vessel's earnings above the time charter equivalent rate of \$35,000 per day for the first three years of the charter term and above \$34,000 per day for the last four years of the charter term, calculated on a four quarter rolling average. At the end of the seven year charter term, OSG has the right to acquire the vessel for \$77 million.

Upon delivery to us of our other Suezmax, the *Overseas London*, on January 28, 2008, the vessel was bareboat chartered to a subsidiary of OSG for a term of 10 years at a basic bareboat charter rate of \$26,600 per day for the term of the charter. There is no profit sharing element under this bareboat charter. OSG has the right to acquire the vessel at the end of the eighth, ninth and tenth year of the charter term at a price of \$71 million, \$67 million and \$60 million, respectively. If OSG elects to exercise its purchase option, we will, in addition to the purchase option price, receive an amount equal to 40% of the difference between the market price of the vessel at the time the purchase option is exercised and the purchase option price.

## **CHARTER ARRANGEMENTS**

The following summary of the material terms of our charters does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the charters. Because the following is only a summary, it does not contain all information that you may find useful. For more complete information, you should read the entire time charter party with amendments for each vessel listed as an exhibit to this report.

### **General – Time Charters**

Effective October 18, 2005, certain of our wholly owned subsidiaries time chartered our Initial Vessels to the charterers for a period of five to six and one-half years, as set forth in the table below. Each time charter may be renewed by the charterer on one or more successive occasions for periods of one, two or three years, up to an aggregate of five, six or eight years, depending on the vessel. The charterer must exercise its renewal option in writing at least 90 days prior to expiration of the existing charter period. If a time charter is renewed, the charter terms providing for profit sharing will remain in effect and the charterer, at the time of exercise, will have the option to select a basic charter rate that is equal to (i) 5% above the published one-, two- or three-year time charter rate (corresponding to the extension length) for the vessel's class, as decided by a shipbrokers' panel, or (ii) the basic hire rate set forth in the charter. The shipbrokers' panel, or "Broker Panel," will be The Association of Shipbrokers and Agents Tanker Broker Panel or another panel of brokers mutually acceptable to us and the charterer.

On November 26, 2008, we entered into an agreement with OSG whereby OSG exercised its option to extend the charters for the Initial Vessels upon expiry of the vessels' initial charter periods. For *Overseas Rebecca* and *Overseas Ania*, the charters were extended for 18 months after the initial charter periods expire in October 2010 at the basic charter rate. With regards to the remaining five vessels, the charters were extended for 12 months after the initial charter periods expire between April 2011 and April 2012, with the basic charter hire rate for the declared extension periods being either the basic charter rate stipulated in the applicable charter or, if the one-year time charter rate is lower, a base rate which is no more than \$5,000 per day below the basic charter rate stipulated in the charters.

We guarantee the obligations of each of our subsidiaries under the time charters and OSG guarantees each charterers' obligation to make charter payments to us.

| <b>Vessel</b>           | <b>Term of Initial Charter</b> | <b>Expiration of Initial Charter</b> | <b>Expiration After Extension</b> | <b>Maximum Remaining Extension Term</b> |
|-------------------------|--------------------------------|--------------------------------------|-----------------------------------|---|
| <i>Overseas Ann</i>     | 6½ years                       | April 17, 2012<br>October 17,        | April 16, 2013                    | 7 years                                 |
| <i>Overseas Chris</i>   | 6 years                        | 2011                                 | October 16, 2012                  | 7 years                                 |
| <i>Overseas Regal</i>   | 5½ years                       | April 17, 2011<br>January 17,        | April 16, 2012                    | 5 years                                 |
| <i>Overseas Cathy</i>   | 6¼ years                       | 2012                                 | January 16, 2013                  | 7 years                                 |
| <i>Overseas Sophie</i>  | 5¾ years                       | July 17, 2011<br>October 17,         | July 16, 2012                     | 7 years                                 |
| <i>Overseas Rebecca</i> | 5 years                        | 2010                                 | April 16, 2012                    | 3 ½ years                               |
| <i>Overseas Ania</i>    | 5 years                        | 2010                                 | April 16, 2012                    | 3 ½ years                               |

The charterers are wholly owned subsidiaries of OSG. Under the time charters, we are required to keep the vessels seaworthy, and to crew, operate and maintain them, including ensuring (i) that the vessels have been approved for trading (referred to in the industry as “vetting approvals”) by a minimum of four major oil companies and (ii) that we do not lose any vetting approvals that are required to maintain the vessels' trading patterns. Tanker Management performs those duties for us under the ship management agreements described below. If structural changes or new equipment is required due to changes mandated by legislation or regulation, the vessel classification society or the standards of an oil company for which vetting approval is required, the charterers will be required to pay the first \$50,000 per year per vessel for all such changes. To the extent the cost of all such changes exceeds \$50,000, the excess cost will be apportioned to us and the charterer of the vessel on the basis of the ratio of the remaining charter period and the remaining useful life of the vessel (calculated as 25 years from the year built), with the charterers paying 50% of the apportioned cost. Each charter also provides that the basic hire will be reduced if the vessel does not achieve the performance specifications set forth in the charter. Pursuant to the charters, the charterers have agreed to endeavour to avoid or limit any liability to their customers for consequential damages. In addition, the charterers and OSG International, Inc., or “OIN,” have agreed to use their commercial best efforts to charter our vessels on market terms and to ensure that preferential treatment is not given to any other vessels owned, managed or controlled by OIN or its affiliates.

The charterers have a right of first offer over the sale of the applicable vessel, which, in the event we wish to sell such vessel, requires us to offer to sell the vessel to the applicable charterer at a price determined by a shipbrokers' panel. The charterers are not obligated to pay us charter hire for off hire days that include days a vessel is unable to be in service due to, among other things, repairs or drydockings. However, we have obtained loss of hire insurance that will generally provide coverage against business interruption for periods of more than 21 days (in the case of our VLCCs) or 14 days (in the case of our Aframax) per incident (up to a maximum of 120 days per incident), following any loss under our hull and machinery policy.

The terms of the time charters do not provide the charterers with an option to terminate the charter before the end of their respective terms. However, the charterers may terminate in the event of the total loss or constructive total loss of a vessel, if the vessel fails an inspection by a government and/or a port state authority, in the event the vessel fails to comply with the charter's vetting requirements, or in the event that the vessel is rendered unavailable for charterers' service for a period of thirty days or more as a result of detention of a vessel by any governmental authority, or by any legal action against vessel or owners, or by any strike or boycott by the vessel's officers or crew.

## General – Bareboat Charters

On December 4, 2007, our Suezmax, the *Overseas Newcastle*, was bareboat chartered to a subsidiary of OSG for a term of seven years at a basic bareboat charter rate of \$26,300 per day for the first three years of the charter term, and \$25,300 per day for the last four years of the charter term. According to the terms of the bareboat charter, we will be paid this basic hire even for the days on which the vessel is not able to be in service. In addition to the bareboat charter rate, we will, through the profit sharing element of this charter agreement, earn 33% of the vessel’s earnings above the time charter equivalent rate of \$35,000 per day for the first three years of the charter term and above \$34,000 per day for the last four years of the charter term, calculated on a four quarter rolling average. At the end of the seven year charter term, OSG has the right to acquire the vessel for \$77 million.

On January 28, 2008, our other Suezmax, the *Overseas London*, was bareboat chartered to a subsidiary of OSG for a term of 10 years at a basic bareboat charter rate of \$26,000 per day for the term of the charter. According to the terms of the bareboat charter, we will be paid this basic hire even for the days on which the vessel is not able to be in service. There is no profit sharing element under this bareboat charter. OSG has the right to acquire the vessel at the end of the eighth, ninth and tenth year of the charter term at a price of \$71 million, \$67 million and \$60 million, respectively. If OSG elects to exercise its purchase option, we will, in addition to the purchase option price, receive an amount equal to 40% of the difference between the market price of the vessel at the time the purchase option is exercised and the purchase option price.

## Basic Hire

Under each time charter for our Initial Vessels, the daily charter rate for each such vessel, which we refer to as “basic hire,” is payable to us monthly in advance and will increase annually. The basic hire under the charters for each vessel type during each year of the initial fixed term of the charter and the extension periods agreed to on November 26, 2008 is as follows:

| Charter Year | End of Charter Year <sup>(1)</sup> | VLCCs         | Aframaxes<br>( <i>Overseas Cathy</i> and<br><i>Overseas Sophie</i> ) | Aframaxes<br>( <i>Overseas Rebecca</i> and<br><i>Overseas Ania</i> ) |
|--------------|------------------------------------|---------------|--|--|
| 1            | October 17, 2006                   | \$ 37,200/day | \$ 24,500/day  | \$ 18,500/day  |
| 2            | October 17, 2007                   | 37,400/day    | 24,700/day   | 18,700/day   |
| 3            | October 17, 2008                   | 37,500/day    | 24,800/day   | 18,800/day   |
| 4            | October 17, 2009                   | 37,600/day    | 24,900/day   | 18,900/day   |
| 5            | October 17, 2010                   | 37,800/day    | 25,100/day   | 19,100/day   |
| 6            | October 17, 2011                   | 38,100/day    | 25,400/day   | 19,100/day   |
| 7            | October 17, 2012                   | 38,500/day    | 25,700/day   | 19,700/day   |
| 8            | October 17, 2012                   | 38,800/day    | 26,000/day   |  |

(1) The charters, including the extension options agreed to on November 26, 2008, expire as follows for the *Overseas Ann*, *Overseas Cathy*, *Overseas Chris*, *Overseas Sophie*, *Overseas Regal*, *Overseas Ania* and *Overseas Rebecca*: April 16, 2013; January 16, 2013; October 16, 2012; July 16, 2012; April 16, 2012; April 16, 2012 and April 16, 2012, respectively.

Under each time charter, the charterer has the option to renew the charter on one or more successive occasions for periods of one, two or three years, up to an aggregate of five, six or eight years, including the extensions agreed to on November 26, 2008, depending on the vessel. Each such option will be exercisable not less than three months prior to the then effective charter expiration date. If a time charter is renewed, the charter terms providing for profit sharing will remain in effect and the charterer, at the time of exercise, will have the option to select a basic charter rate that is equal to (i) 5% above the published one, two or three-year time charter rate (corresponding to the extension length) for the vessel’s class, as decided by the Broker Panel (subject to specified floors, for certain of our vessels for the declared extension period), or (ii) the basic hire rate set forth in the charter.

With respect to our Suezmax, the *Overseas Newcastle*, the basic bareboat charter rate will be \$26,300 per day for the first three years of the charter term and \$25,300 per day for the last four years of the charter term. With respect to our other Suezmax, the *Overseas London*, the basic bareboat charter rate will be \$26,600 per day for the entire ten year term of the charter. Under each bareboat charter, the charterer does not have the option to renew the charter at the end of the seven year and ten year charter period, respectively.

### **Additional Hire**

Pursuant to the charter arrangements for our Initial Vessels, the parent of each of the charterers, OIN, has agreed to pay us quarterly in arrears a payment, which is in addition to the basic hire we will receive under our charters, that we refer to as additional hire. OIN will pay us additional hire on a quarterly basis equal to 40% of the excess, if any, of the aggregate charter hire earned (or deemed earned in the event that a vessel is operated in the spot market outside a pool) by the charterers on all of our vessels above the aggregate basic hire paid by the charterers to us in respect of all of our vessels during the calculation period. OSG has guaranteed the additional hire payments due to us under the charter framework agreement. If we sell a vessel to a third party, the vessel will continue to be subject to the charter framework agreement and will continue to earn additional hire, but will not be included in our fleetwide calculations. Additional hire is calculated on a time charter equivalent, or "TCE," basis, regardless of whether the charterers operate our vessels in a pool, on time charters or in the spot market. However, the manner in which charter hire is calculated for a given period depends on whether our vessels are operated in a pool or in the time or spot charter market. Currently, all of our VLCCs are operated in the Tankers International Pool and three of our Aframax vessels are operated in the Aframax International Pool. The *Overseas Ania* left the Aframax International Pool as of July 1, 2008 and is on a charter to OSG Lightering until October 2010.

*General provisions regarding additional hire for our Initial Vessels.*

*For the First Four Fiscal Quarters.* Additional hire was calculated at the end of each quarter through and including the quarter ending September 30, 2006 for the period commencing on the effective date of the charters and ending on the last day of the applicable quarter, as follows:

- TCE revenue earned or deemed earned by the charterers for all of the applicable vessels over the calculation period is aggregated;
- the basic hire earned by all of the applicable vessels during the calculation period is aggregated;
- additional hire for the calculation period is equal to 40% of the excess, if any, of the TCE revenue earned or deemed earned by the charterers over the basic hire earned by all of the applicable vessels;
- additional hire payable for the relevant quarter is equal to the excess, if any, of the additional hire for the calculation period over the amount of additional hire paid in respect of previous quarters; and
- the calculation period for each of the four quarters beginning on the effective date and ending on September 30, 2006 is the period commencing on the effective date and ending on the last day of such calendar quarter.

*In Subsequent Fiscal Periods.* Additional hire for any calendar quarter subsequent to September 30, 2006 will be equal to an amount that is 40% of the excess, if any, of (i) the aggregate of the rolling four quarter weighted average hire for all of the applicable vessels in the calendar quarter over (ii) the aggregate of the basic hire earned by all of the applicable vessels in that calendar quarter. The weighted average hire for each vessel is determined by:

- aggregating all TCE revenue earned or deemed earned by the vessel in the four quarter period ending on the last day of the quarter and dividing the result by the number of days the vessel was on hire in that four quarter period; and
- multiplying the resulting rate by the number of days the vessel was on hire in the calendar quarter.

OIN is responsible for performing the additional hire calculations each quarter, subject to our right to review its calculations. Additional hire, if any, is payable on the 35th day following the end of each calendar quarter. We will not be required to refund any additional hire payments made to us by OIN in respect of prior periods due to our vessels earning less than the basic hire amounts.

*Additional hire for vessels operating in a pool.*

General. In order to enhance vessel utilization and earnings, OSG is a member of the Tankers International Pool, which operates VLCCs and V Pluses, and the Aframax International Pool, which operates Aframaxes. Our VLCCs and three of our Aframaxes are currently operated in these pools. The Tankers International Pool currently consists of 41 VLCCs and V Pluses, including our three VLCCs, and the Aframax International Pool consists of 43 Aframaxes, including three of our four Aframaxes. The large number of vessels managed by these pools allows them to enhance vessel utilization, and therefore vessel earnings, with backhaul cargoes and contracts of affreightment, or “COAs,” which minimize idle time and distances traveled empty. We therefore believe that, over a longer period of time, our potential to earn additional hire will be enhanced by the higher utilization rates and lower overhead costs that a vessel operating inside a pool can achieve compared with a vessel operating independently outside of a pool.

Allocation of pool revenues. Earnings generated by all vessels operating in a pool are expressed on a TCE basis and then pooled and allocated based on a pre-arranged weighting system that recognizes each vessel’s earnings capacity based on its cargo capacity, speed and consumption and actual on-hire performance. Earnings from vessels operating on voyage charters in the spot market and on COAs within the pool need to be converted into TCE revenues (by subtracting voyage expenses such as fuel and port charges) while vessels operating on time charters within a pool do not need to be converted. For vessels operating on voyage charters in the spot market and on COAs, aggregated voyage expenses are deducted from aggregated revenues to result in an aggregate net revenue amount, which is the TCE amount. These aggregate net revenues are combined with aggregate time charter revenues to determine aggregate pool TCE revenue. Aggregate pool TCE revenue is then allocated to each vessel in accordance with the allocation formula. Because OSG currently operates the majority of the VLCCs and Aframaxes it owns and charters in the Tankers International and Aframax International Pools, respectively, we expect that most of our VLCCs and Aframaxes will continue to be operated in these pools and that each charterer will earn its vessel’s share of the respective pool’s TCE revenue from the commencement of our time charters with OSG’s subsidiaries and for so long as OSG maintains its membership in that pool. However, OSG can withdraw from either pool at any time, and the members of either pool can agree to change the terms of their respective pools at any time. Furthermore, under the current terms of the respective pool agreements, OSG may withdraw a particular VLCC (including any of ours) from the Tankers International Pool and time charter it to a third party for a term exceeding five years and may withdraw a particular Aframax (including any of ours) from the Aframax International Pool and time charter it to a third party for a term in excess of three years. The *Overseas Ania*, one of our Aframaxes, was withdrawn from the Aframax International Pool in July 2008 and is chartered to OSG Lightering until October 2010.

The amount of TCE revenue earned by our vessels that operate in pools is equal to the pool earnings for those vessels, as reported to each charterer by the respective pool manager.



*Additional hire for vessels operating outside of a pool.*

Regarding the Overseas Ania, and if OSG withdraws more of our vessels from a pool or if a pool disbands, the methodology for calculating TCE revenue for determination of additional hire will differ. TCE revenue for the Overseas Ania, or any affected vessel will be equal to:

- *for periods under time charters:* actual time charter hire earned by the charterer under time charters to third parties for any periods during the quarter that the vessel operates under the time charter, less ship broker commissions paid by the charterer to unaffiliated third parties in an amount not to exceed 2.5% of such time charter hire and commercial management fees paid by the charterer to unaffiliated third parties in an amount not to exceed 1.25% of such time charter hire; plus
- *for periods in the spot market:* the TCE revenue deemed earned by the charterer in the spot market, calculated as described under the special provisions referred to below. We define “spot market” periods as periods during the quarter that a vessel is not subchartered by the charterer under a time charter or operating in a pool and during which the vessel is on hire under our time charter with the charterer.

*Special provisions regarding the calculation of additional hire when vessels are operated outside of a pool and not in the time charter market.*

If a vessel is operated by a charterer outside of a pool and not in the time charter market (i.e., in the spot market) TCE revenue will be deemed earned for the period that the vessel is operating on the spot market and is on hire under our time charter. TCE revenue will be calculated each quarter using averages of the daily spot rates (expressed in Worldscale Points) for the routes specified below, as determined by the Broker Panel. We refer to these averages as the average spot rates and we refer to these routes as the notional routes. The average spot rates will be determined for the notional routes as follows:

- multiplying the daily spot rate expressed in Worldscale Points (first divided by 100) by the applicable Worldscale flat rate (expressed in U.S. dollars per ton of cargo) for the notional route as set forth in the New Worldwide Tanker Nominal Freight Scale issued by the Worldscale Association for the relevant period and multiplying that product by the cargo size (in tons) for each vessel type to calculate freight income;
- subtracting voyage costs consisting of brokerage commissions of 2.5% and commercial management costs of 1.25%, bunker costs and port charges from freight income to calculate voyage income; and
- dividing voyage income by voyage duration, including time in port.

A TCE per-day rate will be calculated based on the average spot rates reported by the Broker Panel and weighted by the notional routes as described below. TCE revenue for the vessel will be calculated by multiplying the TCE per-day rate by the number of days the vessel was operating on hire under our time charter during that quarter.

The Broker Panel will be The Association of Shipbrokers and Agents Tanker Broker Panel or another panel of brokers mutually acceptable to us and OIN. If Worldscale ceases to be published, the Broker Panel shall use its best judgment in determining the nearest alternative method of assessing the market rates on the specified voyages.

On the last day of each calendar quarter, OIN will instruct the Broker Panel to determine for each notional route the average spot rate for the relevant period during that quarter that the vessel was on hire. Periods for which a vessel is off hire under our time charter for any reason will be excluded from the calculation. The Broker Panel will be instructed to deliver their assessment of the average spot rates no later than the fifth business day following the instruction date to make such assessment. Upon receipt of the Broker Panel's assessment of the average spot rates, OIN will calculate the TCE revenue deemed earned by each charterer for the relevant periods during that quarter, and will deliver such calculation to us no later than the fifth business day following the date on which it receives the average spot rate assessment from the Broker Panel. Such TCE revenue amounts will be included in the additional hire calculation for the quarter. Determinations of the Broker Panel will be binding on us and OIN. We and OIN will share equally the cost of such Broker Panel assessment and of any experts engaged by the Broker Panel.

The notional routes, cargo sizes and the weighting to be applied to each route in calculating the TCE daily rates is as follows:

1. *Aframaxes*

Puerta la Cruz to Corpus Christi with 70,000 tons of crude (50% weight)  
Sullom Voe to Wilhelmshaven with 80,000 tons of crude (25% weight)  
Baniyas to Lavera with 80,000 tons of crude (25% weight)

2. *VLCCs*

Ras Tanura to Chiba with 250,000 tons of crude (50% weight)  
Ras Tanura to LOOP with 280,000 tons of crude (46% weight)  
Offshore Bonny to LOOP with 260,000 tons of crude (4% weight)

The notional routes are intended to represent routes on which Aframaxes and VLCCs are typically traded by the charterers. If during the term of the charter, in OIN's reasonable opinion, any notional route ceases to be used by Aframaxes or VLCCs, as the case may be, or the selection of bunkering ports for purposes of determining bunker prices ceases to be representative of bunkering practice along a notional route, OIN may, with our consent, which we may not unreasonably withhold, instruct the Broker Panel to substitute alternative notional routes and bunkering ports that most closely match the routes and bunkering ports then being used by Aframaxes or VLCCs and to apply appropriate weights to such alternative routes for such period.

If in OIN's reasonable opinion it becomes impractical or dangerous, due to war, hostilities, warlike operations, civil war, civil commotion, revolution or terrorism for Aframaxes and VLCCs to operate on the notional routes, OIN may request our agreement, which we may not unreasonably refuse, for the average daily rate to be determined during the period of such danger or restriction of trading using average spot rates determined by the Broker Panel for alternative notional routes proposed by the charterer that reasonably reflect realistic alternative round voyage trade for Aframaxes and VLCCs during the period of such danger or restriction of trading. In such event, the TCE revenue for such period will be calculated using the daily spot rates for such alternative routes and applying such weights as determined by the charterer, with our agreement, which we may not unreasonably refuse.

Additional details on the calculation of TCE revenue for spot periods are set forth below:

- Calculation of voyage duration. The voyage duration for each notional route will be calculated for the laden and ballast legs of a round trip on such notional route using the distance, speed and time in port specified below for each vessel.
- Data used in calculations. The following data will be used in the above calculations and is subject to annual review to ensure consistency with industry standards:

**Bunkers in port**

For Aframaxes (Overseas Cathy and Overseas Sophie): loading 20 tons; discharging 20 tons.

For Aframaxes (Overseas Rebecca and Overseas Ania): loading 20 tons; discharging 20 tons.

For VLCCs: loading 50 tons; discharging 200 tons.

### **Bunker costs**

Bunkers used in the calculation of freight income will be determined based on speed, distance and consumption of bunkers at sea and in port. Bunker costs will be equal to the bunkers used multiplied by the bunker price. Bunker prices will be as published by Platts Bunkerwire, or a similar publication or quotation service mutually acceptable to us and the charterer, and will be increased for barge delivery charges to reflect the average barge delivery charges in the applicable port over the prior applicable period.

*Bunker prices for Aframax*: the weighted average of the daily mean prices during the spot period for Marine Fuel Oil grade IFO 380 CST prevailing at each of Houston (50% weighting), Rotterdam (25% weighting) and Gibraltar (25% weighting).

*Bunker prices for VLCCs*: the average of the daily mean prices during the spot period for Marine Fuel Oil grade IFO 380 CST prevailing at each of Fujairah and Houston, averaged on an equal weighting.

### **Port charges**

The port charges for each notional route will be equal to the sum of port tariffs, tugs and other port call expenses at the loading and discharging ports, in U.S. dollars, converted if necessary at the exchange rate in effect on the last calendar day of the period for which the TCE day rate is being calculated.

### **Time in port**

*For Aframax*: 5 days, which will be split 2 days loading, 2 days discharging and 1 day idling.

*For VLCCs*: 7.5 days, which will be split 3 days loading, 3 days discharging and 1.5 days idling.

### **Distance**

The distance for each notional route will be determined according to the "World-Wide Marine Distance Tables" published by British Petroleum.

### **Speed and consumption at sea**

*For Aframax (Overseas Cathy and Overseas Sophie)*: 15 knots at 60 tons per day in laden condition and 15 knots at 60 tons per day in ballast condition, less a steaming allowance of 7.5% applied to the speeds to allow for weather and navigation.

*For Aframax (Overseas Rebecca and Overseas Ania)*: 13.3 knots at 37 tons per day in laden condition and 13.3 knots at 37 tons per day in ballast condition, less a steaming allowance of 7.5% applied to the speeds to allow for weather and navigation.

*For VLCCs*: 14.75 knots at 105 tons per day in laden condition and 15.75 knots at 100 tons per day in ballast condition, less a steaming allowance of 7.5% applied to the speeds to allow for weather and navigation.

*Additional hire for vessels operating under bareboat charter.*

With respect to one of our Suezmaxes, the *Overseas Newcastle*, we will, in addition to the basic bareboat rate, earn 33% of the vessel's earnings above the TCE rate of \$35,000 per day for the first three years of the bareboat charter term and above \$34,000 per day for the last four years of the charter term, calculated on a four quarter rolling average. There is no profit sharing element under the bareboat charter agreement for our other Suezmax, the *Overseas London*.

## SHIP MANAGEMENT AGREEMENTS

The following summary of the material terms of our ship management agreements does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the ship management agreements. Because the following is only a summary, it does not contain all information that you may find useful. For more complete information, you should read the exhibit to this report which outlines the terms and conditions of the new ship management agreements entered into by the subsidiaries owning our Initial Vessels.

At the time of our IPO in October 2005 each of the subsidiaries owning our Initial Vessels entered into fixed rate ship management agreements with Tanker Management with respect to such vessels. Effective as of January 16, 2009, Tanker Management exercised its right to cancel the ship management agreements and effective as of the same date each of the subsidiaries owning our Initial Vessels entered into new ship management agreements with Tanker Management. Under the new ship management agreements, each of the subsidiaries will pay the actual cost associated with the technical management of the vessels in addition to an annual management fee.

### *Old Ship Management Agreements*

Under the Initial Vessels' old ship management agreements, Tanker Management was responsible for all technical management and most of the associated costs, including crewing, maintenance, repair, drydockings (subject to the provisions described below), maintaining required vetting approvals, and other vessel operating expenses, but excluding insurance premiums and vessel taxes. Additionally, Tanker Management was responsible for all scheduled drydocking costs related to our Initial Vessels.

Tanker Management was also obligated under the old ship management agreements to arrange for insurance for the Initial Vessels, including marine hull and machinery insurance, protection and indemnity insurance (including pollution risks and crew insurances), war risk insurance and loss of hire insurance and we were responsible for the payment of all premiums.

We obtained loss of hire insurance that generally provided coverage against business interruption for periods of more than 21 days (in the case of our VLCCs) or 14 (in the case of our Aframaxes) per incident (up to a maximum of 120 days) following any loss under our hull and machinery policy (mechanical breakdown, grounding, collision or other incidence of damage that does not result in a total loss or constructive total loss of the vessel). Tanker Management was permitted to assign its duties under the ship management agreements to an affiliate at any time.

Under the old ship management agreements, we paid Tanker Management a technical management fee in exchange for the management services and payment of costs described above, expressed in dollars per day that was payable monthly in advance and calculated on the actual number of days in the month. For the management agreements, the technical management fee was fixed through October 2007 and increases by 2.5% per year thereafter until the agreements were terminated in January 16, 2009.

Under the old ship management agreements, Tanker Management agreed to maintain our vessels so that they complied with the requirements of our charters and were in class with valid certification, and to keep them in the same good order and condition as when delivered, except for ordinary wear and tear. In addition, Tanker Management was responsible for our fleet's compliance with all government, environmental and other regulations.

From October 18, 2008, both us and Tanker Management had the right to terminate for any reason at any time upon 90 days' advance notice. Effective January 16, 2009, Tanker Management exercised its right to cancel the ship management agreements and effective as of the same date each of the subsidiaries owning our Initial Vessels entered into new ship management agreements with Tanker Management.

### *New Ship Management Agreements*

Under the new ship management agreements for the Initial Vessels, Tanker Management continues to be responsible for all technical management, including crewing, maintenance, repair, drydockings (subject to the provisions described below), and maintaining required vetting approvals and insurance coverage. We have agreed to guarantee the obligations of each of our subsidiaries under the new ship management agreements.

Tanker Management is also obligated under the new ship management agreements to arrange for insurance for the Initial Vessels, including marine hull and machinery insurance, protection and indemnity insurance (including pollution risks and crew insurances), war risk insurance and loss of hire insurance and we are responsible for the payment of all premiums.

We have obtained loss of hire insurance that will generally provide coverage against business interruption for periods of more than 21 days (in the case of our VLCCs) or 14 (in the case of our Aframax) per incident (up to a maximum of 120 days) following any loss under our hull and machinery policy (mechanical breakdown, grounding, collision or other incidence of damage that does not result in a total loss or constructive total loss of the vessel). Tanker Management is permitted to assign its duties under the ship management agreements to an affiliate at any time.

Each new ship management agreement is coterminous with the time charter of the associated vessel. An extension of a time charter will trigger an extension of the associated ship management agreement unless it is cancelled as described below. Under each new ship management agreement, we will pay the actual cost of operating the vessel as well as an annual management fee to Tanker Management in exchange for the management services.

Under the new ship management agreements, Tanker Management has agreed to maintain our vessels so that they continue to comply with the requirements of our charters and are in class with valid certification, and to keep them in the same good order and condition as when delivered, except for ordinary wear and tear. In addition, Tanker Management is responsible for our fleet's compliance with all government, environmental and other regulations.

The new ship management agreements are cancelable by us or Tanker Management for any reason at any time upon 90 days' prior written notice to the other. If a ship management agreement is terminated, we will be required to pay a termination fee of \$45,000 per vessel to cover costs of the manager associated with termination. We will also be required to obtain the consent of the applicable charterer and our lenders before we appoint a new manager; however, such consent may not be unreasonably withheld.

#### *Suezmaxes*

Each of our Suezmaxes are on bareboat charters to subsidiaries of OSG, pursuant to which the charterer is responsible for all technical management of the vessel, including vessel insurance. Accordingly, these vessels are not subject to ship management agreements.

## OUR FLEET

The following chart summarizes certain information about the nine vessels in our current fleet.

| <b>Vessel</b>                 | <b>Year Built</b> | <b>Dwt</b> | <b>Current Flag</b> | <b>Classification Society</b> |
|-------------------------------|-------------------|------------|---------------------|-------------------------------|
| <b>VLCC</b>                   |                   |            |                     |                               |
| <i>Overseas Ann</i> (1)       | 2001              | 309,327    | Marshall Islands    | Lloyds                        |
| <i>Overseas Chris</i> (1)     | 2001              | 309,285    | Marshall Islands    | Lloyds                        |
| <i>Overseas Regal</i> (1)     | 1997              | 309,966    | Marshall Islands    | ABS                           |
| <b>Suezmax</b>                |                   |            |                     |                               |
| <i>Overseas Newcastle</i> (2) | 2001              | 164,626    | Marshall Islands    | ABS                           |
| <i>Overseas London</i> (3)    | 2000              | 152,923    | Marshall Islands    | DNV                           |
| <b>Aframax</b>                |                   |            |                     |                               |
| <i>Overseas Cathy</i> (1)     | 2004              | 112,028    | Marshall Islands    | ABS                           |
| <i>Overseas Sophie</i> (1)    | 2003              | 112,045    | Marshall Islands    | ABS                           |
| <i>Overseas Rebecca</i> (1)   | 1994              | 94,873     | Marshall Islands    | ABS                           |
| <i>Overseas Ania</i> (1)      | 1994              | 94,848     | Marshall Islands    | ABS                           |

(1) Acquired on October 18, 2005 and time chartered to a subsidiary of OSG as of that date.

(2) Acquired on December 4, 2007 and bareboat chartered to a subsidiary of OSG as of that date.

(3) Acquired on January 28, 2008 and bareboat chartered to a subsidiary of OSG as of that date.

The *Overseas Regal* was built in Japan by Universal Shipbuilding Corporation (formerly Hitachi Zosen Corporation) and our other six Initial Vessels were built by Hyundai Heavy Industries Co. in South Korea, in each case under full-time on-site supervision of OSG's in-house naval architects. The *Overseas Newcastle* and *Overseas London* were also built by Hyundai Heavy Industries Co. in South Korea. Our vessels have been built to specifications, which, in many areas, exceed industry and shipyard standards at the time of construction. Our vessels incorporate coating specifications for both the hull and the cargo tanks to minimize corrosion, reduce maintenance and help protect the environment. As a result, we believe our vessels are among the most efficient and safe tankers.

## **RISK OF LOSS AND INSURANCE**

Our operations may be affected by a number of risks, including mechanical failure of the vessels, collisions, property loss to the vessels, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, the operation of any ocean-going vessel is subject to the inherent possibility of catastrophic marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

With respect to our Initial Vessels, Tanker Management is responsible for arranging for the insurance of such vessels on terms specified in the ship management agreements, which we believe are in line with standard industry practice. We are responsible for the payment of premiums. Tanker Management is responsible for the payment of deductibles, up to the amounts specified in the ship management agreements, but will not be required to reimburse us for off hire periods that are not covered by loss of hire insurance. In accordance with the ship management agreements, Tanker Management has arranged for marine hull and machinery and war risks insurance, which includes the risk of actual or constructive total loss, and protection and indemnity insurance with mutual assurance associations. Tanker Management has also agreed in the ship management agreements to arrange for loss of hire insurance in respect of each of our vessels, subject to the availability of such coverage at commercially reasonable terms. Loss of hire insurance generally provides coverage against business interruption following any loss under our hull and machinery policy. We have obtained loss of hire insurance that generally provides coverage against business interruption for periods of more than 21 days (in the case of our VLCCs) or 14 (in the case of our Aframax) per incident (up to a maximum of 120 days) following any loss under our hull and machinery policy (mechanical breakdown, grounding, collision or other incidence of damage that does not result in a total loss of the vessel). Currently, the amount of coverage for liability for pollution, spillage and leakage available to us on commercially reasonable terms through protection and indemnity associations and providers of excess coverage is \$1 billion per vessel per occurrence. Protection and indemnity associations are mutual marine indemnity associations formed by ship-owners to provide protection from large financial loss to one member by contribution towards that loss by all members.

Our two Suezmaxes, which are currently bareboat chartered to subsidiaries of OSG, are subject to the same insurance coverage as our seven Initial Vessels. However, under a bareboat charter arrangement, the charterer is responsible for all insurance for the vessel, including with respect to payment of premiums and deductibles.

We believe that our anticipated insurance coverage will be adequate to protect us against the accident-related risks involved in the conduct of our business and that we will maintain appropriate levels of environmental damage and pollution insurance coverage, consistent with standard industry practice. However, there is no assurance that all risks are adequately insured against, that any particular claims will be paid or that we will be able to obtain adequate insurance coverage at commercially reasonable rates in the future following termination of the ship management agreements and bareboat charters.

## **INSPECTION BY A CLASSIFICATION SOCIETY**

Every commercial vessel's hull and machinery is evaluated by a classification society authorized by its country of registry. The classification society certifies that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel's country of registry and the international conventions of which that country is a member. Each vessel is inspected by a surveyor of the classification society in three surveys of varying frequency and thoroughness: every year for the annual survey, every two to three years for intermediate surveys and every four to five years for special surveys. Should any defects be found, the classification surveyor will issue a "recommendation" for appropriate repairs which have to be made by the ship-owner within the time limit prescribed. Vessels may be required, as part of the annual and intermediate survey process, to be drydocked for inspection of the underwater portions of the vessel and for necessary repair stemming from the inspection. Special surveys always require drydocking.

Each of our vessels has been certified as being "in class" by a member society of the International Association of Classification Societies, indicated in the table on page 29 of this report.

## **ENVIRONMENTAL REGULATION**

Government regulation significantly affects the ownership and operation of our tankers. They are subject to international conventions, national, state and local laws and regulations in force in the countries in which our tankers may operate or are registered. Under both the old and new ship management agreements for our Initial Vessels and under the bareboat charters for our Suezmaxes, Tanker Management and the bareboat charterers, respectively, have assumed technical management responsibility for our fleet, including compliance with all government and other regulations. If our ship management agreements with Tanker Management terminate, we would attempt to hire another party to assume this responsibility, including compliance with the regulations described herein and any costs associated with such compliance. However, in such event we may be unable to hire another party to perform these and other services, and we may incur substantial costs to comply with environmental requirements.

A variety of governmental and private entities subject our tankers to both scheduled and unscheduled inspections. These entities include the local port authorities (U.S. Coast Guard, harbor master or equivalent), classification societies, flag state administration (country of registry) and charterers, particularly terminal operators and oil companies. Certain of these entities require us to obtain permits, licenses and certificates for the operation of our tankers. Failure to maintain necessary permits or approvals could require us to incur substantial costs or temporarily suspend operation of one or more of our tankers.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators and charterers is leading to greater inspection and safety requirements on all tankers and may accelerate the scrapping of older tankers throughout the industry. Increasing environmental concerns have created a demand for tankers that conform to the stricter environmental standards. With respect to our Initial Vessels and our Suezmaxes, Tanker Management and the bareboat charterers, respectively, are required to maintain operating standards for all of our tankers emphasizing operational safety, quality maintenance, continuous training of our officers and crews and compliance with U.S. and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations; however, because such laws and regulations are frequently changed and may impose increasingly stringent requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our tankers.

## INTERNATIONAL MARITIME ORGANIZATION

In April 2001, the International Maritime Organization or “IMO,” adopted regulations under the International Convention for the Prevention of Pollution from Ships, or “MARPOL,” requiring new tankers of 5,000 dwt and over, contracted for construction since July 6, 1993, to have double hull, mid-deck or equivalent design. At that time, the regulations also required the phase-out of non-double hull tankers by 2015, with tankers having double sides or double bottoms permitted to operate until the earlier of 2017 or when the vessel reaches 25 years of age. Existing single hull tankers were required to be phased out unless retrofitted with double hull, mid-deck or equivalent design no later than 30 years after delivery. These regulations were adopted by over 150 nations, including many of the jurisdictions in which our tankers operate. Subsequent amendments to the MARPOL regulations accelerated the phase out of single hull tankers to 2005 for Category I vessels and 2010 for Category II and III vessels. Category I vessels are crude oil tankers of 20,000 dwt and above and product tankers of 30,000 dwt and above that are pre-MARPOL Segregated Ballast Tanks (SBT) tankers. Category II tankers are crude oil tankers of 20,000 dwt and above and product tankers of 30,000 dwt and above that are post-MARPOL SBT tankers. Category III tankers are tankers above 5,000 dwt, but below the deadweight specified for Category I and II tankers above. The IMO may adopt additional regulations in the future that could further restrict the operation of single hull vessels. All of our tankers are double-hulled and are thus not subject to phase-out under existing IMO regulations.

The IMO has also negotiated international conventions that impose liability for oil pollution in international waters and a signatory’s territorial waters. In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships to address air pollution from ships. Annex VI, which became effective in May 2005, sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions. All of our vessels are currently compliant with these regulations. Additional or new conventions, laws and regulations may be adopted that could adversely affect the cost of operating our vessels.

Under the International Safety Management Code, or “ISM Code,” promulgated by the IMO, the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. Tanker Management and the charterers of the *Overseas Newcastle* and *Overseas London* will rely upon their respective safety management systems.

The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel’s management with code requirements for a safety management system. No vessel can obtain a certificate unless its operator has been awarded a document of compliance, issued by each flag state, under the ISM Code. All requisite documents of compliance have been obtained with respect to the operators of all our vessels and safety management certificates have been issued for all our vessels for which the certificates are required by the IMO. These documents of compliance and safety management certificates are required to be renewed annually.

Noncompliance with the ISM Code and other IMO regulations may subject the ship-owner or charterer to increased liability, lead to decreases in available insurance coverage for affected vessels and result in the denial of access to, or detention in, some ports. For example, the U.S. Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and European Union ports.

Although the United States is not a party to these conventions, many countries have ratified and follow the liability plan adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969. Under this convention, and depending on whether the country in which the damage results is a party to the 1992 Protocol to the International Convention on Civil Liability for Oil Pollution Damage, a vessel’s registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. Under an amendment to the Protocol that became effective on November 1, 2003, for vessels of 5,000 to 140,000 gross tons (a unit of measurement for the total enclosed spaces within a vessel), liability will be limited to approximately \$6.7 million plus \$940 for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability will be limited to approximately \$140 million. As the convention calculates liability in terms of a basket of currencies, these figures are based on currency exchange rates on January 27, 2009. Under the 1969 Convention, the right to limit liability is forfeited where the spill is caused by the owner’s actual fault. Under the 1992 Protocol, a ship-owner cannot limit liability where the spill is caused by the owner’s intentional or reckless conduct. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the International Convention on Civil Liability for Oil Pollution Damage has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our P&I insurance will cover the liability under the plan adopted by the IMO.





IMO regulations also require owners and operators of vessels to adopt Shipboard Oil Pollution Emergency Plans, or “SOPEPs.” Periodic training and drills for response personnel and for vessels and their crews are required. In addition to SOPEPs, Tanker Management and the charterers of the *Overseas Newcastle* and *Overseas London* have adopted Shipboard Marine Pollution Emergency Plans for our vessels, which cover potential releases not only of oil but of any noxious liquid substances.

## U.S. REQUIREMENTS

The United States regulates the tanker industry with an extensive regulatory and liability regime for environmental protection and cleanup of oil spills, consisting primarily of the U.S. Oil Pollution Act of 1990, or “OPA,” and the Comprehensive Environmental Response, Compensation, and Liability Act, or “CERCLA.” OPA affects all owners and operators whose vessels trade with the United States or its territories or possessions, or whose vessels operate in the waters of the United States, which include the U.S. territorial sea and the 200 nautical mile exclusive economic zone around the United States. CERCLA applies to the discharge of hazardous substances (other than oil) whether on land or at sea. Both OPA and CERCLA impact our business operations.

Under OPA, vessel owners, operators and bareboat or demise charterers are “responsible parties” who are liable, without regard to fault, for all containment and clean-up costs and other damages, including property and natural resource damages and economic loss without physical damage to property, arising from oil spills and pollution from their vessels.

In general, OPA limits the liability of responsible parties to the greater of \$1,900 per gross ton or \$16 million per tanker that is over 3,000 gross tons. OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters. In some cases, states that have enacted this type of legislation have not yet issued implementing regulations defining tanker owners’ responsibilities under these laws. CERCLA, which applies to owners and operators of vessels, contains a similar liability regime and provides for cleanup, removal and natural resource damages associated with discharges of hazardous substances (other than oil). Liability under CERCLA is limited to the greater of \$300 per gross ton or \$5 million.

These limits of liability do not apply, however, where the incident is caused by violation of applicable U.S. federal safety, construction or operating regulations, or by the responsible party’s gross negligence or willful misconduct. Similarly, these limits do not apply if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with the substance removal activities. OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law.

OPA also requires owners and operators of vessels to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet the limit of their potential strict liability under the Act. The U.S. Coast Guard has enacted regulations requiring evidence of financial responsibility consistent with the limits of liability described above for OPA and CERCLA (combined), or \$2,200 per gross ton. Under the regulations, evidence of financial responsibility may be demonstrated by insurance, surety bond, self-insurance, guaranty or an alternative method subject to approval by the Director of the U.S. Coast Guard National Pollution Funds Center. Under OPA regulations, an owner or operator of more than one tanker is required to demonstrate evidence of financial responsibility for the entire fleet in an amount equal only to the financial responsibility requirement of the tanker having the greatest maximum strict liability under OPA and CERCLA. Tanker Management and the charterers of the *Overseas Newcastle* and *Overseas London* have provided the requisite guarantees and received certificates of financial responsibility from the U.S. Coast Guard for each of our tankers required to have one.

With respect to our Initial Vessels and our Suezmaxes, Tanker Management and the bareboat charterers, respectively, have arranged insurance for each of our tankers with pollution liability insurance in the amount of \$1 billion. However, a catastrophic spill could exceed the insurance coverage available, in which event there could be a material adverse effect on our business, on the charterer's business, which could impair the charterer's ability to make payments to us under our charters, and on Tanker Management's business, which could impair Tanker Management's ability to manage our Initial Vessels.

Under OPA, oil tankers as to which a contract for construction or major conversion was put in place after June 30, 1990 are required to have double hulls. In addition, oil tankers without double hulls will not be permitted to come to U.S. ports or trade in U.S. waters starting in 2015. All of our vessels have double hulls.

OPA also amended the federal Water Pollution Control Act, or "Clean Water Act," to require owners and operators of vessels to adopt vessel response plans for reporting and responding to oil spill scenarios up to a "worst case" scenario and to identify and ensure, through contracts or other approved means, the availability of necessary private response resources to respond to a "worst case discharge." In addition, periodic training programs and drills for shore and response personnel and for vessels and their crews are required.

Vessel response plans for our tankers operating in the waters of the United States have been approved by the U.S. Coast Guard. In addition, the U.S. Coast Guard has announced it intends to propose similar regulations requiring certain vessels to prepare response plans for the release of hazardous substances. With respect to our Initial Vessels and our Suezmaxes, Tanker Management and the bareboat charterers, respectively, are responsible for ensuring our vessels comply with any additional regulations.

In addition, the Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under the more recent OPA and CERCLA, discussed above. The U.S. Environmental Protection Agency or "EPA," has exempted the discharge of ballast water and other substances incidental to the normal operation of vessels in U.S. ports from Clean Water Act permitting requirements. However, on March 30, 2005, a U.S. District Court ruled that the EPA exceeded its authority in creating an exemption for ballast water. On September 18, 2006, the court issued an order invalidating the exemption in EPA's regulations for all discharges incidental to the normal operation of a vessel as of September 30, 2008, and directing the EPA to develop a system for regulating all discharges from vessels by that date. In June 2008, the EPA proposed rules governing the regulation of ballast water discharges and other discharges incidental to the normal operation of vessels. Under the proposed rules, commercial vessels are required to obtain a Clean Water Act permit regulating such discharges. The permit, which was finalized by EPA in December 2008, incorporates current U.S. Coast Guard requirements for ballast water management as well as supplemental ballast water requirements, and provides technology-based and water-quality based limits for other discharges, such as deck runoff, bilge water and gray water. Administrative provisions, such as monitoring, recordkeeping and reporting requirements, are also included. Various states have also enacted legislation restricting ballast water discharges and the introduction of non-indigenous species considered to be invasive. These and any similar restrictions enacted in the future could require the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial cost, and/or otherwise restrict our vessels from entering U.S. waters.

The U.S. Clean Air Act, or "CAA," requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. In December 2007, the EPA issued an Advance Notice of Proposed Rulemaking indicating its plan to propose more stringent federal emission standards for new Category 3 marine diesel engines. The standards under consideration are consistent with the 2008 amendments to Annex VI of MARPOL, as discussed above. The CAA also requires states to draft State Implementation Plans, or "SIPs," designed to attain national health-based air quality standards in primarily major metropolitan and/or industrial areas. Several SIPs regulate emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. Individual states, including California, have attempted to regulate vessel emissions within state waters. New or more stringent federal or state air emission regulations could require significant capital expenditures to retrofit vessels and could otherwise increase our operating costs.

## **EUROPEAN UNION TANKER RESTRICTIONS**

In July 2003, in response to the *Prestige* oil spill in November 2002, the European Union adopted legislation that prohibits all single hull tankers used for the transport of oil from entering into its ports or offshore terminals starting in 2010. The European Union, following the lead of certain European Union nations such as Italy and Spain, has also banned all single hull tankers carrying heavy grades of oil from entering or leaving its ports or offshore terminals or anchoring in areas under its jurisdiction. Commencing in April 2005, certain single hull tankers above 15 years of age are also restricted from entering or leaving European Union ports or offshore terminals and anchoring in areas under European Union jurisdiction. All of our tankers are double hulled. The European Union has also adopted legislation that (1) bans manifestly sub-standard vessels (defined as those over 15 years old that have been detained by port authorities at least twice in a six month period) from European waters, creates an obligation of port states to inspect at least 25% of vessels using these ports annually and provides for increased surveillance of vessels posing a high risk to maritime safety or the marine environment and (2) provides the European Union with greater authority and control over vessel classification societies, including the ability to seek to suspend or revoke the authority of negligent societies. In addition, the European Union is considering the adoption of criminal sanctions for certain pollution events, such as the unauthorized discharge of tank washings. Certain member states of the European Union, by virtue of their national legislation, already impose criminal sanctions for pollution events under certain circumstances. It is impossible to predict what additional legislation or regulations, if any, may be promulgated by the European Union or any other country or authority.

## **GREENHOUSE GAS REGULATION**

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Currently, the emissions of greenhouse gases from international shipping are not subject to the Kyoto Protocol. However, the European Union has indicated that it intends to propose an expansion of the existing European Union emissions trading scheme to include emissions of greenhouse gases from vessels. In the United States, the California Attorney General and a coalition of environmental groups in October 2007 petitioned the EPA to regulate greenhouse gas emissions from ocean-going vessels under the Clean Air Act. Any passage of climate control legislation or other regulatory initiatives by the IMO, European Union, or individual nations or states where we operate that restrict emissions of greenhouse gases could entail financial impacts on our operations that we cannot predict with certainty at this time.

## **VESSEL SECURITY REGULATIONS**

As of July 1, 2004, all ships involved in international commerce and the port facilities that interface with those ships must comply with the new International Code for the Security of Ships and of Port Facilities, or "ISPS Code." The ISPS Code, which was adopted by the IMO in December 2002, provides a set of measures and procedures to prevent acts of terrorism, which threaten the security of passengers and crew and the safety of ships and port facilities. All of our vessels have obtained an International Ship Security Certificate, or "ISSC," from a recognized security organization approved by the vessel's flag state and each vessel has developed and implemented an approved Ship Security Plan.

## **LEGAL PROCEEDINGS**

The nature of our business, which involves the acquisition, chartering and ownership of our vessels, exposes us to the risk of lawsuits for damages or penalties relating to, among other things, personal injury, property casualty and environmental contamination. Under rules related to maritime proceedings, certain claimants may be entitled to attach charter hire payable to us in certain circumstances. There are no actions or claims pending against us as of the date of this report.

### C. ORGANIZATIONAL STRUCTURE

The following table sets forth our significant subsidiaries and the vessels owned by each of those subsidiaries as of December 31, 2008.

| <b>Subsidiary</b>              | <b>Vessel</b>             | <b>State of Jurisdiction or Incorporation</b> | <b>Percent of Ownership</b> |
|--------------------------------|---------------------------|---|-----------------------------|
| Ania Aframax Corporation       | <i>Overseas Ania</i>      | Marshall Islands                              | 100%                        |
| Ann Tanker Corporation         | <i>Overseas Ann</i>       | Marshall Islands                              | 100%                        |
| Cathy Tanker Corporation       | <i>Overseas Cathy</i>     | Marshall Islands                              | 100%                        |
| Chris Tanker Corporation       | <i>Overseas Chris</i>     | Marshall Islands                              | 100%                        |
| London Tanker Corporation      | <i>Overseas London</i>    | Marshall Islands                              | 100%                        |
| Newcastle Tanker Corporation   | <i>Overseas Newcastle</i> | Marshall Islands                              | 100%                        |
| Rebecca Tanker Corporation     | <i>Overseas Rebecca</i>   | Marshall Islands                              | 100%                        |
| Regal Unity Tanker Corporation | <i>Overseas Regal</i>     | Marshall Islands                              | 100%                        |
| Sophie Tanker Corporation      | <i>Overseas Sophie</i>    | Marshall Islands                              | 100%                        |

### D. PROPERTY, PLANT AND EQUIPMENT

We own a modern fleet of double hull crude oil tankers. The following table sets forth the vessels comprising our fleet as of December 31, 2008.

| <b>Vessel</b>             | <b>Type</b> | <b>Approximate Dwt</b> | <b>Construction</b> | <b>Flag</b>      |
|---------------------------|-------------|------------------------|---------------------|------------------|
| <i>Overseas Ann</i>       | VLCC        | 309,327                | Double-Hull         | Marshall Islands |
| <i>Overseas Chris</i>     | VLCC        | 309,285                | Double-Hull         | Marshall Islands |
| <i>Overseas Regal</i>     | VLCC        | 309,966                | Double-Hull         | Marshall Islands |
| <i>Overseas London</i>    | Suezmax     | 152,923                | Double-Hull         | Marshall Islands |
| <i>Overseas Newcastle</i> | Suezmax     | 164,626                | Double-Hull         | Marshall Islands |
| <i>Overseas Cathy</i>     | Aframax     | 112,028                | Double-Hull         | Marshall Islands |
| <i>Overseas Sophie</i>    | Aframax     | 112,045                | Double-Hull         | Marshall Islands |
| <i>Overseas Rebecca</i>   | Aframax     | 94,873                 | Double-Hull         | Marshall Islands |
| <i>Overseas Ania</i>      | Aframax     | 94,848                 | Double-Hull         | Marshall Islands |

#### ITEM UNRESOLVED STAFF COMMENTS

4A.

None.

#### ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

*You should read the following discussion and analysis in conjunction with our consolidated financial statements, and the related notes included elsewhere in this report. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements based on assumptions about our future business. Please see "Cautionary Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements. Our actual results may differ from those contained in the forward-looking statements and such differences may be material.*

## BUSINESS

On October 18, 2005, we acquired the seven vessels comprising our initial fleet (“Initial Vessels”). We have chartered these Initial Vessels to subsidiaries of OSG under fixed rate charters for minimum terms of five to six and one-half years. The charters commenced on the delivery of the vessels to us. The charters also contain various options for the charterers to extend the minimum terms of the charters in increments of one, two or three years up to a maximum of five, six or eight years, depending on the vessel, from the initial expiration date. On November 26, 2008, we entered into an agreement with OSG whereby OSG exercised part of the extension options for the Initial Vessels upon expiry of the vessels’ initial charter periods. For two of the vessels, the charters were extended for 18 months after the initial charter periods expiring in October 2010 and for five of the vessels, the charters were extended for 12 months following the expiry of the initial charter periods between April 2011 and April 2012. On December 4, 2007 and January 28, 2008, respectively, we acquired two Suezmaxes and upon delivery bareboat chartered these vessels to subsidiaries of OSG for fixed terms of seven years and ten years, respectively. See the section of this report entitled “Item 4. Information on the Company—Business Overview—Charter Arrangements” for a more detailed description of our charter arrangements. We previously entered into ship management agreements with a subsidiary of OSG for the technical management of our Initial Vessels that substantially fixed our operating expenses (excluding insurance premiums and vessel taxes). However, effective January 16, 2009, we entered into new technical management agreements with the same subsidiary of OSG, under which we will pay the actual cost related to the technical management of the Initial Vessels. See the section of this report entitled “Item 4. Information on the Company—Business Overview—Ship Management Agreements” for a more detailed description of our ship management agreements. We expect that for so long as our chartering arrangements are in place with OSG, our revenues will be generated primarily from time charter and bareboat payments made to us by subsidiaries of OSG. Under the bareboat charters for our two Suezmaxes, the charterer is responsible for paying all operating costs associated with the vessels. Accordingly, we do not incur any operating expenses associated with these vessels. In addition, under our bareboat charters, we will continue to receive the basic bareboat charter rate even during such periods that the vessel is not able to operate. As long as our Initial Vessels subject to time charters are not off hire, we will receive revenue amounts at least equal to the sum of the basic hire payments due under our time charters and bareboat charters.

## FACTORS AFFECTING OUR RESULTS

The principal factors that affect our results of operations and financial condition include:

- the fixed basic charter rate that we are paid under our charters;
- the amount of additional hire that we receive under our charter arrangements;
- with respect to our Initial Vessels, the number of off hire days during which we will not be entitled, under our charter arrangements, to receive either the fixed basic charter rate or additional hire;
- the amount of daily technical management fees payable under our ship management agreements;
- our general and administrative and other expenses;
- our insurance premiums and vessel taxes;
- any future vessel acquisitions; and
- our interest expense.

Our revenues are principally derived from fixed rate time charters and bareboat charters with subsidiaries of OSG to which all our vessels have been chartered. In addition, the amount of additional hire that we receive under our charter arrangements is dependent on the revenues generated by our vessels. These revenues are sensitive to patterns of supply and demand. Rates for the transportation of crude oil are determined by market forces, such as the supply and demand for oil, the distance that cargoes must be transported and the number of vessels expected to be available at the time such cargoes need to be transported. The demand for oil shipments is significantly affected by the state of the global economy. The number of vessels is affected by newbuilding deliveries and by the removal of existing vessels from service. The tanker industry has historically been highly cyclical, experiencing volatility in profitability, vessel values and freight rates.

Our expenses are expected to consist primarily of daily technical management fees payable under our ship management agreements, interest expense, insurance premiums, vessel taxes, financing expenses and general and administrative expenses. With respect to our Initial Vessels, our vessel-owning subsidiaries previously entered into ship management agreements with Tanker Management Ltd. (Tanker Management or TML), a subsidiary of OSG, under which it is responsible for technical management of the vessels, including crewing, maintenance and ordinary repairs, scheduled drydockings, stores and supplies and lubricating oils. Under these agreements, we paid a fixed daily fee (subject to a 2.5% annually increase after October 2007) for the cost of vessels' operations, including scheduled drydockings, for each vessel. The terms of the old agreements provided both us and Tanker Management the right to cancel these agreements for any reason at any time upon 90 days' advance notice from October 2008 onwards. Effective as of January 16, 2009, Tanker Management exercised its right to cancel the technical management agreements with respect to the Initial Vessels. Effective as of the same date, we entered into new technical management agreements with Tanker Management according to which we will pay the actual cost related to the technical management of the Initial Vessels.

The charterers of each vessel pay us a fixed basic charter rate monthly in advance with additional hire, if any, paid quarterly in arrears. We pay daily technical management fees under our ship management agreements monthly in advance. We are required to pay interest under our credit facility quarterly, insurance premiums either annually or more frequently (depending on the policy) and our vessel taxes annually.

The following table sets forth the average daily time charter equivalent (TCE) rates earned by our VLCCs and Aframax and daily bareboat rate earned by our Suezmaxes during the last three years.

|                             | <b>Year Ended<br/>December 31,<br/>2008</b> | <b>Year Ended<br/>December 31,<br/>2007</b> | <b>Year Ended<br/>December 31,<br/>2006</b> |
|-----------------------------|---|---|---|
| VLCCs (TCE)                 | \$ 52,300                                   | \$ 41,500                                   | \$ 46,900                                   |
| Suezmaxes (Bareboat)<br>(1) | \$ 28,900                                   | \$ 27,400                                   | -   |
| Aframax (TCE)               | \$ 26,700                                   | \$ 25,700                                   | \$ 26,200                                   |

(1) *Overseas Newcastle* only for the 27 day period from December 4, 2007 to December 31, 2007 and the full year 2008 and the *Overseas London* for the period January 18, 2008 to December 31, 2008..

## CRITICAL ACCOUNTING POLICIES

The financial statements for DHT are prepared in accordance with accounting principles generally accepted in the United States, or "GAAP," which require us to make estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application. For a complete description of all of our material accounting policies, see Note A to our consolidated financial statements, included as Item 18 to this report.

### Revenue Recognition

Both prior to and following our IPO, our Initial Vessels have generated revenue by operating in pools, whereby shipping revenue and voyage expenses are pooled and allocated to each pool's participants on a TCE basis in accordance with an agreed-upon formula. For vessels operating in pools shipping revenues are substantially the same as TCE revenues.

Our three VLCCs participate in the Tankers International Pool and our four Aframax participate in the Aframax International Pool (the Overseas Ania left the Aframax International Pool as of July 1, 2008). Each of these pools generate a majority of its revenue from voyage charters. Within the shipping industry, there are two methods used to account for voyage revenues: (1) ratably over the estimated length of each voyage and (2) completed voyage. The recognition of voyage revenues ratably over the estimated length of each voyage is the most prevalent method of accounting for voyage revenues and the method used by the pools in which we participate. Under each method, voyages may be calculated on either a load-to-load or discharge-to-discharge basis. In applying its revenue recognition method, management of each of the pools believes that the discharge-to-discharge basis of calculating voyages more accurately estimates voyage results than the load-to-load basis. Since, at the time of discharge, management generally knows the next load port and expected discharge port, the discharge-to-discharge calculation of voyage revenues can be estimated with a greater degree of accuracy. Revenues from time charters performed by vessels in the pools are accounted for as operating leases and are recognized ratably over the periods of such charters, as service is performed. Each of the pools does not begin recognizing voyage revenue until a charter has been agreed to by both the pool and the customer, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage.

We acquired our two Suezmaxes on December 4, 2007 and January 28, 2008, respectively. These vessels are on bareboat charters to subsidiaries of OSG and do not participate in pools. Revenues from bareboat charters are accounted for as operating leases and are recognized ratably over the periods of such charters, as service is performed.

### **Vessel Lives and Impairment**

With respect to our Initial Vessels, the carrying value of each vessel represents its original cost at the time it was delivered less depreciation calculated using an estimated useful life of 25 years from the date such vessel was originally delivered from the shipyard. In the shipping industry, use of a 25-year life has become the standard. The actual life of a vessel may be different. We have evaluated the impact of the revisions to MARPOL Regulation 13G that became effective April 5, 2005 and the EU regulations that went into force on October 21, 2003 on the economic lives assigned to the fleet. Because the fleet consists of modern, double hull vessels, the revised regulations do not affect any of our vessels. If the economic lives assigned to the tankers prove to be too long because of new regulations or other future events, higher depreciation expense and impairment losses could result in future periods related to a reduction in the useful lives of any affected vessels.

With respect to our two Suezmaxes, the carrying value of each vessel represents the cost to us when the vessel was acquired less depreciation calculated using an estimated useful life of 25 years from the date such vessel was originally delivered from the shipyard.

The carrying values of our vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuildings. Historically, both charter rates and vessel values have been cyclical. We record impairment losses only when events occur that cause us to believe that future cash flows for any individual vessel will be less than its carrying value. The carrying amounts of vessels held and used by us are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular vessel may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount. This assessment is made at the individual vessel level since separately identifiable cash flow information for each vessel is available.

In developing estimates of future cash flows, we must make assumptions about future charter rates, ship operating expenses and the estimated remaining useful lives of the vessels. These assumptions are based on historical trends as well as future expectations. Although management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective.



## RESULTS OF OPERATIONS

### Income from Vessel Operations

Shipping revenues increased by \$33,176,000, or 40.7%, to \$114,603,000 in 2008 from \$81,427,000 in 2007. This increase was attributable to the acquisition of our two Suezmaxes on December 4, 2007 and January 28, 2008, respectively and higher freight rates in 2008. Shipping revenues were \$86,793,000 in 2006.

Vessel expenses increased by \$1,986,000 in 2008, to \$21,409,000 from \$19,423,000 in 2007, principally as a result of \$821,608 of bunker consumption claims by the charterers for two of the Company's VLCCs, bunker costs related to vessels on scheduled off-hire. In addition, we incurred a \$500,000 one time cost related to change of technical management as well as the 2.5% price increase as of October 18, 2007, and October 18, 2008, pursuant to the ship management agreements entered into on October 18, 2005 with Tanker Management, a subsidiary of OSG, for the technical management of our Initial Vessels. Vessel expenses were \$18,690,000 in 2006.

Depreciation and amortization increased by \$8,677,000 in 2008, to \$25,948,000 from \$17,271,000 in 2007 principally as a result of the delivery of the *Overseas Newcastle* on December 4, 2007 and the *Overseas London* on January 28, 2008. Depreciation and amortization expenses were \$16,915,000 in 2006.

### General and Administrative Expenses

General and administrative expenses increased by \$991,000 to \$4,766,000 in 2008 from \$3,775,000 in 2007. This increase was mainly a result of higher personnel cost and \$338,404 of costs related to a transaction which did not materialize. General and administrative expenses were \$2,389,000 in 2006.

General and administrative expenses for 2008, 2007 and 2006 include directors' fees and expenses, the salary and benefits of our executive officers, legal fees, fees of independent auditors and advisors, directors and officers insurance, rent and miscellaneous fees and expenses.

### Interest Expense and Amortization of Deferred Debt Issuance Cost

Interest expense increased by \$7,447,000 to \$21,904,000 in 2008 from \$14,457,000 in 2007 principally as a result of the increase in debt in connection with the acquisition of the *Overseas Newcastle* on December 4, 2007 and the *Overseas London* on January 28, 2008. Interest expense was \$13,957,000 in 2006.

## LIQUIDITY AND SOURCES OF CAPITAL

We operate in a capital intensive industry. We financed the acquisition of our Initial Vessels with the net proceeds of our IPO, borrowings under our credit facility and through the issuance of shares of our common stock to a subsidiary of OSG. We financed the acquisition of the *Overseas Newcastle* on December 4, 2007, and the *Overseas London* on January 28, 2008, with borrowings under our secured credit facility. Our working capital requirements relate to our operating expenses, including payments under our ship management agreements, payments of interest, payments of insurance premiums, payments of vessel taxes and the payment of principal under our secured credit facility. We fund our working capital requirements with cash from operations. We collect our basic hire monthly in advance and pay our ship management fees monthly in advance. We receive additional hire payable quarterly in arrears. During the period from our IPO through the fourth quarter of 2007, we paid dividends on a quarterly basis in amounts determined by our board of directors substantially equal to the available cash from our operations during the previous quarter, less cash expenses and any reserves established by our board of directors. In January 2008, our board of directors approved a new dividend policy intended to provide the shareholders with a fixed quarterly dividend. Commencing with the first dividend payment attributable to the 2008 fiscal year, the dividend payment was \$0.25 per common share. Since our IPO, we have paid the following dividends:

| <u>Operating period</u> | <u>Total payment</u> | <u>Per share</u> | <u>Record date</u> | <u>Payment date</u> |
|-------------------------|----------------------|------------------|--------------------|---------------------|
| Oct.18-Dec. 31 2005     | \$12.9 million       | \$0.43           | March 10, 2006     | March 24, 2006      |
| Jan. 1-March 31 2006    | \$15.9 million       | \$0.53           | June 1, 2006       | June 16, 2006       |
| April 1-June 30 2006    | \$10.8 million       | \$0.36           | August 18, 2006    | Sept. 4, 2006       |
| July 1-Sept. 30 2006    | \$12.6 million       | \$0.42           | Nov. 27, 2006      | Dec. 6, 2006        |
| Oct. 1-Dec. 31 2006     | \$13.2 million       | \$0.44           | Feb. 22, 2007      | March 6, 2007       |
| Jan. 1-March 31 2007    | \$11.4 million       | \$0.38           | May 29, 2007       | June 12, 2007       |
| April 1-June 30 2007    | \$11.7 million       | \$0.39           | Sept. 12, 2007     | Sept. 21, 2007      |
| July 1-Sept. 30 2007    | \$11.1 million       | \$0.37           | Dec. 3, 2007       | Dec. 12, 2007       |
| Oct. 1-Dec. 31 2007     | \$10.5 million       | \$0.35           | Feb. 26, 2008      | March 11, 2008      |
| Jan. 1-March 31 2008    | \$9.8 million        | \$0.25           | May 30, 2008       | June 11, 2008       |
| April 1-June 30 2008    | \$9.8 million        | \$0.25           | Sept. 15, 2008     | Sept. 24, 2008      |
| July 1-Sept. 30 2008    | \$11.8 million       | \$0.30           | Dec. 2, 2008       | Dec. 11, 2008       |
| Oct. 1-Dec. 31 2008     | \$11.8 million       | \$0.30           | Feb. 26, 2009      | March 5, 2009       |



We believe that cash flow from our charters will be sufficient to fund our interest payments under our secured credit facility. We funded the acquisition of the *Overseas Newcastle* for \$92.7 million on December 4, 2007, and the acquisition of the *Overseas London* for \$90.3 million on January 28, 2008, with borrowings under our secured credit facility with the Royal Bank of Scotland or “RBS,” which was increased from \$401 million to \$420 million in 2007. Following this increase, we were required to make a principal repayment of \$75 million no later than December 31, 2008. We repaid the \$75 million in October 2008 with cash on hand including proceeds from the issuance of 9.2 million new shares in April and May 2008 for net proceeds of \$91.4 million.

As of December 31, 2008, we were in compliance with the covenants contained in our secured loan agreement.

Working capital at December 31, 2008 was \$28,288,000 compared with (\$83,046,000) at December 31, 2007. The significant improvement in working capital in 2008 was primarily due to the equity offering in April, with net proceeds of \$91.4 million. The negative working capital at December 31, 2007 was primarily due to the \$75,000,000 in current installment of long-term debt. Working capital at December 31, 2006 was \$15,431,000. At December 31, 2008, additional hire related to the period from October 1, 2008 through December 31, 2008, which amounted to \$8,791,000, had not been received from the charterers. At December 31, 2007, additional hire related to the period from October 1, 2007 through December 31, 2007, which amounted to \$1,547,000, had not been received from the charterers. At December 31, 2006, additional hire related to the period from October 1, 2006 through December 31, 2006, which amounted to \$4,009,000, had not been received from the charterers.

Net cash provided by operating activities was \$65,016,000 in 2008 compared to \$49,363,000 in 2007. This increase was primarily attributable to higher earnings in 2008 for our Initial Vessels operating in pools as well as earnings from the two Suezmax tankers acquired on December 4, 2007 and January 28, 2009, respectively. Net cash provided by operating activities was \$53,998,000 in 2006. The decrease between net cash provided by operating activities in 2007 and net cash provided by operating activities in 2006 was primarily attributable to lower earnings in 2007 for our Initial Vessels operating in pools. We had total debt outstanding of \$344,000,000 at December 31, 2008, all of which is due to RBS, compared to \$253,700,000 in long term debt and \$75,000,000 in current installment of long-term debt at December 31, 2007. We had total debt outstanding of \$236,000,000 at December 31, 2006.

#### AGGREGATE CONTRACTUAL OBLIGATIONS

As of December 31, 2008, our long-term contractual obligations are as follows:

|                   | Summary Long-Term Future Contractual Obligations(1) |        |        |                   |        |            |         |
|-------------------|---|--------|--------|-------------------|--------|------------|---------|
|                   | 2009  | 2010   | 2011   | 2012              | 2013   | Thereafter | Total   |
|                   |   |        |        | (\$ in thousands) |        |            |         |
| Long-term debt(2) | 19,630  | 19,630 | 55,146 | 53,105            | 50,970 | 271,524    | 470,006 |

- (1) *Under the new ship management agreements for our Initial Vessels effective January 16, 2009, we are required to pay the actual cost of operating the vessels as well as an annual management fee to Tanker Management for their services. Each ship management agreement for our Initial Vessels is coterminous with the charter for each vessel but may be terminated by either us or Tanker Management upon 90 days' written notice to the other*
- (2) *Amounts shown include contractual interest obligations on \$344 million of debt outstanding under our secured credit facility. The interest obligations have been determined using an interest rate of 5.60% per annum based on the five year interest rate swap arrangement that was effective as of October 18, 2005 for \$236 million and an interest rate of 5.95% per annum based on the five year interest rate swap arrangement that was effective as of December 4, 2007 for \$100 million. The interest on the balance outstanding is payable quarterly and the principal is payable with quarterly installments of \$9,075,000 commencing on January 18, 2011, with a final payment of \$109,050,000 on July 18, 2017.*

We collect our fixed basic charter rate monthly in advance and pay the estimated technical management fees monthly in advance. To the extent there are additional hire revenues, we receive such additional hire quarterly in arrears. Although we can provide no assurances, we expect that our cash flow from our chartering arrangements will be sufficient to cover our technical management fees, interest payments and other financing costs under our credit facility, insurance premiums, vessel taxes, general and administrative expenses and other costs and any other working capital requirements for the short and medium term. Our longer term liquidity requirements include repayment of the principal balance of our secured credit facility. We may require new borrowings and/or issuances of equity or other securities to meet this repayment obligation. Alternatively, we can sell our assets and use the proceeds to pay down debt.

Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. In addition, under the terms of our credit facility, we may not declare or pay any dividends if we are in default under the credit facility or if the market value of our vessels is less than 135% of our outstanding borrowings under the credit facility plus the actual or notional cost of terminating any interest rate swaps that we enter.

## **RISK MANAGEMENT**

We are exposed, to market risk from changes in interest rates, which could affect our results of operation and financial position. We manage this risk by entering into interest rate swap agreements in which we exchange fixed and variable interest rates based on agreed upon notional amounts. We use such derivative financial instruments as risk management tools and not for speculative or trading purposes. In addition, the counterparty to the derivative financial instrument is a major financial institution in order to manage exposure to nonperformance by counterparties.

As of December 31, 2008, the Company is party to two floating-to-fixed interest rate swaps that are being accounted for as cash flow hedges with notional amounts of \$236,000,000 and \$100,000,000, respectively, pursuant to which the Company pays a fixed rate of 5.6% and 5.95% including the applicable margin, respectively and receives a floating rate based on LIBOR. The swaps expire on October 18, 2010 and January 18, 2013, respectively. As of December 31, 2008, the Company has recorded a liability of \$26,418,060 relating to the fair value of the swaps. This unrealized loss has been recorded to accumulated other comprehensive income/(loss). The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the agreement at the reporting date.

The shipping industry's functional currency is the U.S. dollar. All of our revenues and most of our operating costs are in U.S. dollars.

## **EFFECTS OF COST INCREASES**

For the past three years, under the vessels' old ship management agreements, the Company paid a fixed cost for the technical management of the vessels. However, under the vessels' new ship management agreements, effective January 16, 2009, the Company must pay the actual costs associated with the technical management of the vessels. As a result, the cost of the technical management of the vessels for 2009 and in the future will reflect the effects of cost increases. Recently, ship management costs have increased rapidly, although the current global recession may mitigate some of this cost increase.

## **OFF BALANCE SHEET ARRANGEMENTS**

With the exception of the above mentioned interest rate swaps, we do not currently have any liabilities, contingent or otherwise, that we would consider to be off balance sheet arrangements.

## OUR SECURED CREDIT FACILITY

The following summary of the material terms of our secured credit facility does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Secured Loan Facility Agreement. Because the following is only a summary, it does not contain all information that you may find useful. For more complete information, you should read the entire Secured Loan Facility Agreement (as amended) filed as an exhibit to this report.

### General

On October 18, 2005, we entered into a \$401 million secured credit facility with The Royal Bank of Scotland, or “RBS,” for a term of ten years, with no principal amortization for the first five years. The credit facility consisted of a \$236 million term loan, a \$150 million vessel acquisition facility and a \$15 million working capital facility. We are the borrower under the credit facility and each of our vessel-owning subsidiaries have guaranteed our performance thereunder.

We borrowed the entire amount available under the term loan upon the completion of our IPO to fund a portion of the purchase price for the Initial Vessels that we acquired from OSG. On November 29, 2007, we amended our secured credit facility to increase the total commitment thereunder by \$19 million to \$420 million. Under the terms of our amended secured credit facility, our previous \$15 million working capital facility and \$150 million vessel acquisition facility were canceled and replaced with a new \$184 million vessel acquisition facility, which we used to fund the entire purchase price of our two Suezmaxes, the *Overseas Newcastle* and the *Overseas London*. Following delivery of the *Overseas London* on January 28, 2008, only \$1 million of our vessel acquisition facility remains undrawn.

Borrowings under the initial \$236 million term loan bear interest at an annual rate of LIBOR plus a margin of 0.70%. Borrowings under the vessel acquisition portion of the credit facility bear interest at an annual rate of LIBOR plus a margin of 0.85%. To reduce our exposure to fluctuations in interest rates, we entered into an interest rate swap on October 18, 2005 pursuant to which we fixed the interest rate for five years on the full amount of our term loan at 5.60%. On October 16, 2007, we fixed the interest rate for five years on \$100 million of our outstanding debt at a rate of 5.95% through a swap agreement with respect to \$92.7 million effective as of December 4, 2007 and a further \$7.3 million effective as of January 18, 2008. We were required to pay a \$1.5 million fee in connection with the arrangement of our credit facility (which we funded with a portion of the net proceeds from our IPO) and a commitment fee of 0.3% per annum, which will be payable quarterly in arrears, on the undrawn portion of the facility. We were required to pay an arrangement fee of \$95,000 in October 2007 in connection with the increase in our secured credit facility from \$401 million to \$420 million.

Following the above-mentioned increase, our secured credit facility was repayable with one initial installment of \$75 million in 2008, and commencing on January 18, 2011 the balance of our secured credit facility will be repayable with 27 quarterly installments of \$9,075,000. A final payment of \$99,975,000 will be payable with the last quarterly installment. The initial installment of \$75 million was repaid in October 2008.

### Security

Our secured credit facility provides that borrowings thereunder are secured by the following:

- a first priority mortgage on each of the vessels we have agreed to purchase and any additional vessels that we acquire;
- an assignment of charter hire guarantees and earnings from, and insurances on, each of the vessels we have agreed to purchase and any additional vessels that we acquire;
- a pledge of the balances in our bank accounts which we have agreed to keep with RBS; and
- an unconditional and irrevocable guarantee by each of our vessel-owning subsidiaries.

The facility agreement provides that in the event of either the sale or total loss of a vessel, we must prepay an amount under the credit facility proportionate to the market value of the sold or lost vessel compared with the total market value of all of our vessels before such sale or loss together with accrued interest on the amount prepaid and, if such prepayment occurs on a date other than an interest payment date, any interest breakage costs.

## **Covenants**

The facility agreement contains restrictive covenants that prohibit us and each of our subsidiaries from, among other things:

- incurring additional indebtedness without the prior consent of the lenders;
- permitting liens on assets;
- merging or consolidating with other entities or transferring all or substantially all of our assets to another person;
- paying dividends if the charter-free market value of our vessels that secure our obligations under the credit facility is less than 135% of our borrowings under the credit facility plus the actual or notional cost of terminating any interest rates swaps that we enter, if there is a continuing default under the credit facility or if the payment of the dividend would result in a default or breach of a loan covenant;
- changing the technical manager of our vessels without the prior consent of the lenders;
- making certain loans, advances or investments; entering into certain material transactions with affiliated parties;
- entering into certain types of charters, including bareboat charters and time charters or consecutive voyage charters of greater than 13 months (excluding our charters with OSG's subsidiaries);
- de-activating any of our vessels or allowing work to be done on any vessel in an aggregate amount greater than \$2.0 million without first obtaining a lien waiver;
- making non-ordinary course acquisitions or entering into a new line of business or establishing a place of business in the United States or any of its territories;
- selling or otherwise disposing of a vessel or other assets or assigning or transferring any rights or obligations under our charters and our ship management agreements.

The facility agreement also contains a financial covenant requiring that at all times the charter-free market value of our vessels that secure our obligations under the credit facility be no less than 120% of our borrowings under the credit facility plus the actual or notional cost of terminating any of our interest rates swaps. In the event that the aggregate charter-free market value of the vessels that secure our obligations under the credit facility is less 120% of our borrowings under the credit facility plus the actual or notional cost of terminating any of our interest rates swaps, the difference shall be recovered by pledge of additional security acceptable to the lenders or by a prepayment of the amount outstanding at the option of the borrowers.

## Events of Default

Each of the following events with respect to us or any of our subsidiaries, in some cases after the passage of time or notice or both, is an event of default under the facility agreement:

- non-payment of amounts due under the credit facility;
- breach of our covenants;
- misrepresentation;
- cross-defaults to other indebtedness in excess of \$2.0 million;
- materially adverse judgments or orders;
- event of insolvency or bankruptcy;
- acceleration of any material amounts that us or any of our subsidiaries is obligated to pay;
- breach of a time charter or a charter hire guaranty in connection with any of our vessels;
- default under any collateral documentation or any swap transaction;
- cessation of operations;
- unlawfulness or repudiation;
- if, in the reasonable determination of the lender, it becomes impossible or unlawful for us or any of our subsidiaries to comply with our obligations under the loan documents; and
- if any event occurs that, in the reasonable opinion of the lender, has a material adverse effect on our and our subsidiaries' operations, assets or business, taken as a whole.

The facility agreement provides that upon the occurrence of an event of default, the lenders may require that all amounts outstanding under the credit facility be repaid immediately and terminate our ability to borrow under the credit facility and foreclose on the mortgages over the vessels and the related collateral.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth information regarding our executive officers and directors.

| <b>Name</b>       | <b>Age</b> | <b>Position</b>                             |
|-------------------|------------|---|
| Erik A. Lind      | 53         | Class I Director and Chairman               |
| Randee Day        | 60         | Class II Director                           |
| Rolf A. Wikborg   | 50         | Class III Director                          |
| Ole Jacob Diesen  | 61         | Chief Executive Officer                     |
| Eirik Ubøe        | 48         | Chief Financial Officer                     |
| Tom R. Kjeldsberg | 37         | Senior Vice President, Business Development |

Set forth below is a brief description of the business experience of our directors and executive officers.

*Erik A. Lind—Chairman of the Board.* Mr. Lind has been chief executive of Tufton Oceanic and Managing Director of Tufton Oceanic Ltd. since 2004. Tufton Oceanic is a Fund Management and Investment banking firm for the Marine and Energy related sectors. Mr. Lind has more than 25 years experience in corporate banking, global shipping and specialized and structured asset financing. From 1995 to 2001, Mr. Lind served as Executive Vice President and a member of the Executive Management Committee at IM Skaugen ASA, a Norwegian public bulk shipping and logistics company engaged in the transportation of petrochemical gases, LPG and organic chemicals as well as crude oil lightering, in various financial management, operational and corporate and business development roles. Mr. Lind has also held senior and executive positions with Manufacturers Hanover Trust Company, Oslobanken and GATX Capital. He has been actively involved in corporate recapitalization, financial restructurings, acquisitions, structured finance and joint venture investments. In addition to his positions within Tufton Oceanic. Mr. Lind currently serves on the boards of Maritime Capital Shipping Limited, a Bermuda-based ship-owning company, A.M. Nomikos, a Greek ship-owning company, Alislami Oceanic Shipping Company I and II, investment companies based in the Jebel Ali Free Zone and Cayman Islands, respectively, KFH Oceanic Portfolio Company, a ship investment company based in the Cayman Islands, Frilin AS, a Norwegian private investment company, and Christiania Capital Partners, a private financial advisory and consulting firm based in Norway. Mr. Lind is a resident of the United Kingdom and a citizen of Norway.

*Randee Day—Director.* Ms. Day has been a Managing Director at Seabury Transportation Holdings LLC, a leading advisory and consulting firm specializing in the transportation industry, since 2004 and is responsible for all of Seabury's activities related to the maritime industry. Ms. Day has more than 25 years of specialized international financial experience in the marine and energy sectors. From 1985 to 2004, Ms. Day was president and chief executive officer of Day & Partners, Inc., a financial advisory and consulting firm focused on the maritime, energy and cruise industries with a diversified client base consisting of shipping companies, commercial banks and government agencies. Ms. Day has an extensive background in international trust and maritime law and has worked with clients on bankruptcies, foreign judgments and strategies for disposing of real estate and shipping assets in various international jurisdictions. Ms. Day has served as an independent director and audit committee chair of TBS International Ltd., a Bermuda based operator of one of the world's largest controlled fleets of multipurpose tweendeck bulk carriers, since 2001. From 1979 to 1985, Ms. Day served as the head of J.P. Morgan's Marine Transportation and Finance department in New York, where she was responsible for managing a \$1 billion loan portfolio and overseeing relationships with the bank's shipping clients in the Western Hemisphere and the Far East. She also served in the London offices of J.P. Morgan, Continental Illinois National Bank & Trust and Bank of America. Ms. Day is a resident and citizen of the United States.

*Rolf A. Wikborg—Director.* Mr. Wikborg is Managing Director of AMA Norway A/S and a director of AMA Capital Partners in New York, a maritime merchant banking group involved in mergers and acquisitions, restructurings and financial engineering in the shipping, offshore and cruise sector. Mr. Wikborg has extensive experience arranging operating and financial leases for operators in the maritime field and recently has been active arranging mergers and acquisitions. Prior to founding the AMA group in New York in 1987, Mr. Wikborg was a Managing Director at Fearnleys, Mexico, for two years after having worked in the Project Department of Fearnleys, an Oslo based ship-broker. Mr. Wikborg holds a Bachelor of Science in Management Sciences from the University of Manchester, England. Mr. Wikborg is an officer in the Royal Norwegian Navy and is a citizen and resident of Norway.

*Ole Jacob Diesen—Chief Executive Officer.* Mr. Diesen has been an independent corporate and financial management consultant since 1997, serving a diverse group of clients primarily in the tanker industry. Mr. Diesen has advised on a broad range of shipping transactions, including mergers and acquisitions, corporate reorganizations, joint ventures, asset sales, equity, debt and lease financings and vessel charters, pooling and technical management agreements. Mr. Diesen's career in shipping and shipping finance spans over 30 years. From 1991 to 1997, Mr. Diesen served as Managing Director of Skaugen PetroTrans ASA, a Norwegian public company that was listed on the Oslo Stock Exchange. Skaugen PetroTrans is an established crude oil lightering company in the U.S. Gulf and operator of a fleet of medium sized tankers. From 1984 to 1991, Mr. Diesen headed Fearnley Group (UK) Ltd., a privately held corporate finance advisory firm specializing in the maritime and oil industries. Prior to this, Mr. Diesen served for ten years with Manufacturers Hanover Trust, a predecessor to JPMorgan Chase, in positions including Vice President and Deputy Regional Manager, where he was responsible for the bank's portfolios of shipping and Scandinavian corporate credits after having spent two years as a tanker chartering broker. Mr. Diesen currently serves on a number of boards including PetroTrans Holdings Ltd., Bermuda, the largest independently owned U.S. Gulf lightering business; I.M. Skaugen Marine Services Pte Ltd., Singapore, an owner of LPG/ethylene carriers; and FSN Capital Holding Ltd., Jersey, a private equity firm. Mr. Diesen is a citizen of Norway.



*Eirik Ubøe—Chief Financial Officer.* Mr. Ubøe has been involved in international accounting and finance for approximately 20 years, which includes time spent in ship finance and as the chief financial officer for companies listed on the Oslo Stock Exchange. From March 2002 through December 2004, Mr. Ubøe served as the chief executive and chief financial officer of Nutri Pharma ASA, an international health care company listed on the Oslo Stock Exchange. From 1997 through 2002, Mr. Ubøe worked in various positions at the Schibsted Group, the largest Norwegian media group with newspaper, television and online interests in Scandinavia, the Baltics, Switzerland, France and Spain, including as the finance director of the Schibsted Group and as chief financial officer of Schibsted's newspaper initiative in Switzerland, France and Spain. Mr. Ubøe has also served as a vice president in the corporate finance and ship finance departments of various predecessors to JPMorgan Chase both in New York and Oslo for a total of eight years. Mr. Ubøe holds an MBA from the University of Michigan's Ross School of Business and a Bachelor in Business Administration from the University of Oregon. Mr. Ubøe is a citizen of Norway.

*Tom R. Kjeldsberg – Senior Vice President, Business Development.* Mr. Kjeldsberg has 10 years investment banking experience, mainly within the maritime/transportation industries. From 2002 through 2007, he was a Director in the Corporate Finance division of DnB NOR Markets, Oslo, one of the world's leading shipping and offshore banks. Mr. Kjeldsberg has also served as an Associate in the Corporate Finance group of Merrill Lynch in London and Analyst in the Project Finance group of Cambridge Partners in New York. He holds an MBA from the IESE Business School in Barcelona, Spain. Mr. Kjeldsberg is a citizen of Norway.

## **B. COMPENSATION**

### **DIRECTORS' COMPENSATION**

Each member of our board of directors is currently paid an annual fee of \$47,500, plus reimbursement for expenses incurred in the performance of duties as members of our board of directors. We pay our chairman an additional \$15,000 per year to compensate him for the extra duties incident to that office. We pay the head of our audit committee an additional \$11,750 per year and an additional \$4,750 per year to each of the other members of the audit committee. We pay the heads of our compensation committee and nominating and corporate governance committee an additional \$8,000 each per year and an additional \$1,000 per year to each of the other members of the compensation committee and nominating and corporate governance committee. We pay each director \$1,250 for each board meeting attended. On May 10, 2006, we awarded each of our directors 1,000 shares of restricted stock. These shares of restricted stock vested and were issued on October 18, 2006. On November 8, 2006, each member of our board of directors was awarded 3,614 shares of restricted stock, of which 1,204 shares vested in May 2007 and 334 shares vested in May 2008. Of the remaining 2,076 shares, 1,743 shares vest in May 2009, subject to each member of our board of directors remaining a member of our board of directors and certain market conditions. The remaining 333 shares of restricted stock each vest in May 2009, subject to each member of our board of directors remaining a member of our board of directors. On May 9, 2007, each member of our board of directors was awarded 3,287 shares of restricted stock, of which 333 shares vested in May 2008. Of the remaining 2,954 shares, 1,525 shares vest in May 2009 and 762 shares vest in May 2010, subject to each member of our board of directors remaining a member of our board of directors and certain market conditions. The remaining 667 shares of restricted stock each vest in two amounts in May 2009 (334 shares) and May 2010 (333 shares), subject to each member of our board of directors remaining a member of our board of directors. On May 9, 2008, each member of our board of directors was awarded 4,398 shares of restricted stock, of which 2,932 shares vest in three equal amounts in May 2009, May 2010 and May 2011, subject to each member of our board of directors remaining a member of our board of directors and certain market conditions. The remaining 1,466 shares of restricted stock each vest in three equal amounts in May 2009, May 2010 and May 2011, subject to each member of our board of directors remaining a member of our board of directors. During the vesting period of the shares of restricted stock awarded to our directors on November 8, 2006, May 9, 2007 and May 9, 2008, each director will be credited with an additional number of shares of restricted stock in an amount equal to the value of the dividends that would have been paid on the awarded shares had the shares vested on the date of the award. These additional shares will be transferred to each director as the shares vest.

We have no service contracts between us and any of our directors providing for benefits upon termination of their employment or service.

## **EXECUTIVE COMPENSATION, EMPLOYMENT AGREEMENTS**

Our chief executive officer, Mr. Ole Jacob Diesen, receives an annual salary of \$600,000, which includes benefits. Our chief financial officer, Mr. Eirik Ubøe receives an annual salary of NOK 1,900,000, which includes benefits. In addition, each is reimbursed for expenses incurred in the performance of their duties as our executive officers and receives the equity based compensation described below. Our senior vice president, Mr. Tom R. Kjeldsberg, receives an annual salary of NOK 1,750,000.

### **Executive Officer Employment Agreements**

We have entered into employment agreements with Mr. Diesen and Mr. Ubøe that set forth their rights and obligations as our chief executive officer and chief financial officer, respectively. The employment agreements are substantially similar. Either the executive or we may terminate the employment agreements for any reason and at any time.

Pursuant to the current employment agreements, Mr. Diesen receives a base salary in the amount of \$600,000 per year and Mr. Ubøe receives a base salary in the amount of NOK 1,900,000 per year. In addition, in connection with our IPO, both Mr. Diesen and Mr. Ubøe received a combination of stock options and restricted stock that had a grant date value of \$75,000 split equally between stock options and restricted stock. The 3,125 shares of restricted stock awarded to each of Mr. Diesen and Mr. Ubøe in connection with our IPO vest in four equal amounts in October 2006, 2007, 2008 and 2009, respectively, subject to the relevant officer's continued employment with us. The 34,723 stock options granted to each of Mr. Diesen and Mr. Ubøe have an exercise price of \$12 per share and expire on October 18, 2015. On February 19, 2007, each officer exercised 11,575 options in a "cash-less" exercise and 2,352 shares were issued to each of them. On October 23, 2007, each officer exercised a further 11,574 options in a "cash-less" exercise and 2,190 shares were issued to each of them. The remaining 11,574 stock options granted to each of Mr. Diesen and Mr. Ubøe have not yet been exercised. Each executive officer is also eligible for additional grants under our 2005 Incentive Compensation Plan, as determined by the compensation committee of our board of directors. On November 8, 2006, Mr. Diesen and Mr. Ubøe were awarded 14,457 and 9,940 shares of restricted stock, respectively, of which 4,820 and 3,314, respectively, vested in May 2007 and 1,042 and 1,042, respectively, vested in May 2008. Of the remaining 8,595 and 5,584 shares, respectively, (i) 7,554 and 4,543 shares, respectively, vest in May 2009, subject to the relevant officer's continued employment with us and certain market conditions and (ii) 1,041 each vest in May 2009, subject to the relevant officer's continued employment with us. On May 9, 2007, Mr. Diesen and Mr. Ubøe were awarded 13,149 and 9,040 shares of restricted stock, respectively, of which 1,042 shares each vested in May 2008. Of the remaining 12,107 awarded to Mr. Diesen, 6,683 shares and 3,341 shares, respectively, vest in May 2009 and May 2010, subject to continued employment with us and certain market conditions and the final 2,082 shares vest in two equal amounts in May 2009 and May 2010 subject to continued employment with us. Of the remaining 7,998 awarded to Mr. Ubøe, 3,944 shares and 1,972 shares, respectively, vest in May 2009 and May 2010, subject to continued employment with us and certain market conditions and the final 2,082 shares vest in two equal amounts in May 2009 and May 2010 subject to continued employment with us. On May 9, 2008, Mr. Diesen and Mr. Ubøe were awarded 26,385 and 14,094 shares of restricted stock, respectively, of which 17,590 and 9,396 shares, respectively, vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued employment with us and certain market conditions. The remaining 8,795 and 4,698 shares of restricted stock each vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued employment with us. During the vesting period of the shares of restricted stock awarded to Mr. Diesen and Mr. Ubøe on November 8, 2006, May 9, 2007 and May 9, 2008, Mr. Diesen and Mr. Ubøe will each be credited with an additional number of shares of restricted stock in an amount equal to the value of the dividends that would have been paid on the awarded shares had the shares vested on the date of the award. These additional shares will be transferred to Mr. Diesen and Mr. Ubøe as the shares vest.

In the event that (i) we terminate either executive's employment without cause (as such term is defined in the employment agreement), or (ii) either executive terminates his employment for good reason (as such term is defined in the employment agreement) within six months following a change of control, then we will pay such executive an amount equal to one year's salary (also, if the executive loses his position for good reason within six months following a change of control, the executive may, at the Board's discretion, be entitled to a payment equal to twice the executive's annual base salary and any unvested equity awards will become fully vested). In addition, in the event an executive is terminated without cause pursuant to clause (i) above, all of his equity based compensation, including initial grants, will immediately vest and become exercisable. If an executive's employment is terminated due to death or disability, we will continue to pay his salary through the first anniversary of such date of termination. In the event that an executive's employment is terminated for cause, we are only obligated to pay his salary and unreimbursed expenses through the termination date.

Pursuant to their employment agreements, each of Mr. Diesen and Mr. Ubøe has agreed to protect our confidential information. They have also agreed during the term of the agreements and for a period of one year following his termination, not to (i) engage in any business in any location that is involved in the voyage chartering or time chartering of crude oil tankers, (ii) solicit any business from a person that is a customer or client of ours or any of our affiliates, (iii) interfere with or damage any relationship between us or any of our affiliates and any employee, customer, client, vendor or supplier or (iv) form, or acquire a two percent or greater equity ownership, voting or profit participation in, any of our competitors.

We have also entered into an indemnification agreement with each of Mr. Diesen and Mr. Ubøe pursuant to which we have agreed to indemnify them substantially in accordance with the indemnification provisions related to our officers and directors in our bylaws.

We have entered into an employment agreement with Mr. Kjeldsberg that sets forth his rights and obligations as our Senior Vice President. Either we or Mr. Kjeldsberg may terminate his employment agreement for any reason at any time. Pursuant to his employment agreement, Mr. Kjeldsberg receives a base salary in the amount of NOK 1,750,000 per year. In addition, Mr. Kjeldsberg is eligible to receive equity awards pursuant to the 2005 Incentive Compensation Plan. On May 9, 2007, Mr. Kjeldsberg was awarded 8,218 shares of restricted stock, of which 913 shares vested in May 2008. Of the remaining 7,305 shares, 3,653 shares vest in May 2009 and 1,826 shares vest in May 2010, subject to continued employment with us and certain market conditions. The remaining 1,826 shares of restricted stock each vest in two equal amounts in May 2009 and May 2010, subject to continued employment with us. On May 9, 2008, Mr. Kjeldsberg was awarded 13,011 shares of restricted stock, of which 8,674 shares vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued employment with us and certain market conditions. The remaining 4,337 shares of restricted stock each vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued employment with us. During the vesting period of the shares of restricted stock awarded to Mr. Kjeldsberg on May 9, 2007 and May 9, 2008, Mr. Kjeldsberg will be credited with an additional number of shares of restricted stock in an amount equal to the value of the dividends that would have been paid on the awarded shares had the shares vested on the date of the award. These additional shares will be transferred to Mr. Kjeldsberg as the shares vest.

In the event of a change of control, Mr. Kjeldsberg is entitled to an amount equal to twice his annual base salary, subject to certain conditions. In the event we terminate Mr. Kjeldsberg's employment, he is entitled to one year of severance, subject to certain conditions. Pursuant to his employment agreement, Mr. Kjeldsberg has agreed to protect our confidential information. He has also agreed during the term of the agreement and for a period of one year following his termination not to (i) engage in any business that is involved in the voyage chartering or time chartering of crude oil tankers, (ii) solicit any business from a person that is a customer or client of ours or (iii) form, or acquire a two percent or greater equity ownership, voting or profit participation in, any of our competitors.

## Stock Plan

### 2005 Incentive Compensation Plan

We established the 2005 Incentive Compensation Plan, which we call the “Plan,” prior to the consummation of our IPO for the initial benefit of our directors and officers (including prospective directors and officers). The following description of the Plan is qualified by reference to the full text thereof, a copy of which is filed as an exhibit to this report.

#### *Awards*

The Plan provides for the grant of options intended to qualify as incentive stock options, or “ISOs,” under Section 422 of the Internal Revenue Code of 1986, as amended and non-statutory stock options, or “NSOs,” restricted stock awards, restricted stock units, or “RSUs,” cash incentive awards and other equity-based or equity-related awards.

#### *Plan administration*

The Plan will be administered by the compensation committee of our board of directors or such other committee as our board may designate to administer the Plan. Initially, our entire board will perform the functions of the compensation committee and will administer the Plan. Subject to the terms of the Plan and applicable law, the compensation committee has sole and plenary authority to administer the Plan, including, but not limited to, the authority to (i) designate Plan participants, (ii) determine the type or types of awards to be granted to a participant, (iii) determine the number of shares of our common stock to be covered by awards, (iv) determine the terms and conditions of any awards, including vesting schedules and performance criteria, (v) amend or replace an outstanding award and (vi) make any other determination and take any other action that the compensation committee deems necessary or desirable for the administration of the Plan.

#### *Shares available for awards*

Subject to adjustment as provided below, the aggregate number of shares of our common stock that may be delivered pursuant to awards granted under the Plan is 300,000, of which the maximum number of shares that may be delivered pursuant to ISOs granted under the Plan is 150,000. The maximum number of shares of our common stock with respect to which awards may be granted to any participant in the Plan in any fiscal year is 75,000. If an award granted under the Plan is forfeited, or otherwise expires, terminates or is canceled without the delivery of shares, then the shares covered by such award will again be available to be delivered pursuant to awards under the Plan.

In the event of any corporate event affecting the shares of our common stock, the compensation committee in its discretion may make such adjustments and other substitutions to the Plan and awards under the Plan as it deems equitable or desirable in its sole discretion.

#### *Stock options*

The compensation committee may grant both ISOs and NSOs under the Plan. Except as otherwise determined by the compensation committee in an award agreement, the exercise price for options cannot be less than the fair market value (as defined in the Plan) of our common stock on the date of grant. In the case of ISOs granted to an employee who, at the time of the grant of an option, owns stock representing more than 10% of the voting power of all classes of our stock or the stock of any of our affiliates, the exercise price cannot be less than 110% of the fair market value of a share of our common stock on the date of grant. All options granted under the Plan will be NSOs unless the applicable award agreement expressly states that the option is intended to be an ISO.

Subject to any applicable award agreement, options shall vest and become exercisable on each of the first three anniversaries of the date of grant. The term of each option will be determined by the compensation committee; provided that no option will be exercisable after the tenth anniversary of the date the option is granted. The exercise price may be paid with cash (or its equivalent) or by other methods as permitted by the compensation committee.

*Restricted shares and restricted stock units*

Restricted shares and RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered except as provided in the Plan or the applicable award agreement; provided, however, that the compensation committee may determine that restricted shares and RSUs may be transferred by the participant. Upon the grant of a restricted share, certificates will be issued and registered in the name of the participant and deposited by the participant, together with a stock power endorsed in blank, with us or a custodian designated by the compensation committee or us. Upon lapse of the restrictions applicable to such restricted shares, we or the custodian, as applicable, will deliver such certificates to the participant or his or her legal representative.

An RSU will have a value equal to the fair market value of a share of our common stock. RSUs may be paid in cash, shares of our common stock, other securities, other awards or other property, as determined by the committee, upon the lapse of restrictions applicable to such RSU or in accordance with the applicable award agreement. The committee may provide a participant who holds restricted shares or RSUs with dividends or dividend equivalents payable in cash, shares of our common stock or other property.

The compensation committee may provide a participant who holds restricted shares with dividends or dividend equivalents, payable in cash, shares of our common stock or other property.

*Cash incentive awards*

Subject to the provisions of the Plan, the compensation committee may grant cash incentive awards payable upon the attainment of one or more individual, business or other performance goals or similar criteria.

*Other stock-based awards*

Subject to the provisions of the Plan, the compensation committee may grant to participants other equity-based or equity-related awards. The compensation committee may determine the amounts and terms and conditions of any such awards provided that they comply with applicable laws.

*Amendment and termination of the Plan*

Subject to any government regulation and to the rules of the New York Stock Exchange or any successor exchange or quotation system on which shares of our common stock may be listed or quoted, the Plan may be amended, modified or terminated by our board of directors without the approval of our stockholders, except that stockholder approval shall be required for any amendment that would (i) increase the maximum number of shares of our common stock available for awards under the Plan or increase the maximum number of shares of our common stock that may be delivered pursuant to ISOs granted under the Plan or (ii) modify the requirements for participation under the Plan. No modification, amendment or termination of the Plan that is adverse to a participant will be effective without the consent of the affected participant, unless otherwise provided by the compensation committee in the applicable award agreement.

The compensation committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any award previously granted, prospectively or retroactively; provided, however, that, unless otherwise provided by the compensation committee in the applicable award agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely impair the rights of any participant to any award previously granted will not to that extent be effective without the consent of the affected participant.

### *Change of control*

The Plan provides that, unless otherwise provided in an award agreement, in the event we experience a change of control, unless provision is made in connection with the change of control for assumption for, or substitution of, awards previously granted:

- any options outstanding as of the date the change of control is determined to have occurred will become fully exercisable and vested, as of immediately prior to the change of control;
- all cash incentive awards will be paid out as if the date of the change of control were the last day of the applicable performance period and “target” performance levels had been attained; and
- all other outstanding awards will automatically be deemed exercisable or vested and all restrictions and forfeiture provisions related thereto will lapse as of immediately prior to such change of control.

Unless otherwise provided pursuant to an award agreement, a “change of control” is defined to mean any of the following events, generally:

- the consummation of a merger, reorganization or consolidation or sale or other disposition of all or substantially all of our assets;
- the approval by our stockholders of a plan of our complete liquidation or dissolution; or
- an acquisition by any individual, entity or group of beneficial ownership of 50% or more of either the then outstanding shares of our common stock or the combined voting power of our then outstanding voting securities entitled to vote generally in the election of directors.

### *Term of the Plan*

No award may be granted under the Plan after June 7, 2015, the tenth anniversary of the date the Plan was approved by our stockholders.

## **C. BOARD PRACTICES**

### **BOARD OF DIRECTORS**

Our business and affairs are managed under the direction of our board of directors. Our board is currently composed of three directors, all of whom are independent under the applicable rules of the New York Stock Exchange.

Our board of directors is elected annually on a staggered basis and each director elected holds office for a three-year term. Each of our directors was initially elected in July 2005. The term of our Class I director, Mr. Erik Lind, expires in 2011; the term of our Class III director, Mr. Rolf Wikborg, expires in 2009; and the term of our Class II director, Ms. Randee Day, expires in 2010. Mr. Wikborg was re-elected as our Class III director at our annual stockholders meeting on June 22, 2006, Ms. Day was re-elected as our Class II director at our annual stockholders meeting on June 20, 2007 and Mr. Lind was re-elected as our Class I director at our annual stockholders meeting on June 18, 2008.

### **BOARD COMMITTEES**

Our board of directors, which is entirely composed of independent directors under the applicable rules of the New York Stock Exchange, performs the functions of our audit committee, compensation committee and nominating and corporate governance committee.

The purpose of our audit committee is to oversee (i) management’s conduct of our financial reporting process (including the development and maintenance of systems of internal accounting and financial controls), (ii) the integrity of our financial statements, (iii) our compliance with legal and regulatory requirements and ethical standards, (iv) significant financial transactions and financial policy and strategy, (v) the qualifications and independence of our outside auditors, (vi) the performance of our internal audit function and (vii) the outside auditors’ annual audit of our financial statements. Ms. Randee Day is our “audit committee financial expert” as that term is defined in Item 401(h) of Regulation S-K.

The purpose of our compensation committee is to (i) discharge the board's responsibilities relating to the evaluation and compensation of our executives, (ii) oversee the administration of our compensation plans, (iii) review and determine director compensation and (iv) prepare any report on executive compensation required by the rules and regulations of the SEC.

The purpose of our nominating and corporate governance committee to (i) identify individuals qualified to become board members and recommend such individuals to the board for nomination for election to the board, (ii) make recommendations to the board concerning committee appointments, (iii) review and make recommendations for executive management appointments, (iv) develop, recommend and annually review our corporate governance guidelines and oversee corporate governance matters and (v) coordinate an annual evaluation of the board and its chairman.

## **DIRECTORS**

Our directors are elected by a plurality of the votes cast by stockholders entitled to vote. There is no provision for cumulative voting.

Our bylaws provide that our board of directors must consist of at least three members. Stockholders may change the number of directors only by the affirmative vote of holders of a majority of the outstanding common stock. The board of directors may change the number of directors only by a majority vote of the entire board.

### **D. EMPLOYEES**

As of December 31, 2008, we had 3 employees. Our employees are not represented by any collective bargaining agreements and we have never experienced a work stoppage.

### **E. SHARE OWNERSHIP**

See "Item 7.A Major Shareholders".

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **A. MAJOR SHAREHOLDERS**

The following table sets forth certain information regarding (i) the owners of more than 5% of our common stock that we are aware of based on 13G filings and (ii) the total amount of common stock owned by all of our officers and directors, individually and as a group. Following the completion of our IPO we have one class of common stock outstanding and each outstanding share will be entitled to one vote.

Prior to our IPO, OSG International, Inc., or "OIN," owned 100 shares, or 100%, of our common stock. As part of the purchase price for our Initial Vessels, we issued 13,999,900 shares, or 46.7%, of our common stock to OIN. OIN granted the underwriters the right to purchase up to 2,400,000 of these shares to cover over-allotments. The underwriters' exercised their option to purchase 648,500 of these shares, and accordingly, OIN owned 13,351,400 shares, or 44.5%, of our common stock upon completion of our IPO. We did not receive any of the proceeds from the exercise of the over-allotment option. During the first half of 2007, OIN sold all of its remaining shares of our common stock. As of December 31, 2007, OIN owned no shares of our common stock.

|  | <b>Number of<br/>Shares</b> | <b>Percentage of<br/>Outstanding<br/>Shares</b> |
|--|-----------------------------|---|
| <b>Persons owning more than 5% of a class of our equity securities</b> |                             |   |
| American Century Companies, Inc. (1)                                   | 2,185,812                   | 5.6   |
| <b>Directors</b>   |                             |   |
| Erik A. Lind(2)(3)   | 20,464                      | *   |
| Randee Day(2)  | 14,464                      | *   |
| Rolf A. Wikborg(2)   | 12,464                      | *   |
| <b>Executive Officers</b>  |                             |   |
| Ole Jacob Diesen(4)  | 62,237                      | *   |
| Eirik Ubøe(5)  | 41,226                      | *   |
| Tom R. Kjeldsberg(6)   | 21,318                      | *   |
| Directors and executive officers as a group (6 persons)(7)             | 162,173                     | *   |

\* Less than 1%

*(1)Based on a Schedule 13G filed by American Century Companies, Inc with the Commission on February 13, 2009.*

*(2)Includes 9,428 shares of restricted stock subject to vesting conditions.*

*(3)Includes 8,000 shares owned by a company associated with Erik Lind's family.*

*(4)Does not include 11,574 options with an exercise price of \$12 per share and expiring on October 18, 2015. Includes 47,868 shares of restricted stock subject to vesting conditions.*

*(5)Does not include 11,574 options with an exercise price of \$12 per share and expiring on October 18, 2015. Includes 28,457 shares of restricted stock subject to vesting conditions.*

*(6)Includes 20,316 shares of restricted stock subject to vesting conditions.*

*(7)Includes 124,925 shares of restricted stock subject to vesting conditions.*

Our major shareholders have the same voting rights as our other shareholders. To our knowledge, no corporation or foreign government or other natural or legal person(s) owns more than 50% of our outstanding stock. We are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control.

**B. RELATED PARTY TRANSACTIONS**

None.

**C. INTEREST OF EXPERTS AND COUNSEL**

Not applicable.

**ITEM 8. FINANCIAL INFORMATION**

**A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION**

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
See Item 18.

2. THREE YEARS COMPARATIVE FINANCIAL STATEMENTS  
See Item 18.

3. AUDIT REPORTS  
See Reports of Independent Registered Public Accounting Firm at page F-2 through F-4.



4. LATEST AUDITED FINANCIAL STATEMENTS MAY BE NO OLDER THAN 15 MONTHS  
We have complied with this requirement.
5. INTERIM FINANCIAL STATEMENTS IF DOCUMENT IS MORE THAN NINE MONTHS SINCE LAST AUDITED FINANCIAL YEAR  
Not applicable.
6. EXPORT SALES IF SIGNIFICANT  
See Item 18.
7. LEGAL PROCEEDINGS

The nature of our business, i.e., the acquisition, chartering and ownership of our vessels, exposes us to risk of lawsuits for damages or penalties relating to, among other things, personal injury, property casualty and environmental contamination. Under rules related to maritime proceedings, certain claimants may be entitled to attach charter hire payable to us in certain circumstances. There are no actions or claims pending against us as of the date of this report.

#### 8. DIVIDEND POLICY

Historically, we paid quarterly dividends to the holders of our common stock in March, June, September and December of each year, in amounts substantially equal to the available cash from our operations during the previous quarter less cash expenses and any reserves established by our board. In January 2008, our board of directors approved a new dividend policy to provide shareholders of record with an intended fixed quarterly dividend. Commencing with the first dividend payment attributable to the 2008 fiscal year, the dividend was \$0.25 per share. The dividends paid related to the four quarters of 2008 and amounted to \$0.25, \$0.25, \$0.30 and \$0.30 per share, respectively.

Our board of directors may review and amend our dividend policy from time to time in accordance with any future growth of our fleet or for other reasons. The timing and amount of dividend payments will be determined by our board of directors and will depend on, among other things, our cash earnings, financial condition, cash requirements and other factors.

The amount of future dividends, if any, could be affected by various factors, including our cash earnings, financial condition and cash requirements, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, our ability to comply with the terms of our credit facility, a change in our dividend policy, additional borrowings or future issuances of securities, many of which will be beyond our control.

Marshall Islands law generally prohibits the payment of dividends other than from surplus or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We do not expect to pay any income taxes in the Marshall Islands. We also do not expect to pay any income taxes in the United States. Please see the sections of this report entitled “Item 10. Additional Information—Taxation.”

#### B. SIGNIFICANT CHANGES

None.

### ITEM 9. THE OFFER AND LISTING

#### A. OFFER AND LISTING DETAILS

1. EXPECTED PRICE  
Not applicable.
2. METHOD TO DETERMINE EXPECTED PRICE  
Not applicable.

3. PRE-EMPTIVE EXERCISE RIGHTS  
Not applicable.
4. STOCK PRICE HISTORY

Our common stock is listed for trading on the New York Stock Exchange and is traded under the symbol “DHT.” The following table lists the high and low closing market prices for our common stock for the periods indicated as reported:

|                    | <u>High</u> | <u>Low</u> |
|--------------------|-------------|------------|
| Year ended:        |             |            |
| December 31, 2006  | \$ 16.44    | \$ 12.10   |
| December 31, 2007  | 18.73       | 11.64      |
| December 31, 2008  | 12.61       | 3.25       |
| Quarter ended:     |             |            |
| March 31, 2006     | 14.25       | 12.57      |
| June 30, 2006      | 13.50       | 12.10      |
| September 30, 2006 | 15.49       | 12.25      |
| December 31, 2006  | 16.44       | 13.01      |
| March 31, 2007     | 16.42       | 13.91      |
| June 30, 2007      | 16.75       | 14.60      |
| September 30, 2007 | 18.73       | 13.62      |
| December 31, 2007  | 15.70       | 11.64      |
| March 31, 2008     | 12.61       | 9.32       |
| June 30, 2008      | 12.20       | 9.85       |
| September 30, 2008 | 10.14       | 6.14       |
| December 31, 2008  | 6.75        | 3.25       |
| Month ended:       |             |            |
| September 30, 2008 | 9.40        | 6.14       |
| October 31, 2008   | 6.75        | 3.25       |
| November 30, 2008  | 5.68        | 3.88       |
| December 31, 2008  | 6.13        | 4.68       |
| January 31, 2009   | 6.88        | 5.42       |
| February 28, 2009  | 6.78        | 4.95       |

5. TYPE AND CLASS OF SECURITIES  
Not applicable.
6. LIMITATIONS OF SECURITIES  
Not applicable.
7. RIGHTS CONVEYED BY SECURITIES ISSUED  
Not applicable.

**B. PLAN OF DISTRIBUTION**

Not applicable.

**C. MARKETS FOR STOCK**

Our common stock is listed for trading on the New York Stock Exchange and is traded under the symbol “DHT.”

**D. SELLING SHAREHOLDERS**

Not applicable.

**E. DILUTION FROM OFFERING**

Not applicable.

**F. EXPENSES OF OFFERING**

Not applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. SHARE CAPITAL**

Not applicable.

**B. MEMORANDUM AND ARTICLES OF ASSOCIATION**

Not applicable.

The following is a description of the material terms of our amended and restated articles of incorporation and bylaws. Because the following is only a summary, it does not contain all information that you may find useful. For more complete information you should read our amended and restated articles of incorporation and bylaws listed as an exhibit to this report.

**PURPOSE**

Our purpose, as stated in our amended and restated articles of incorporation, is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Business Corporations Act of the Marshall Islands, or the "BCA." Our amended and restated articles of incorporation and bylaws do not impose any limitations on the ownership rights of our stockholders.

**AUTHORIZED CAPITALIZATION**

Under our amended and restated articles of incorporation, our authorized capital stock consists of 100,000,000 shares of common stock, par value \$.01 per share, and 1,000,000 shares of preferred stock, par value \$.01 per share. As of December 31, 2008, we had outstanding 39,238,807 shares of common stock and no shares of preferred stock. All of our shares of stock are in registered form.

**Common Stock**

Each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of shares of common stock are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of common stock do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any shares of preferred stock which we may issue in the future.

## **Preferred Stock**

Our amended and restated articles of incorporation authorize our board of directors to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the preferences and relative, participating, option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- the voting rights, if any, of the holders of the series.

## **DIRECTORS**

Our directors are elected by a plurality of the votes cast by stockholders entitled to vote. There is no provision for cumulative voting.

Our bylaws provide that our board of directors must consist of at least three members. Stockholders may change the number of directors only by the affirmative vote of holders of a majority of the outstanding common stock. The board of directors may change the number of directors only by a majority vote of the entire board.

## **STOCKHOLDER MEETINGS**

Under our bylaws, annual stockholder meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside of the Marshall Islands. Special meetings may be called by stockholders holding not less than one-fifth of all the outstanding shares entitled to vote at such meeting. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the stockholders that will be eligible to receive notice and vote at the meeting.

## **DISSENTERS' RIGHTS OF APPRAISAL AND PAYMENT**

Under the BCA, our stockholders have the right to dissent from various corporate actions, including any merger or consolidation or sale of all or substantially all of our assets not made in the usual course of our business, and receive payment of the fair value of their shares. In the event of any further amendment of our amended and restated articles of incorporation, a stockholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting stockholder must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting stockholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the high court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which the company's shares are primarily traded on a local or national securities exchange.

## **STOCKHOLDERS' DERIVATIVE ACTIONS**

Under the BCA, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of common stock both at the time the derivative action is commenced and at the time of the transaction to which the action relates.

## **LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS**

The BCA authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. Our bylaws includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent permitted by law.

Our bylaws provide that we must indemnify our directors and officers to the fullest extent authorized by law. We are also expressly authorized to advance certain expenses (including attorneys fees and disbursements and court costs) to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our amended and restated articles of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

## **ANTI-TAKEOVER EFFECT OF CERTAIN PROVISIONS OF OUR AMENDED AND RESTATED ARTICLES OF INCORPORATION AND BYLAWS**

Several provisions of our amended and restated articles of incorporation and bylaws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise that a stockholder may consider in its best interest, as well as the removal of incumbent officers and directors.

### **Blank Check Preferred Stock**

Under the terms of our amended and restated articles of incorporation, our board of directors has authority, without any further vote or action by our stockholders, to issue up to 1,000,000 shares of blank check preferred stock. Our board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

### **Classified Board of Directors**

Our amended and restated articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three year terms. Approximately one-third of our board of directors will be elected each year. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay stockholders who do not agree with the policies of our board of directors from removing a majority of our board of directors for two years.

### **Election and Removal of Directors**

Our amended and restated articles of incorporation prohibit cumulative voting in the election of directors. Our bylaws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Our articles of incorporation also provide that our directors may be removed only for cause and only upon the affirmative vote of a majority of the outstanding shares of our capital stock entitled to vote for those directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Our bylaws provide that stockholders are required to give us advance notice of any person they wish to propose for election as a director if that person is not proposed by our board of directors. These advance notice provisions provide that the stockholder must have given written notice of such proposal not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual general meeting. In the event the annual general meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder must be given not later than 10 days following the earlier of the date on which notice of the annual general meeting was mailed to stockholders or the date on which public disclosure of the date of the annual general meeting was made.

In the case of a special general meeting called for the purpose of electing directors, notice by the stockholder must be given not later than 10 days following the earlier of the date on which notice of the special general meeting was mailed to stockholders or the date on which public disclosure of the date of the special general meeting was made. Any nomination not properly made will be disregarded.

A director may be removed only for cause by the stockholders, provided notice is given to the director of the stockholders meeting convened to remove the director and provided such removal is approved by the affirmative vote of a majority of the outstanding shares of our capital stock entitled to vote for those directors. The notice must contain a statement of the intention to remove the director and must be served on the director not less than fourteen days before the meeting. The director is entitled to attend the meeting and be heard on the motion for his removal.

### **Limited Actions by Stockholders**

Our amended and restated articles of incorporation and our bylaws provide that any action required or permitted to be taken by our stockholders must be effected at an annual or special meeting of stockholders or by the unanimous written consent of our stockholders. Our amended and restated articles of incorporation and our bylaws provide that, subject to certain exceptions, our chairman or chief executive officer, at the direction of the board of directors or holders of not less than one-fifth of all outstanding shares may call special meetings of our stockholders and the business transacted at the special meeting is limited to the purposes stated in the notice. Accordingly, a stockholder may be prevented from calling a special meeting for stockholder consideration of a proposal over the opposition of our board of directors and stockholder consideration of a proposal may be delayed until the next annual meeting.

### **TRANSFER AGENT**

The registrar and transfer agent for our common stock is BNY Mellon Shareowner Services LLC.

### **LISTING**

Our common stock is listed on the New York Stock Exchange under the symbol "DHT."

### **C. MATERIAL CONTRACTS**

Other than the Executive Officer Employment Agreements (described below), the Charters, the Ship Management Agreements (as amended), our Guarantees and our Secured Loan Facility Agreement (as amended), we have not entered into any material contracts other than contracts entered into in the ordinary course of business.

### **Executive Officer Employment Agreements**

We have entered into employment agreements with Mr. Ole Jacob Diesen and Mr. Eirik Ubøe that set forth their rights and obligations as our chief executive officer and chief financial officer, respectively. The employment agreements are substantially similar. Either the executive or we may terminate the employment agreements for any reason and at any time. We have also entered into an employment agreement with Mr. Tom R. Kjeldsberg that sets forth his rights and obligations as our Senior Vice President. Either Mr. Kjeldsberg or we may terminate the employment agreement at any time. For additional information on these agreements see "Item 6. Directors, Senior Management and Employees—Executive Compensation, Employment Agreements."

**D. EXCHANGE CONTROLS**

None.

**E. TAXATION**

The following is a discussion of the material Marshall Islands and United States federal income tax considerations relevant to an investment decision by a “United States Holder,” as defined below, with respect to the acquisition, ownership and disposition of our common stock. This discussion does not purport to deal with the tax consequences of owning common stock to all categories of investors, some of which (such as financial institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, insurance companies, persons holding our common stock as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that have elected the mark-to-market method of accounting for their securities, persons liable for alternative minimum tax, persons who are investors in pass-through entities, dealers in securities or currencies and investors whose functional currency is not the United States dollar) may be subject to special rules.

WE RECOMMEND THAT YOU CONSULT YOUR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES ARISING IN YOUR OWN PARTICULAR SITUATION UNDER UNITED STATES FEDERAL, STATE, LOCAL OR FOREIGN LAW OF THE OWNERSHIP OF COMMON STOCK.

**MARSHALL ISLANDS TAX CONSIDERATIONS**

The following are the material Marshall Islands tax consequences of our activities to us and stockholders of our common stock. We are incorporated in the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our stockholders.

**UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations issued thereunder, published administrative interpretations of the Internal Revenue Service, or “IRS,” and judicial decisions as of the date hereof, all of which are subject to change at any time, possibly on a retroactive basis.

**Taxation of Operating Income: In General**

Our subsidiaries have elected to be treated as disregarded entities for U.S. federal income tax purposes. As a result, for purposes of the discussion below, our subsidiaries are treated as branches of it rather than as separate corporations.

Unless exempt from United States federal income taxation under the rules contained in Section 883 of the Code (discussed below), a foreign corporation is subject to United States federal income taxation on its shipping income that is treated as derived from sources within the United States, referred to as “United States source shipping income.” For these purposes “shipping income” means any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangement or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses. For tax purposes, United States source shipping income includes (i) 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States and (ii) 100% of shipping income that is attributable to transportation that both begins and ends in the United States.

Shipping income attributable to transportation exclusively between non-United States ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

In the absence of exemption from tax under Section 883, our gross United States source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below. We have not, nor do we believe we will, engage in transportation that produces income which is considered to be 100% from sources within the United States.

*Exemption of operating income from United States federal income taxation*

Under Section 883 of the Code and the regulations thereunder, we will be exempt from United States federal income taxation on its United States source shipping income if:

1. we are organized in a foreign country (the “country of organization”) that grants an “equivalent exemption” to corporations organized in the United States; and
2. either
  - (A) more than 50% of the value of our stock is owned, directly or indirectly, by individuals who are “residents” of our country of organization or of another foreign country that grants an “equivalent exemption” to corporations organized in the United States, referred to as the “50% Ownership Test,” or
  - (B) our stock is “primarily and regularly traded on an established securities market” in our country of organization, in another country that grants an “equivalent exemption” to United States corporations, or in the United States, referred to as the “Publicly-Traded Test.”

The Marshall Islands, the jurisdiction where we and our ship-owning subsidiaries are incorporated, grants an “equivalent exemption” to United States corporations. Therefore, we will be exempt from United States federal income taxation with respect to our United States source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met. As a result of the IPO, it is difficult to satisfy the 50% Ownership Test due to the widely-held ownership of our stock.

As to the Publicly-Traded Test, the regulations under Code Section 883 provide, in pertinent part, that stock of a foreign corporation will be considered to be “primarily traded” on an established securities market in a country if the number of shares of each class of stock that is traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that is traded during that year on established securities markets in any other single country. We believe that our common stock, which is, and will continue to be, the sole class of our issued and outstanding stock, is, and will continue to be, “primarily traded” on the New York Stock Exchange, which is an established securities market for these purposes.

The Publicly-Traded Test also requires our common stock be “regularly traded” on an established securities market. Under the regulations, our common stock is considered to be “regularly traded” on an established securities market if one or more classes of our stock representing more than 50% of our outstanding shares, by both total combined voting power of all classes of stock entitled to vote and total value, are listed on the market, referred to as the “listing threshold.” The regulations further require that with respect to each class of stock relied upon to meet the listing threshold, (i) such class of stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or 1/6 of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year (as appropriately adjusted in the case of a short taxable year). We believe we satisfy, and will continue to satisfy, the trading frequency and trading volume tests. However, even if we do not satisfy both tests, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied if our common stock is traded on an established market in the United States and such stock is regularly quoted by dealers making a market in such stock. We believe this is and will continue to be the case.



Notwithstanding the foregoing, a class of our stock will not be considered to be “regularly traded” on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under certain stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the value of such class of our outstanding stock, referred to as the “5 Percent Override Rule.”

In order to determine the persons who actually or constructively own 5% or more of our stock, or “5% Stockholders,” we are permitted to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the United States Securities and Exchange Commission, or the “SEC,” as having a 5% or more beneficial interest in our common stock. In addition, an investment company identified on a Schedule 13G or Schedule 13D filing which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Stockholder for such purposes.

In the event the 5 Percent Override Rule is triggered, the 5 Percent Override Rule will nevertheless not apply if we can establish that among the closely-held group of 5% Stockholders, there are sufficient 5% Stockholders that are considered to be “qualified stockholders” for purposes of Section 883 to preclude non-qualified 5% Stockholders in the closely-held group from owning 50% or more of each class of our stock for more than half the number of days during the taxable year.

We believe that we have satisfied and will continue to satisfy the Publicly-Traded Test and that the 5% Override Rule has not been and will not be applicable to us. However, no assurance can be given that this will be the case in the future.

In any year that the 5 Percent Override Rule is triggered with respect to us, we are eligible for the exemption from tax under Section 883 only if we can nevertheless satisfy the Publicly-Traded Test (which requires, among other things, showing that the exception to the 5 Percent Override Rule applies) or if we can satisfy the 50% Ownership Test. In either case, we would have to satisfy certain substantiation requirements regarding the identity of our stockholders in order to qualify for the Section 883 exemption. These requirements are onerous and there is no assurance that we would be able to satisfy them.

To the extent the benefits of Section 883 are unavailable, our United States source shipping income, to the extent not considered to be “effectively connected” with the conduct of a United States trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being United States source shipping income, the maximum effective rate of United States federal income tax on its shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 exemption are unavailable and our United States source shipping income is considered to be “effectively connected” with the conduct of a United States trade or business, as described below, any such “effectively connected” United States source shipping income, net of applicable deductions, would be subject to the United States federal corporate income tax currently imposed at rates of up to 35%. In addition, we may be subject to the 30% “branch profits” taxes on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of our United States trade or business.

Our United States source shipping income would be considered “effectively connected” with the conduct of a United States trade or business only if:

- we had, or were considered to have, a fixed place of business in the United States involved in the earning of United States source shipping income; and

- substantially all of our United States source shipping income was attributable to regularly scheduled transportation, such as the operation of a vessel that followed a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not have, nor will we permit circumstances that would result in having, any vessel sailing to or from the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our United States source shipping income is or will be “effectively connected” with the conduct of a United States trade or business.

#### *United States taxation of gain on sale of vessels*

Regardless of whether we qualify for exemption under Section 883, we will not be subject to United States federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under United States federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel will be considered to occur outside of the United States.

#### **United States Federal Income Taxation of “United States Holders”**

As used herein, the term “United States Holder” means a beneficial owner of common stock that

- is an individual United States citizen or resident, a United States corporation or other United States entity taxable as a corporation, an estate the income of which is subject to United States federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust,
- owns our common stock as a capital asset, and
- owns less than 10% of our common stock for United States federal income tax purposes.

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common stock, we suggest that you consult your tax advisor.

#### *Distributions*

Subject to the discussion of passive foreign investment companies, or “PFICs,” below, any distributions made by us with respect to our common stock to a United States Holder will generally constitute dividends to the extent of its current or accumulated earnings and profits, as determined under United States federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the United States Holder’s tax basis in his common stock on a dollar-for-dollar basis and thereafter as capital gain. Because we are not a United States corporation, United States Holders that are corporations will not be entitled to claim a dividends received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common stock will generally be treated as “passive income” for purposes of computing allowable foreign tax credits for United States foreign tax credit purposes.

Dividends paid on our common stock to a United States Holder who is an individual, trust or estate (a “United States Non-Corporate Holder”) will generally be treated as “qualified dividend income” that is taxable to such United States Non-Corporate Holder at a preferential tax rate of 15% (through 2010) provided that (1) the common stock is readily tradable on an established securities market in the United States (such as the New York Stock Exchange); (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year (see discussion below); (3) the United States Non-Corporate Holder has owned the common stock for more than 60 days in the 121-day period beginning 60 days before the date on which the common stock becomes ex-dividend; and (4) the United States Non-Corporate Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. Special rules may apply to any “extraordinary dividend”—generally, a dividend in an amount which is equal to or in excess of 10% of a stockholder’s adjusted basis in a share of common stock—paid by us. If we pay an “extraordinary dividend” on our common stock that is treated as “qualified dividend income,” then any loss derived by a United States Non-Corporate Holder from the sale or exchange of such common stock will be treated as long-term capital loss to the extent of such dividend. There is no assurance that any dividends paid on our common stock will be eligible for these preferential rates in the hands of a United States Non-Corporate Holder, although we believe that they will be so eligible provided that we are not a PFIC, as discussed below. Any dividends out of earnings and profits we pay which are not eligible for these preferential rates will be taxed at ordinary income rates in the hands of a United States Non-Corporate Holder.

In addition, even if we are not a PFIC, under proposed legislation, dividends of a corporation incorporated in a country without a “comprehensive income tax system” paid to United States Non-Corporate Holders would not be eligible for the 15% tax rate. Although the term “comprehensive income tax system” is not defined in the proposed legislation, we believe this rule would apply to us because we are incorporated in the Marshall Islands.

*Sale, exchange or other disposition of common stock*

Provided that we are not a PFIC for any taxable year, a United States Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common stock in an amount equal to the difference between the amount realized by the United States Holder from such sale, exchange or other disposition and the United States Holder’s tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the United States Holder’s holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as United States source income or loss, as applicable, for United States foreign tax credit purposes. Long-term capital gains of United States Non-Corporate Holders are eligible for reduced rates of taxation. A United States Holder’s ability to deduct capital losses against ordinary income is subject to certain limitations.

*PFIC status and significant tax consequences*

Special United States federal income tax rules apply to a United States Holder that holds stock in a foreign corporation classified as a PFIC for United States federal income tax purposes. In particular, United States Non-Corporate Holders will not be eligible for the 15% tax rate on qualified dividends. In general, we will be treated as a PFIC with respect to a United States Holder if, for any taxable year in which such holder held its common stock, either

- at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business), or
- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income.

Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. By contrast, rental income would generally constitute “passive income” unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

Cravath, Swaine & Moore, LLP (“Tax Counsel”) provided us with an opinion dated August 8, 2008 stating that it was more likely than not that we are not a PFIC. This opinion was based on our operations and certain representations made by us (and prior representations made by OSG) and ourselves, including representations that the terms of each ship management agreement and time charter, taken as a whole, as well as certain specific terms in each agreement, were in accordance with normal commercial practice for agreements made at arm’s length between unrelated parties. Based on the foregoing, Tax Counsel concluded that, although there was no legal authority directly on point, the gross income we derived from the time chartering activities of our subsidiaries more likely than not constituted services income, rather than rental income. Consequently, such income more likely than not did not constitute passive income, and the assets that we or our wholly owned subsidiaries owned and operated in connection with the production of such income, in particular, the vessels, more likely than not did not constitute passive assets for purposes of determining whether we were a PFIC. Tax Counsel stated that there was legal authority supporting its position, consisting of case law and IRS pronouncements, concerning the characterization of income derived from time charters as services income for other tax purposes. However, there was no legal authority specifically relating to the statutory provisions governing PFICs or relating to circumstances substantially similar to that of us. In addition, the opinion of Tax Counsel was based on representations made by us (and prior representations made by OSG) that were not reviewed by the IRS. As a result, the IRS or a court could disagree with our position. No assurance can be given that this result will not occur. We have not materially changed our operations since the time the opinion was given, and believe that the representations given to Tax Counsel at the time of the opinion remain true and accurate. We therefore believe that we have not been, and are not currently, a PFIC, even after taking into account the new bareboat charters with respect to the *Overseas Newcastle* and *Overseas London*. In addition, although we intend to conduct our affairs in a manner to avoid, to the extent possible, being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future, or that we can avoid PFIC status in the future.

As discussed more fully below, if we were treated as a PFIC for any taxable year, a United States Holder would be subject to different taxation rules depending on whether the United States Holder made an election to treat us as a “Qualified Electing Fund,” which election is referred to as a “QEF election.” As an alternative to making a QEF election, a United States Holder should be able to make a “mark-to-market” election with respect to our common stock, as discussed below.

#### *Taxation of United States Holders making a timely QEF election*

If we were a PFIC and a United States Holder made a timely QEF election, which United States Holder is referred to as an “Electing Holder,” the Electing Holder would report each year for United States federal income tax purposes its pro rata share of our ordinary earnings and our net capital gain (which gain shall not exceed our earnings and profits for the taxable year), if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from us by the Electing Holder. Any such ordinary income would not be eligible for the preferential tax rates applicable to qualified dividend income as discussed above. The Electing Holder’s adjusted tax basis in the common stock would be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed would, pursuant to this election, result in a corresponding reduction in the adjusted tax basis in the common stock and would not be taxed again once distributed. An Electing Holder would not, however, be entitled to a deduction for its pro rata share of any losses that we incurred with respect to any year. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common stock. A United States Holder would make a QEF election with respect to any year that we are a PFIC by filing one copy of IRS Form 8621 with his United States federal income tax return. If we were treated as a PFIC for any taxable year, we would provide each United States Holder with all necessary information in order to make the QEF election described above. Even if a United States Holder makes a QEF election for one of our taxable years, if we were a PFIC for a prior taxable year during which the holder was a stockholder and for which the holder did not make a timely QEF election, different and more adverse tax consequences would apply.

#### *Taxation of United States Holders making a “mark-to-market” election*

Alternatively, if we were treated as a PFIC for any taxable year and, as we believe, our stock is treated as “marketable stock,” a United States Holder would be allowed to make a “mark-to-market” election with respect to our common stock, provided the United States Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the United States Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common stock at the end of the taxable year over such holder’s adjusted tax basis in the common stock. The United States Holder would also be permitted an ordinary loss in respect of the excess, if any, of the United States Holder’s adjusted tax basis in the common stock over its fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A United States Holder’s tax basis in his common stock would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common stock would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common stock would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the United States Holder in income.



*Taxation of United States Holders not making a timely QEF or “mark-to-market” election*

Finally, if we were treated as a PFIC for any taxable year, a United States Holder who does not make either a QEF election or a “mark-to-market” election for that year, referred to as a “Non-Electing Holder,” would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our common stock in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder’s holding period for the common stock), and (2) any gain realized on the sale, exchange or other disposition of our common stock. Under these special rules:

- the excess distribution or gain would be allocated ratably over the Non-Electing Holder’s aggregate holding period for the common stock;
- the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we were a PFIC during the Non-Electing Holder’s holding period, would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

These penalties would not apply to a qualified pension, profit sharing or other retirement trust or other tax-exempt organization that did not borrow money or otherwise utilize leverage in connection with its acquisition of our common stock. If we were a PFIC and a Non-Electing Holder who was an individual died while owning our common stock, such holder’s successor generally would not receive a step-up in tax basis with respect to such stock. Certain of these rules would apply to a United States Holder who made a QEF election for one of our taxable years if it were a PFIC in a prior taxable year during which the holder was a stockholder and for which the holder did not make a QEF election.

**United States Federal Income Taxation of “Non-United States Holders”**

A beneficial owner of common stock (other than a partnership) that is not a United States Holder is referred to herein as a “Non-United States Holder.”

*Dividends on common stock*

Non-United States Holders generally will not be subject to United States federal income tax or withholding tax on dividends received from us with respect to our common stock, unless that dividend income is effectively connected with the Non-United States Holder’s conduct of a trade or business in the United States. If the Non-United States Holder is entitled to the benefits of a United States income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-United States Holder in the United States.

*Sale, exchange or other disposition of common stock*

Non-United States Holders generally will not be subject to United States federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our common stock, unless:

- the gain is effectively connected with the Non-United States Holder's conduct of a trade or business in the United States (and, if the Non-United States Holder is entitled to the benefits of an income tax treaty with respect to that gain, that gain is attributable to a permanent establishment maintained by the Non-United States Holder in the United States); or
- the Non-United States Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-United States Holder is engaged in a United States trade or business for United States federal income tax purposes, the income from the common stock, including dividends and the gain from the sale, exchange or other disposition of the stock, that is effectively connected with the conduct of that trade or business will generally be subject to regular United States federal income tax in the same manner as discussed in the previous section relating to the taxation of United States Holders. In addition, if you are a corporate Non-United States Holder, your earnings and profits that are attributable to the effectively connected income, which are subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable income tax treaty.

**Backup Withholding and Information Reporting**

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements if you are a non-corporate United States Holder. Such payments or distributions may also be subject to backup withholding tax if you are a non-corporate United States Holder and you:

- fail to provide an accurate taxpayer identification number;
- are notified by the Internal Revenue Service that you have failed to report all interest or dividends required to be shown on your federal income tax returns; or
- in certain circumstances, fail to comply with applicable certification requirements.

Non-United States Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8ECI or W-8IMY, as applicable.

If you are a Non-United States Holder and you sell our common stock to or through a United States office of a broker, the payment of the proceeds is subject to both United States backup withholding and information reporting unless you certify that you are a non-United States person, under penalties of perjury, or you otherwise establish an exemption. If you sell our common stock through a non-United States office of a non-United States broker and the sales proceeds are paid to you outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell our common stock through a non-United States office of a broker that is a United States person or has some other contacts with the United States. Such information reporting requirements will not apply, however, if the broker has documentary evidence in its records that you are a non-United States person and certain other conditions are met, or you otherwise establish an exemption.

Backup withholding tax is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

**F. DIVIDENDS AND PAYING AGENTS**

Not applicable.

**G. STATEMENT OF EXPERTS**

Not applicable.

**H. DOCUMENTS ON DISPLAY**

The descriptions of each contract, agreement or other document filed as an exhibit to this report are summaries only and do not purport to be complete. Each such description is qualified in its entirety by reference to such exhibit for a more complete description of the matter involved.

We are subject to the informational requirements of the Exchange Act and in accordance therewith will file reports and other information with the Securities and Exchange Commission. Such reports and other information can be inspected and copied at the public reference facilities maintained by the Securities and Exchange Commission at its principal offices at 100 F Street, N.E., Washington, D.C. 20549. Copies of such information may be obtained from the Public Reference Section of the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549 at prescribed rates. The Securities and Exchange Commission also maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Securities and Exchange Commission.

As a foreign private issuer, we are not subject to the proxy rules under Section 14 of the Exchange Act and our officers, directors and principal shareholders are not subject to the insider short-swing profit disclosure and recovery provisions under Section 16 of the Exchange Act.

As a foreign private issuer, we are not required to publish financial statements as frequently or as promptly as United States companies; however, we intend to furnish holders of our common stock with reports annually containing consolidated financial statements audited by independent accountants. We also intend to file quarterly unaudited financial statements under cover of Form 6-K.

**I. SUBSIDIARY INFORMATION**

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

See "Item 5. Operating and Financial Review and Prospects."

**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.



## PART II

### ITEM DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

13. None.

### ITEM MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

14.

#### Material Modifications to the Rights of Security Holders

Not applicable.

#### Use of Proceeds

Not applicable.

### ITEM CONTROLS AND PROCEDURES

15.

#### A. DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this annual report (the “Evaluation Date”), we conducted an evaluation (under the supervision and with the participation of management, including the chief executive officer and its chief financial officer), pursuant to Rule 13a-15 of the Exchange Act, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-14(c) and 15d-14(c)). Based on this evaluation, our chief executive officer and chief financial officer concluded that as of the Evaluation Date, our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

#### B. MANAGEMENT’S ANNUAL REPORT ON INTERNAL CONTROL OVER REPORTING

In accordance with Rule 13a-15(f) of the Securities Exchange Act of 1934, the management of DHT Maritime, Inc. and its subsidiaries (the “Company”) is responsible for the establishment and maintenance of adequate internal controls over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company’s system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements. Management has performed an assessment of the effectiveness of the Company’s internal controls over financial reporting as of December 31, 2008 based on the provisions of Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on our assessment, management has determined that the Company’s internal controls over financial reporting were effective as of December 31, 2008 based on the criteria in Internal Control—Integrated Framework issued by COSO.

**C. ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM**

The effectiveness of our internal control over financial reporting as of December 31, 2008 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

**D. CHANGES IN INTERNAL CONTROL OVER REPORTING**

There were no significant changes in the Company’s internal control over financial reporting identified in connection with the evaluation performed above that occurred during the period covered by this annual report that could significantly affect the Company’s disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions. As a result, no corrective actions were taken.

**ITEM AUDIT COMMITTEE FINANCIAL EXPERT**

**16A.**

The Company’s board of directors has determined that Ms. Randee Day is an “audit committee financial expert,” as defined in paragraph (b) of Item 16A of Form 20-F. Ms. Day is “independent,” as determined in accordance with the rules of the New York Stock Exchange.

**ITEM CODE OF ETHICS**

**16B.**

The Company has adopted a Code of Business Conduct and Ethics that applies to all employees including its Chief Executive Officer (its principal executive officer) and Chief Financial Officer (its principal accounting officer). The Company has posted this Code of Ethics to its website at [www.dhtmaritime.com](http://www.dhtmaritime.com), where it is publicly available. In addition, the Company will provide a printed copy of its Code of Business Conduct and Ethics to its shareholders upon request.

**ITEM PRINCIPAL ACCOUNTANT FEES AND SERVICES**

**16C.**

The following table shows the fees for professional services provided by Ernst & Young LLP, our Independent Registered Public Accounting Firm, for the fiscal years ended December 31, 2007 and 2008.

| Fees                  | 2007       | 2008       |
|-----------------------|------------|------------|
| Audit Fees(1)         | \$ 220,000 | \$ 225,000 |
| Audit-Related Fees(2) | 138,700    | 51,500     |
| Total                 | \$ 358,700 | \$ 276,500 |

- (1) Audit fees for 2007 and 2008 represent fees for professional services provided in connection with the audit of our consolidated financial statements as of and for the periods ended December 31, 2007 and 2008, respectively.
- (2) Audit-related fees for 2008 consisted of \$39,500 in respect of assistance with preparation of a registration statement on Form F-3 for the relating to the issue of 9.2 million shares and \$12,000 relating to assistance with a transaction which did not materialize. Audit-related fees for 2007 consisted of \$34,000 in respect of assistance with preparation of a registration statement on Form F-3 relating to the sale of 8,751,500 shares by OSG. We were reimbursed by OSG for these expenses. Audit-related fees for 2007 also includes a further \$55,700 related to assistance with a transaction which did not materialize and \$49,000 related to assistance with preparation of a registration statement on Form F-3 for the offer of securities up to a total dollar amount of \$200 million.

The Audit Committee has the authority to pre-approve permissible audit-related and non-audit services to be performed by our Independent Registered Public Accounting Firm and associated fees. Engagements for proposed services either may be separately pre-approved by the Audit Committee or entered into pursuant to detailed pre-approval policies and procedures established by the Audit Committee, as long as the Audit Committee is informed on a timely basis of any engagement entered into on that basis. The Audit Committee separately pre-approved all engagements and fees paid to our Independent Registered Public Accounting Firm in the fiscal year ended December 31, 2008.

**ITEM EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

**16D.**

Not applicable.

**ITEM PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

**16E.**

None.

**ITEM CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

**16F.**

Not applicable.

**ITEM CORPORATE GOVERNANCE**

**16G.**

We are fully compliant with the listing standards of the New York Stock Exchange applicable to foreign private issuers. Our corporate governance practices do not significantly differ from those followed by U.S. companies listed on the New York Stock Exchange.

### PART III

#### ITEM FINANCIAL STATEMENTS

17. Not applicable.

#### ITEM FINANCIAL STATEMENTS

18. The following financial statements, together with the related report of Ernst & Young LLP, an independent registered public accounting firm, are filed as part of this Annual Report:

| <b>DHT Maritime, Inc. Consolidated Financial Statements</b>   | <b>Page</b> |
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| Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006                      | F-7         |
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#### ITEM EXHIBITS

- 19.
- 1.1 Restated Articles of Incorporation of DHT Maritime, Inc.
  - 1.2 Bylaws of DHT Maritime, Inc.
  - 2.1\* Form of Common Share Certificate.
  - 2.2\* Registration Rights Agreement.
  - 4.1.1\* Form of Credit Agreement.
  - 4.1.2\*\*\*\*\* Amendment No. 1 to Credit Agreement.
  - 4.2.1\* Time Charter — *Overseas Ann*.
  - 4.2.2\* Time Charter — *Overseas Chris*.
  - 4.2.3\* Time Charter — *Overseas Regal*.
  - 4.2.4\* Time Charter — *Overseas Cathy*.
  - 4.2.5\* Time Charter — *Overseas Sophie*.
  - 4.2.6\* Time Charter — *Overseas Rebecca*.
  - 4.2.7\* Time Charter — *Overseas Ania*.
  - 4.2.8\*\*\*\*\* Amendment to Time Charter — *Overseas Ania*.

- 4.2.9\*\*\*\*\* Amendment to Time Charter — *Overseas Ann*.
- 4.2.10\*\*\*\*\* Amendment to Time Charter — *Overseas Cathy*.
- 4.2.11\*\*\*\*\* Amendment to Time Charter — *Overseas Chris*.
- 4.2.12\*\*\*\*\* Amendment to Time Charter — *Overseas Rebecca*.
- 4.2.13\*\*\*\*\* Amendment to Time Charter — *Overseas Regal*.
- 4.2.14\*\*\*\*\* Amendment to Time Charter — *Overseas Sophie*.
- 4.3.1\*\* Memorandum of Agreement — *Overseas Newcastle*.
- 4.3.2\*\* Memorandum of Agreement — *Overseas London*.
- 4.4.1\* Ship Management Agreement — *Overseas Ann*.
- 4.4.2\* Ship Management Agreement — *Overseas Chris*.
- 4.4.3\* Ship Management Agreement — *Overseas Regal*.
- 4.4.4\* Ship Management Agreement — *Overseas Cathy*.
- 4.4.5\* Ship Management Agreement — *Overseas Sophie*.
- 4.4.6\* Ship Management Agreement — *Overseas Rebecca*.
- 4.4.7\* Ship Management Agreement — *Overseas Ania*.
- 4.5.1\*\*\* Amendment to Ship Management Agreement — *Overseas Ann*.
- 4.5.2\*\*\* Amendment to Ship Management Agreement — *Overseas Chris*.
- 4.5.3\*\*\* Amendment to Ship Management Agreement — *Overseas Regal*.
- 4.5.4\*\*\* Amendment to Ship Management Agreement — *Overseas Cathy*.
- 4.5.5\*\*\* Amendment to Ship Management Agreement — *Overseas Sophie*.
- 4.5.6\*\*\* Amendment to Ship Management Agreement — *Overseas Rebecca*.
- 4.5.7\*\*\* Amendment to Ship Management Agreement — *Overseas Ania*.
- 4.5.8\*\*\*\*\* Ship Management Agreement.
- 4.6\* Charter Framework Agreement.
- 4.7\* OSG Guaranty of Charterers' Payments under Charters and Charter Framework Agreement.
- 4.8\* Double Hull Tankers, Inc. Guaranty of Vessel Owners' Obligations under Management Agreement.
- 4.9\* Double Hull Tankers, Inc. Guaranty of Vessel Owners' Obligations under Charters.
- 4.10\* Form of Indemnity Agreement among OSG, OIN and certain subsidiaries of the Company related to existing recommendations.

- 4.11\*\*\*\*\* Employment Agreement of Ole Jacob Diesen.
  - 4.11.1\* Indemnification Agreement of Ole Jacob Diesen.
- 4.12\*\*\*\* Employment Agreement of Eirik Ubøe.
  - 4.12.1\*\*\*\* Indemnification Agreement of Eirik Ubøe.
- 4.13\*\*\*\*\* Employment Agreement of Tom R. Kjeldsberg.
  - 4.14\* 2005 Incentive Compensation Plan.
- 8.1\*\* List of Significant Subsidiaries.
- 12.1 Certification of Chief Executive Officer required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(b)).
- 12.2 Certification of Chief Financial Officer required by Rule 13a-14(a) (17 CFR 240.13a-14(a)) or Rule 15d-14(a) (17 CFR 240.15d-14(b)).
- 13.1 Certification furnished pursuant to Rule 13a-14(b) (17 CFR 240.13a-14(b)) or Rule 15d-14(b) (17 CFR 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18.
- 14.1 Consent of Independent Registered Public Accounting Firm.

- \* Incorporated herein by reference from the Company's Registration Statement on Form F-1 (File No. 333 -128460).
- \*\* Incorporated herein by reference from the Company's Registration Statement on Form F-3 (File No. 333-147001).
- \*\*\* Incorporated herein by reference from the Company's Form 6-K filed on May 17, 2007.
- \*\*\*\* Incorporated herein by reference from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2005 (File No. 001-32640).
- \*\*\*\*\* Incorporated herein by reference from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2006 (File No. 001-32640).
- \*\*\*\*\* Incorporated herein by reference from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2007 (File No. 001-32640).
- \*\*\*\*\* Incorporated herein by reference from the Company's Form 6-K filed on February 12, 2009.

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

DHT Maritime, Inc.

Date: March 12, 2009

By: /s/ OLE JACOB DIESEN

Name: Ole Jacob Diesen

Title: Chief Executive Officer

(Principal Executive Officer)

**FINANCIAL STATEMENTS**  
**DHT Maritime, Inc.**  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
DHT Maritime, Inc.

We have audited DHT Maritime, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of DHT Maritime, Inc. and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of operations, cash flows, and changes in stockholder's equity for each of the three years in the period ended December 31, 2008 and our report dated March 11, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York  
March 11, 2009

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
DHT Maritime, Inc.

We have audited the accompanying consolidated balance sheets of DHT Maritime, Inc. and subsidiaries (the “Company”) as of December 31, 2008 and 2007 and the related consolidated statements of operations, cash flows, and changes in stockholders’ equity for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 11, 2009, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York  
March 11, 2009

**DHT Maritime, Inc.**  
**Consolidated Balance Sheets**  
**as of December 31**

|   | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
| <b>(Dollars in thousands, except Share and per share amounts)</b>   |                   |                   |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>   |                   |                   |
| Cash and cash equivalents   | \$ 59,020         | \$ 10,365         |
| Voyage receivables from OSG   | 8,791             | 1,547             |
| Prepaid expenses  | 382               | 318               |
| Prepaid technical management fee to OSG   | 768               | 1,357             |
|   | <b>68,961</b>     | <b>13,587</b>     |
| <b>Total current assets</b>   |                   |                   |
| Vessels, net of accumulated depreciation  | 462,387           | 398,005           |
| Deferred debt issuance costs  | 1,148             | 1,337             |
| Deposits for vessel acquisition   | —                 | 9,145             |
| Deferred equity offering cost   | —                 | 134               |
|   | <b>463,535</b>    | <b>408,621</b>    |
| <b>Total assets</b>   | <b>\$ 532,496</b> | <b>\$ 422,208</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                   |                   |
| <b>Current liabilities</b>  |                   |                   |
| Accounts payable and accrued expenses   | \$ 6,400          | \$ 4,409          |
| Unrealized loss on interest rate swap   | 26,418            | 10,218            |
| Deferred shipping revenues  | 7,855             | 7,006             |
| Current installment of long-term debt   | —                 | 75,000            |
|   | <b>34,673</b>     | <b>96,633</b>     |
| <b>Total current liabilities</b>  |                   |                   |
| <b>Long-term liabilities</b>  | <b>344,000</b>    | <b>253,700</b>    |
| Long-term debt  | 344,000           | 253,700           |
| <b>Stockholders' equity</b>   |                   |                   |
| Preferred stock (\$0.01 par value, 1,000,000 shares authorized, none issued)  | —                 | —                 |
| Common stock (\$0.01 par value, 100,000,000 authorized, 39,238,807 and 30,030,811 shares issued and outstanding, respectively). | 392               | 300               |
| Paid-in additional capital  | 200,570           | 108,760           |
| Retained earnings/(deficit)   | (26,721)          | (26,967)          |
| Accumulated other comprehensive income/(loss)   | (26,418)          | (10,218)          |
|   | <b>147,823</b>    | <b>71,875</b>     |
| <b>Total stockholders' equity</b>   |                   |                   |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 532,496</b> | <b>\$ 422,208</b> |

See notes to accompanying financial statements.

**DHT Maritime, Inc.**  
**Consolidated Statements of Operations**  
**Years Ended December 31**

|   | <b>Year ended<br/>December 31,<br/>2008</b> | <b>Year ended<br/>December 31,<br/>2007</b> | <b>Year ended<br/>December 31,<br/>2006</b> |
|---|---|---|---|
| <b>(Dollars in thousands except per share amounts)</b>            |   |   |   |
| Shipping revenues   | \$ 114,603                                  | \$ 81,427                                   | \$ 86,793                                   |
| <b>Ship Operating Expenses:</b>                                   |   |   |   |
| Vessel expenses   | 21,409                                      | 19,423                                      | 18,690                                      |
| Depreciation and amortization                                     | 25,948                                      | 17,271                                      | 16,915                                      |
| General and administrative  | 4,766                                       | 3,775                                       | 2,389                                       |
| Total ship operating expenses                                     | 52,123                                      | 40,469                                      | 37,994                                      |
| Income from vessel operations                                     | 62,480                                      | 40,958                                      | 48,799                                      |
| Interest income   | 1,572                                       | 962   | 908   |
| Interest expense and amortization of deferred debt issuance costs | (21,904)                                    | (14,457)                                    | (13,957)                                    |
| Income before income taxes  | 42,148                                      | 27,463                                      | 35,750                                      |
| Provision for income taxes  | —   | —   | —   |
| Net Income  | \$ 42,148                                   | \$ 27,463                                   | \$ 35,750                                   |
| Basic net income per share  | \$ 1.17                                     | \$ 0.91                                     | \$ 1.19                                     |
| Diluted net income per share                                      | \$ 1.17                                     | \$ 0.91                                     | \$ 1.19                                     |
| Cash dividends declared and paid per share                        | \$ 1.15                                     | \$ 1.58                                     | \$ 1.74                                     |
| Shares used in computing basic net income per share               | 36,055,422                                  | 30,024,407                                  | 30,007,000                                  |
| Shares used in computing diluted net income per share             | 36,055,422                                  | 30,036,523                                  | 30,016,352                                  |

See notes to accompanying financial statements.

**DHT Maritime, Inc.**  
**Consolidated Statements of Changes in Stockholders' Equity**

|  | <u>Common Stock</u> |               | <u>Paid-in<br/>Additional<br/>Capital</u> | <u>Retained<br/>Earnings</u> | <u>Accumulated<br/>Other<br/>Comprehensive<br/>Income/(Loss)</u> | <u>Total</u> |
|--|---------------------|---------------|---|------------------------------|--|--------------|
|  | <u>Shares</u>       | <u>Amount</u> |   |                              |  |              |
| (Dollars in thousands)                                       |                     |               |   |                              |  |              |
| Balance at December 31, 2005                                 | 30,006,250          | \$ 300        | \$ 108,272                                | \$ 9,469                     | \$ (807)   | \$ 117,234   |
| Net Income   | —                   | —             | —   | 35,750                       | —  | 35,750       |
| Other Comprehensive Income, effect of derivative instruments | —                   | —             | —   | —                            | 2,519  | 2,519        |
| Other Comprehensive Income                                   | —                   | —             | —   | —                            | —  | —            |
| Cash dividends declared and paid                             | —                   | —             | —   | (52,211)                     | —  | (52,211)     |
| Compensation related to options and restricted stock         | —                   | —             | 123                                       | —                            | —  | 123          |
| Issuance of restricted stock awards                          | 3,000               | —             | —   | —                            | —  | —            |
| Balance at December 31, 2006                                 | 30,009,250          | \$ 300        | \$ 108,395                                | \$ (6,992)                   | \$ 1,712   | \$ 103,415   |
| Net Income   | —                   | —             | —   | 27,463                       | —  | 27,463       |
| Other Comprehensive Income, effect of derivative instruments | —                   | —             | —   | —                            | (11,930)   | (11,930)     |
| Other Comprehensive Income                                   | —                   | —             | —   | —                            | —  | 15,533       |
| Cash dividends declared and paid                             | —                   | —             | —   | (47,438)                     | —  | (47,438)     |
| Compensation related to options and restricted stock         | —                   | —             | 365                                       | —                            | —  | 365          |
| Issuance of restricted stock awards                          | 21,561              | —             | —   | —                            | —  | —            |
| Balance at December 31, 2007                                 | 30,030,811          | \$ 300        | \$ 108,760                                | \$ (26,967)                  | \$ (10,218)  | \$ 71,875    |
| Net Income   | —                   | —             | —   | 42,148                       | —  | 42,148       |
| Other Comprehensive Income, effect of derivative instruments | —                   | —             | —   | —                            | (16,200)   | (16,200)     |
| Other Comprehensive Income                                   | —                   | —             | —   | —                            | —  | 25,948       |
| Cash dividends declared and paid                             | —                   | —             | —   | (41,902)                     | —  | (41,902)     |
| Issuance of Common Stock                                     | 9,200,000           | 92            | 91,334                                    | —                            | —  | 91,426       |
| Compensation related to options and restricted stock         | —                   | —             | 476                                       | —                            | —  | 476          |

|                                     |                   |               |                   |                    |                    |                   |
|-------------------------------------|-------------------|---------------|-------------------|--------------------|--------------------|-------------------|
| Issuance of restricted stock awards | <u>7,996</u>      | <u>—</u>      | <u>—</u>          | <u>—</u>           | <u>—</u>           | <u>—</u>          |
|                                     |                   |               |                   |                    |                    |                   |
| Balance at December 31, 2008        | <u>39,238,807</u> | <u>\$ 392</u> | <u>\$ 200,570</u> | <u>\$ (26,721)</u> | <u>\$ (26,418)</u> | <u>\$ 147,823</u> |

See notes to accompanying financial statements.

**DHT Maritime, Inc. Consolidated Statements of Cash Flow**  
**Years Ended December 31**  
**(dollars in thousand)**

|   | <u>2008</u>      | <u>2007</u>      | <u>2006</u>      |
|---|------------------|------------------|------------------|
| <b>Cash Flows from Operating Activities:</b>                          |                  |                  |                  |
| Net income  | \$ 42,148        | \$ 27,463        | \$ 35,750        |
| Items included in net income not affecting cash flows:                |                  |                  |                  |
| Depreciation and amortization   | 25,948           | 17,272           | 16,914           |
| Amortization of debt issuance cost                                    | 189              | 165              | 160              |
| Deferred compensation related to options and restricted stock granted | 476              | 365              | 123              |
| Changes in operating assets and liabilities:                          |                  |                  |                  |
| Receivables   | (7,244)          | 2,462            | 1,497            |
| Prepaid expenses  | 525              | (20)             | (50)             |
| Accounts payable, accrued expenses and deferred revenue               | 2,840            | 1,790            | (396)            |
|   | <u>65,016</u>    | <u>49,363</u>    | <u>53,998</u>    |
| <b>Cash Flows from Investing Activities:</b>                          |                  |                  |                  |
| Expenditures for vessels  | (81,185)         | (92,700)         | —                |
| Decrease/(increase) in vessel acquisition deposit                     | —                | (9,145)          | —                |
|   | <u>(81,185)</u>  | <u>(101,845)</u> | <u>—</u>         |
| <b>Cash Flows from Financing Activities:</b>                          |                  |                  |                  |
| Issuance of common stock  | 91,426           | —                | —                |
| Issuance of long-term debt, net of issuance costs                     | 90,300           | 92,605           | —                |
| Cash dividends paid   | (41,902)         | (47,438)         | (52,211)         |
| Deferred Offering Costs   | 134              | (134)            | —                |
|   | <u>64,958</u>    | <u>45,033</u>    | <u>(52,211)</u>  |
| Repayment of long-term debt   | (75,000)         | —                | —                |
|   | <u>64,958</u>    | <u>45,033</u>    | <u>(52,211)</u>  |
| Net increase/(decrease) in cash and cash equivalents                  | 48,655           | (7,315)          | 1,787            |
| Cash and cash equivalents at beginning of period                      | 10,365           | 17,680           | 15,893           |
|   | <u>\$ 59,020</u> | <u>\$ 10,365</u> | <u>\$ 17,680</u> |
| Cash and cash equivalents at end of period                            | <u>\$ 59,020</u> | <u>\$ 10,365</u> | <u>\$ 17,680</u> |
| Interest paid   | <u>\$ 20,750</u> | <u>\$ 13,752</u> | <u>\$ 13,686</u> |

See notes to accompanying financial statements.

**NOTES TO DHT MARITIME, INC.  
CONSOLIDATED FINANCIAL STATEMENTS**

**General**

DHT Maritime, Inc. (the “Company”) was incorporated under the name of Double Hull Tankers, Inc. on April 14, 2005 under the laws of the Marshall Islands as a wholly owned indirect subsidiary of Overseas Shipholding Group, Inc. (“OSG”). In October 2005, the Company completed its initial public offering (“IPO”) by issuing and selling to the public 16,000,000 common shares, par value \$0.01 per share, at a price to the public of \$12.00 per share, raising gross proceeds of \$192.0 million before deduction of underwriting discounts, commissions and expenses of approximately \$13.8 million. On the date of the IPO, the Company also raised \$236 million of secured debt (before expenses of approximately \$1.6 million). Simultaneously with the IPO, the Company acquired seven double hull tankers, comprising our initial fleet, consisting of three very large crude carriers, or VLCCs, and four Aframax vessels (collectively, the “Initial Vessels”) from subsidiaries of OSG in exchange for cash and shares of the Company’s common stock. The Company chartered the Initial Vessels back to subsidiaries of OSG. The aggregate purchase price for the Initial Vessels was \$580.6 million, of which \$412.6 million was in the form of cash and \$168 million in the form of common stock. The Company treated the excess of the purchase price over OSG’s \$343.0 million aggregate book value of the Initial Vessels, or \$237.6 million, as a deemed dividend to OSG.

During the first half of 2007, wholly owned subsidiaries of OSG sold all of their shares of the Company’s common stock. The Company did not receive any proceeds from the sale of the shares.

On December 4, 2007, the Company acquired a Suezmax tanker, the *Overseas Newcastle*, for \$92.7 million and on January 28, 2008, the Company acquired a Suezmax tanker, the *Overseas London*, for \$90.3 million. Both vessels are chartered to OSG. These vessels and the Initial Vessels are collectively referred to as the “Vessels.”

The Vessels are owned by nine Marshall Islands subsidiaries of the Company (the “Vessel Subsidiaries”). The primary activity of each of the Vessel Subsidiaries is the ownership and operation of a Vessel. The following table sets out the details of the Vessel Subsidiaries included in these consolidated financial statements:

| <b>Company</b>                 | <b>Vessel name</b>        | <b>Dwt</b> | <b>Flag State</b> | <b>Year Built</b> |
|--------------------------------|---------------------------|------------|-------------------|-------------------|
| Chris Tanker Corporation       | <i>Overseas Chris</i>     | 309,285    | Marshall Islands  | 2001              |
| Ann Tanker Corporation         | <i>Overseas Ann</i>       | 309,327    | Marshall Islands  | 2001              |
| Regal Unity Tanker Corporation | <i>Overseas Regal</i>     | 309,966    | Marshall Islands  | 1997              |
| Newcastle Tanker Corporation   | <i>Overseas Newcastle</i> | 164,626    | Marshall Islands  | 2001              |
| London Tanker Corporation      | <i>Overseas London</i>    | 152,923    | Marshall Islands  | 2000              |
| Cathy Tanker Corporation       | <i>Overseas Cathy</i>     | 112,028    | Marshall Islands  | 2004              |
| Sophie Tanker Corporation      | <i>Overseas Sophie</i>    | 112,045    | Marshall Islands  | 2003              |
| Ania Aframax Corporation       | <i>Overseas Ania</i>      | 94,848     | Marshall Islands  | 1994              |
| Rebecca Tanker Corporation     | <i>Overseas Rebecca</i>   | 94,873     | Marshall Islands  | 1994              |

Effective October 18, 2005, the Company chartered the Initial Vessels to subsidiaries of OSG for initial terms of five to six and one-half years at basic hire amounts which are essentially fixed. In addition, the time charter arrangements include a profit sharing component that gives the Company the opportunity to earn additional hire when the Initial Vessel earnings exceed the basic hire amounts set forth in the charters. From October 18, 2005 to December 31, 2008, the seven Initial Vessels operated in the Tankers International Pool and the Aframax International Pool (except the Overseas Ania which left the Aframax International Pool in July 2008). The Company expects the potential to earn additional hire will benefit from the utilization rates realized by these pools. In a pooling arrangement, the net revenues generated by all of the vessels in a pool are aggregated and distributed to pool members pursuant to a pre-arranged weighting system that recognizes each vessel’s earnings capacity based on its cargo capacity, speed and fuel consumption, and actual on-hire performance. Effective July 1, 2008, the Overseas Ania left the Aframax International Pool and is chartered by OSG to its wholly-owned subsidiary, OSG Lightering, at \$29,000 per day until October 2010. The rate of \$29,000 per day serves as the basis for the vessel’s profit sharing under its charter.



Each time charter for the Initial Vessels may be renewed by OSG on one or more successive occasions for periods of one, two or three years, up to an aggregate of five, six or eight years, depending on the Initial Vessel. If a time charter is renewed, the charter terms providing for profit sharing will remain in effect and the charterer, at the time of exercise, will have the option to select a basic charter rate that is equal to (i) 5% above the published one-, two- or three-year time charter rate (corresponding to the length of the additional period chosen) for the Initial Vessel's class, as decided by a shipbrokers panel, or (ii) the basic hire rate set forth in the applicable charter. The shipbrokers panel will be The Association of Shipbrokers and Agents Tanker Broker Panel or another panel of brokers mutually acceptable to us and OSG.

On November 26, 2008, we entered into an agreement with OSG whereby OSG exercised part of the extension options for the Initial Vessels upon expiry of the vessels' initial charter periods. For the *Overseas Ania* and *Overseas Rebecca*, OSG extended for a period of 18 months after the initial charter periods expire in October 2010 at the basic charter rate set forth in the applicable charter. For the *Overseas Cathy*, *Overseas Sophie*, *Overseas Ann*, *Overseas Chris* and *Overseas Regal*, OSG extended for a period of 12 months following the expiry of the initial charter periods between April 2011 and April 2012. The basic charter hire rate for the extension periods for these five vessels will be either the basic charter rate stipulated in the applicable charter or, if the one-year time charter rate is lower, a base rate which is no more than \$5,000 per day below the basic charter rate stipulated in the charters. The profit sharing arrangement, whereby DHT earns an additional amount equal to 40% of the excess of vessels' actual net daily earnings calculated on a four quarter rolling basis, will remain in place for all vessels.

Effective October 18, 2005, the Company also entered into ship management agreements with Tanker Management, a wholly-owned subsidiary of OSG. The ship management agreements provided for the technical management of the Initial Vessels in exchange for a fee that was fixed for the first two years of each agreement, with OSG only permitted to terminate each agreement upon 90 days' prior written notice to the Company following October 18, 2007. On May 11, 2007, the Company and OSG reached an agreement whereby OSG deferred its right to terminate each agreement upon 90 days' prior written notice until after October 18, 2008. The basic hire rate for each of the Initial Vessels and the technical management fee was payable monthly in advance. Recently, the Company entered into new ship management agreements with Tanker Management for the Vessels under time charter with effect from January 16, 2009. The new ship management agreements are described in Note J.

Effective December 4, 2007, the Company bareboat chartered the *Overseas Newcastle* to OSG for a term of seven years. The basic bareboat charter rate is \$26,343 per day for the first three years of the charter term, and is reduced to \$25,343 per day for the last four years of the charter term. In addition to the bareboat charter rate, the Company will, through the profit sharing element of the charter agreement, earn 33% of the vessel's earnings above the time charter equivalent rate of \$35,000 per day for the first three years of the charter term and above \$34,000 per day for the last four years of the charter term, calculated on a four quarter rolling average. At the end of the seven year bareboat charter term, OSG has the right to acquire the vessel for \$77 million. Effective January 28, 2008, the Company bareboat chartered the *Overseas London* to OSG for a term of ten years. The basic bareboat charter rate is \$26,630 per day throughout the period. OSG has the right to acquire the vessel at the end of the eighth, ninth and tenth years of the charter term at a price of \$71 million, \$67 million and \$60 million, respectively. If OSG elects to exercise its purchase option, the Company will, in addition to the purchase option price, receive an amount equal to 40% of the difference between the market price of the vessel at the time the purchase option is exercised and the purchase option price.

On April 29, 2008, the Company issued 8 million shares of common stock, in a public offering and on May 9, 2008, the underwriters exercised their overallotment option for an additional 1.2 million shares. The total net proceeds to the Company as a result of the issue of the 9.2 million shares were approximately \$91.4 million.

Following the approval of the shareholders at the Company's Annual General Meeting on June 18, 2008, the Company changed its name from Double Hull Tankers, Inc. to DHT Maritime, Inc.

**Note A—Summary of significant accounting policies:**

*Basis of presentation and accounting*

The DHT Maritime, Inc. consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States. The consolidated financial statements include the assets and liabilities of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation or combination.

*Cash and cash equivalents*

Interest-bearing deposits that are highly liquid investments and have a maturity of three months or less when purchased are included in cash and cash equivalents. Cash and cash equivalents of \$59.0 million as of December 31, 2008 are pledged as described in Note D and are held at a single financial institution. The carrying value of cash and cash equivalents approximates its fair value.

*Vessels*

At October 18, 2005, the Company recorded the Initial Vessels at their historical cost to OSG. The Initial Vessels are being depreciated over periods ranging from 14 to 23 years, which represent the Initial Vessels' remaining life at the date of acquisition from OSG. The *Overseas Newcastle* and the *Overseas London* are being depreciated over a period of 18 years. Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate per ton. Accumulated depreciation was \$173.8 million and \$147.9 million at December 31, 2008 and 2007, respectively. Vessel deposit at December 31, 2007 were applied to payment for the *Overseas London* in 2008.

At October 18, 2005, the Company recorded the Initial Vessels at their historical cost to OSG. The Initial Vessels are being depreciated over periods ranging from 14 to 23 years, which represent the Initial Vessels' remaining life at the date of acquisition from OSG. The *Overseas Newcastle* and the *Overseas London* are being depreciated over a period of 18 years. Each vessel's salvage value is equal to the product of its lightweight tonnage and an estimated scrap rate per ton. Accumulated depreciation was \$173,829,825 and \$147,881,505 at December 31, 2008 and 2007, respectively.

*Deferred drydock expenditures*

On October 18, 2005, the Company entered into ship management agreements with Tanker Management, a subsidiary of OSG, for the technical management of its Initial Vessels in exchange for a fixed fee for each vessel. As part of the ship management agreement, OSG was responsible for drydocking costs. These agreements were terminated effective January 16, 2009.

*Impairment of long-lived assets*

The carrying amounts of long-lived assets held and used are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In such instances, an impairment charge would be recognized if the estimate of the undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than the asset's carrying amount. This assessment is made at the individual vessel level since separately identifiable cash flow information for each vessel is available. The amount of an impairment charge, if any, would be determined using discounted cash flows.

*Deferred finance charges*

Finance charges incurred in the arrangement of debt are deferred and amortized to interest expense over the life of the related debt. Amortization of deferred finance charges amounted to \$189,227 in 2008, \$164,868 in 2007 and \$159,996 in 2006.

### *Revenue and expense recognition*

Revenues from time charters and bareboat charters are accounted for as operating leases and are thus recognized ratably over the rental periods of such charters.

For time and bareboat charters, time charter equivalent revenues represent shipping revenues less brokerage commissions, if applicable, which are included in voyage expenses.

The Initial Vessels operated in either the Tankers International Pool (VLCCs) or the Aframax International Pool (Aframaxes) during the three years ended December 31, 2008, except the *Overseas Ania* which left the Aframax International pool as of July 1, 2008 and is chartered by OSG to its wholly-owned subsidiary, OSG Lightering. For vessels operating in such pools, revenues and voyage expenses are pooled and allocated to each pool's participants on a time charter equivalent basis in accordance with an agreed-upon formula.

Vessel expenses include crew costs, vessel stores and supplies, lubricating oils, maintenance and repairs, insurance and communication costs.

As part of all of the time charters and one of the bareboat charters that the Company has entered into with subsidiaries of OSG with respect to its Vessels, the Company has the opportunity to earn additional hire when vessel earnings exceed the basic hire amounts set forth in the charters. Additional hire, if any, is calculated and paid quarterly in arrears and recognized as revenue in the quarter in which it was earned.

On October 18, 2005, and as subsequently amended, the Company entered into ship management agreements with Tanker Management, a subsidiary of OSG, for the technical management of its seven Initial Vessels in exchange for a fixed fee. As part of the ship management agreements, OSG was responsible for drydocking costs.

The Company entered into new ship management agreements with Tanker Management for the Initial Vessels with effect from January 16, 2009. The new ship management agreements are described in Note J.

### *Derivatives*

Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Investments and Hedging Activities" ("FAS 133") requires the Company to recognize all derivatives on the balance sheet at fair value. If the derivative is an effective hedge, a change in the fair value is either offset against the change in fair value of the hedged item or recognized in other comprehensive income until the hedged item is recognized in income. The ineffective portion of effective hedges is immediately recognized in income. Derivatives that are not effective hedges are fully adjusted through income.

The Company uses interest rate swaps to convert interest-bearing debt from floating to fixed rate. The swaps are designated and qualify as cash flow hedges. The Company assumes no ineffectiveness since the interest rate swaps meet the conditions required under FAS 133 to apply the critical terms method for prepayable debt.

### *Fair Value Measurement*

SFAS 157 defines three levels of inputs that may be used to measure fair value and requires that the assets or liabilities carried at fair value be disclosed by the input level under which they were valued. The input levels defined under SFAS 157 are as follows:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than defined in Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are not corroborated by observable market data.

The following table summarizes assets and liabilities that are measured at fair value on a recurring basis at December 31, 2008 (in millions):

| <b>(Dollars in thousands)</b> | <b>December 31, 2008</b>            |              |
|-------------------------------|-------------------------------------|--------------|
|                               | <b>Fair Value Asset (Liability)</b> |              |
|                               | <b>Level 2</b>                      | <b>Total</b> |
| Derivatives                   |                                     |              |
| Liabilities                   | \$ (26,400)                         | (26,400)     |

Derivative liabilities relate to interest rate swaps.

#### *Comprehensive Income*

Accumulated other comprehensive income consists entirely of unrealized gains and losses on derivative instruments.

#### *Foreign currency*

The functional currency of the Company and each of the Vessel Subsidiaries is the U.S. dollar. Monetary assets and liabilities denominated in other currencies are translated at the year end exchange rates. Foreign currency revenues and expenses are translated at transaction date exchange rates. Exchange gains and losses are included in the determination of net income.

#### *Concentration of risk*

All of the Company's vessels are chartered to OSG. All of the Company's debt and counterparty for its interest rate swaps are the same financial institution.

#### *Adoption of new accounting standards*

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Effective January 1, 2008, the Company adopted the provisions of SFAS 157 related to financial assets and liabilities, as well as other assets and liabilities carried at fair value on a recurring basis. These provisions, which have been applied prospectively, did not have a material impact on the Company's consolidated financial statements. Certain other provisions of SFAS 157 related to other nonfinancial assets and liabilities will be effective for the Company on January 1, 2009, and will be applied prospectively. The Company is currently evaluating the impact the provisions of SFAS 157 related to other nonfinancial assets and liabilities will have on the consolidated financial position, results of operations or cash flows of the Company.

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of Statement of Financial Accounting Standards No. 133" ("FAS 161"). FAS 161 requires qualitative disclosures about an entity's objectives and strategies for using derivatives and quantitative disclosures about how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FAS 161 is effective for fiscal years, and interim periods within those fiscal years, beginning after November 15, 2008, with early application allowed. FAS 161 allows, but does not require comparative disclosures for earlier periods at initial adoption.

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Note B—Earnings per common share:**

The computation of basic earnings per share is based on the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the exercise of all dilutive stock options and restricted shares using the treasury stock method. The components of the calculation of basic earnings per share and diluted earnings per share are as follows:

| <b>(Dollars in thousands) for the years ended December 31,</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|-------------|
| Net income   | \$ 42,148   | \$ 27,463   | \$ 35,750   |
| Common shares outstanding, basic:                              |             |             |             |
| Weighted average shares outstanding, basic                     | 36,055,422  | 30,024,407  | 30,007,000  |
| Common shares outstanding, diluted:                            |             |             |             |
| Weighted average shares outstanding, basic                     | 36,055,422  | 30,024,407  | 30,007,000  |
| Dilutive equity awards   |             | 12,116      | 9,352       |
| Weighted average shares outstanding, diluted                   | 36,055,422  | 30,036,523  | 30,016,352  |

The anti-dilutive effects of equity awards that were excluded from the calculation of diluted earnings per share were not material for each of the three years in the period ended December 31, 2008.

**Note C—Accounts payable and accrued expenses:**

Accounts payable and accrued expenses consist of the following:

|                  | <b>December 31,</b> |                     |
|------------------|---------------------|---------------------|
|                  | <b>2008</b>         | <b>2007</b>         |
| Interest         | \$ 3,883,000        | \$ 3,137,000        |
| Insurance        | 171,000             | 268,000             |
| Accounts payable | 126,000             | 55,000              |
| Other            | 2,220,000           | 949,000             |
|                  | <u>\$ 6,400,000</u> | <u>\$ 4,409,000</u> |

**Note D—Debt:**

On October 18, 2005, the Company entered into a \$401 million secured credit facility with The Royal Bank of Scotland (“RBS”) for a term of ten years, with no principal amortization for the first five years. The Company is the borrower under the credit facility and each of the Vessel Subsidiaries has guaranteed its performance thereunder. The facility is secured by, among other things, first priority mortgages on the Vessels, assignments of earnings and insurances and the Company’s rights under the charters for the Vessels and the ship management agreements, and a pledge of the balances in the Company’s bank accounts. The credit facility provides that the Company may not pay dividends if the charter-free market value of the Company’s vessels that secure the credit facility is less than 135% of the Company’s borrowings under the facility plus the actual or notional cost of terminating any interest rate swaps that the Company enters, if there is a continuing default under the credit facility or if the payment of the dividend would result in a default or breach of a loan covenant. Interest is payable quarterly in arrears.

A term loan of \$236 million was borrowed on October 18, 2005 to fund a portion of the purchase price for the Initial Vessels that we acquired from OSG. On November 29, 2007, the secured credit facility was amended to increase the total commitment thereunder to \$420 million, which included a \$184 million vessel acquisition facility, which was used to fund the entire purchase price of two new Suezmaxes, the *Overseas Newcastle* and the *Overseas London*. Following the amendment, the credit facility was repayable with one installment of \$75 million due in 2008 and, commencing on January 18, 2011, with 27 quarterly installments of \$9,075,000 until its final maturity in 2017, when a final payment of approximately \$109 million will be due. The first installment of \$75 million was paid in October 2008.

Borrowings under the initial \$236 million term loan bear interest at an annual rate of the London interbank offered rate (“LIBOR”) plus a margin of 0.70%. Borrowings under the vessel acquisition facility bear interest at an annual rate of LIBOR plus a margin of 0.85%. To reduce our exposure to fluctuations in interest rates, we entered into an interest rate swap on October 18, 2005, pursuant to which we fixed the interest rate for five years on the full amount of our \$236 million term loan at 5.60%. On October 16, 2007, we entered into a floating-to-fixed interest rate swap with a notional amount of \$100,000,000 pursuant to which the Company pays a fixed rate of 5.95% and receives a floating rate based on LIBOR. The swap expires on January 18, 2013. This swap was entered into to fix the interest on the borrowings to fund the acquisition of the *Overseas Newcastle* and the *Overseas London* (see Note F).

We were required to pay a \$1.5 million fee in connection with the arrangement of our credit facility in October 2005, and a commitment fee of 0.3% per annum, payable quarterly in arrears, on the undrawn portion of the facility. We were required to pay an arrangement fee of \$95,000 in October 2007 in connection with the increase in our credit facility from \$401 million to \$420 million.

The effective interest rate for debt outstanding at December 31, 2008 and 2007, was 5.69% and 5.7%, respectively as a result of related interest rate swaps (Note E).

As of December 31, 2008 and 2007, all of the net book amount of the Company’s Vessels, is pledged as collateral under the debt agreement.

The carrying amounts of the loans approximate their fair value.

**Note E—Derivatives:**

As of December 31, 2008, the Company is party to two floating-to-fixed interest rate swaps that are being accounted for as cash flow hedges with notional amounts of \$236,000,000 and \$100,000,000, respectively, pursuant to which the Company pays a fixed rate of 5.6% and 5.95%, respectively and receives a floating rate based on LIBOR. The swaps expire on October 18, 2010 and January 18, 2013, respectively. As of December 31, 2008, the Company has recorded a liability of \$26,418,060 relating to the fair value of the swaps. This unrealized loss has been recorded to accumulated other comprehensive income/(loss). The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the agreement at the reporting date.

**Note F—Accumulated other comprehensive income/(loss):**

All of other comprehensive income / (loss) for the years relates to changes in the fair value of interest rate swaps. At December 31, 2008 and 2007, accumulated comprehensive income consisted of the unrealized gains and losses on interest rate swaps.

**Note G—Taxes:**

No income taxes have been provided herein because the Company is a foreign corporation that is not subject to United States federal income taxes. Further, the Company is not subject to income taxes imposed by the Marshall Islands, the country in which it is incorporated.

**Note H—Stock Compensation:**

In October 2005, the Company awarded a total of 6,250 shares of restricted common stock to its officers. These shares are non-transferable until they vest, which occurs ratably over a four-year period. The aggregate fair market value of the shares on the grant date, \$75,000, is being amortized to compensation expense over the vesting period of four years, using the straight-line method. In addition, also in October 2005, the Company awarded its officers stock options to purchase a total of 69,446 shares of common stock at an exercise price of \$12.00 per share. These stock options vest ratably over a three-year period and expire ten years from the date of grant. The Company follows Financial Accounting Standards Board Statement No. 123 (R), “Share-Based Payment” and related Interpretations in accounting for its stock-based compensation. The fair value of the options granted were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.69%, dividend yield of 10.42%, expected stock price volatility of 0.31 and expected life of 6 years. The aggregate fair market value of the stock options on the grant date, \$75,000, was amortized to compensation expense over the vesting period of three years, using the straight-line method.

On February 19, 2007, the officers exercised 23,150 options in a “cash-less” exercise and 4,704 shares were issued. On October 23, 2007, the officers exercised 23,148 options in a “cash-less” exercise and 4,380 shares were issued. There are 23,148 options remaining which have not been exercised.

The Company awarded a total of 3,000 shares of restricted common stock to its directors on May 10, 2006. These restricted shares vested on October 18, 2006. At the date of the award, the fair market value of the Company’s common stock was \$12.79 per share. The aggregate fair market value of the shares on the grant date was amortized to expense over five months, using the straight-line method.

The Company awarded a total of 24,397 shares of restricted common stock to its officers on November 8, 2006, of which 6,250 shares vest in three equal amounts in May 2007, May 2008 and May 2009, subject to continued employment and 18,147 shares vest in three equal amounts in May 2007, May 2008 and May 2009, subject to continued employment and certain market conditions. At the date of the award, the fair market value of the Company’s common stock was \$13.785 per share. The aggregate fair market value of the shares on the grant date is being amortized to expense from November 2006 to May 2009.

The Company awarded a total of 10,842 shares of restricted common stock to its directors on November 8, 2006, of which 3,000 shares vest in three equal amounts in May 2007, May 2008 and May 2009, subject to continued office and 7,842 shares vest in three equal amounts in May 2007, May 2008 and May 2009, subject to continued office and certain market conditions. At the date of the award, the fair market value of the Company’s common stock was \$13.785 per share. The aggregate fair market value of the shares on the grant date is being amortized to expense from November 2006 to May 2009.

The Company awarded a total of 30,407 shares of restricted common stock to its officers on May 9, 2007, of which 8,989 shares vest in three equal amounts in May 2008, May 2009 and May 2010, subject to continued employment and 21,418 shares vest in three equal amounts in May 2008, May 2009 and May 2010, subject to continued employment and certain market conditions. At the date of the award, the fair market value of the Company’s common stock was \$16.10 per share. The aggregate fair market value of the shares on the grant date is being amortized to expense from May 2007 to May 2010.

The Company awarded a total of 9,861 shares of restricted common stock to its directors on May 9, 2007, of which 3,000 shares vest in three equal amounts in May 2008, May 2009 and May 2010, subject to continued office and 6,861 shares vest in three equal amounts in May 2008, May 2009 and May 2010, subject to continued office and certain market conditions. At the date of the award, the fair market value of the Company’s common stock was \$16.10 per share. The aggregate fair market value of the shares on the grant date is being amortized to expense from May 2007 to May 2010.

The Company awarded a total of 53,490 shares of restricted common stock to its officers on May 9, 2008, of which 17,830 shares vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued employment and 35,660 shares vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued employment and certain market conditions. At the date of the award, the fair market value of the Company's common stock was \$10.60 per share. The aggregate fair market value of the shares on the grant date is being amortized to expense from May 2008 to May 2011.

The Company awarded a total of 13,194 shares of restricted common stock to its directors on May 9, 2008, of which 4,398 shares vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued office and 8,796 shares vest in three equal amounts in May 2009, May 2010 and May 2011, subject to continued office and certain market conditions. At the date of the award, the fair market value of the Company's common stock was \$10.60 per share. The aggregate fair market value of the shares on the grant date is being amortized to expense from May 2008 to May 2011.

Activity with respect to restricted common stock is summarized as follows:

|  |          |
|--|----------|
| Nonvested Shares Outstanding at December 31, 2005                | 6,250    |
| Granted  | 38,239   |
| Vested   | (4,564)  |
| Forfeited  | —        |
| Nonvested Shares Outstanding at December 31, 2006                | 39,925   |
| Granted  | 40,268   |
| Vested   | (13,308) |
| Forfeited  | —        |
| Nonvested Shares Outstanding at December 31, 2007                | 66,885   |
| Granted  | 66,684   |
| Vested   | (8,644)  |
| Forfeited  | —        |
| Nonvested Shares Outstanding at December 31, 2008 <sup>(1)</sup> | 124,925  |

(1) 96,641 shares relate to the officers of the Company and 28,284 shares relate to the board of directors.

Activity with respect to stock options is summarized as follows:

|   |          |
|---|----------|
| Options Outstanding at December 31, 2005                        | 69,446   |
| Granted   | —        |
| Exercised   | —        |
| Forfeited   | —        |
| Options Outstanding at December 31, 2006                        | 69,446   |
| Granted   | —        |
| Exercised   | (46,298) |
| Forfeited   | —        |
| Options Outstanding at December 31, 2007                        | 23,148   |
| Granted   | —        |
| Exercised   | —        |
| Forfeited   | —        |
| Vested and Exercisable Options Outstanding at December 31, 2008 | 23,148   |

Total stock-based compensation expense was \$475,541 in 2008, \$365,536 in 2007 and \$122,561 in 2006.



**Note I—Charters-out:**

The future minimum revenues expected to be received from the time charters and bareboat charters for the Company's nine Vessels and the related revenue days (which represent calendar days, less estimated days that the time chartered vessels are not available for employment due to repairs or drydock) are as follows:

|                              | <u>Amount</u>         | <u>Revenue Days</u> |
|------------------------------|-----------------------|---------------------|
| 2009                         | 89,417,180            | 3,167               |
| 2010                         | 92,184,580            | 3,257               |
| 2011                         | 91,293,680            | 3,197               |
| 2012                         | 64,318,752            | 2,197               |
| 2013                         | 23,459,780            | 851                 |
| Thereafter                   | 48,217,666            | 1,827               |
| Net minimum charter payments | <u>\$ 408,891,638</u> | <u>14,496</u>       |

Future minimum revenues do not include any additional hire from the profit sharing component of the charter agreements. Revenues from a time charter are not received when a vessel is off-hire, including time required for normal periodic maintenance of the vessel. In arriving at the minimum future charter revenues, an estimated time off-hire to perform periodic maintenance on each vessel has been deducted, although there is no assurance that such estimate will be reflective of the actual off-hire in the future.

**Note J—Subsequent events:**

Tanker Management, a wholly owned subsidiary of OSG, exercised its right to cancel the technical management agreements for the Initial Vessels, which had been in place since October 18, 2005. The Company entered into new technical management agreements with Tanker Management effective January 16, 2009. Under the Initial Vessels' old technical agreements with Tanker Management, the Company paid a fixed cost for the technical management of the vessels. However, under the Initial Vessels' new technical management agreements, the Company will pay the actual cost associated with the technical management of the vessels plus a management fee.

On February 10, 2009, the Company declared a dividend of \$11,780,224, or \$0.30 per share payable on March 5, 2009 to stockholders of record as of February 26, 2009.

**RESTATED ARTICLES OF INCORPORATION**  
**OF**  
**DHT MARITIME, INC.**  
**PURSUANT TO**  
**THE MARSHALL ISLANDS BUSINESS CORPORATIONS ACT**

Corporate existence commenced on April 14, 2005 and shall continue upon filing these Restated Articles of Incorporation with the Registrar of Corporations.

This instrument purports merely to restate but not to change the provisions of the original Articles of Incorporation as amended and restated to date and there is no discrepancy between the provisions of the original Articles of Incorporation as amended and restated to date and the provisions of these Restated Articles of Incorporation.

The undersigned, for the purpose of restating the original Articles of Incorporation of DHT Maritime, Inc., originally incorporated as Double Hull Tankers, Inc., a corporation organized under the laws of the Republic of the Marshall Islands, as amended and restated to date, pursuant to Section 93 of the Marshall Islands Business Corporations Act, does hereby make, subscribe, acknowledge and file with the Registrar of Corporations this instrument for that purpose, as follows:

**ARTICLE I.**

**Name**

The name of the Corporation shall be "DHT Maritime, Inc."

**ARTICLE II.**

**Purpose**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Marshall Islands Business Corporations Act (the "BCA") and without in any way limiting the foregoing, the Corporation shall have the power:

(a) To purchase or otherwise acquire, own, use, operate, pledge, hypothecate, mortgage, lease, charter, sub-charter, sell, build, and repair steamships, motorships, tankers, vessels, sailing vessels, tugs, lighters, barges, and all other vessels and craft of any and all motive power whatsoever, including aircraft, landcraft, and any and all means of conveyance and transportation by land, water or air, together with engines, boilers, machinery equipment and appurtenances of all kinds, including masts, sails, boats, anchors, cables, tackle, furniture and all other necessities thereunto appertaining and belonging, together with all materials, articles, tools, equipment and appliances necessary, suitable or convenient for the construction, equipment, use and operation thereof; and to equip, furnish, and outfit such vessels and ships.

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(b) To engage in ocean, coastwise and inland commerce, and generally in the carriage of freight, goods, cargo in bulk, passengers, mail and personal effects by water between the various ports of the world and to engage generally in waterborne commerce.

(c) To purchase or otherwise acquire, own, use, operate, lease, build, repair, sell or in any manner dispose of docks, piers, quays, wharves, dry docks, warehouses and storage facilities of all kinds, and any property, real, personal and mixed, in connection therewith.

(d) To act as ship's husband, ship brokers, custom house brokers, ship's agents, manager of shipping property, freight contractors, forwarding agents, warehousemen, wharfingers, ship chandlers, and general traders.

### **ARTICLE III.**

#### **Address; Registered Agent**

The registered address of the Corporation in the Republic of the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. The name of the Corporation's registered agent at such address is The Trust Company of the Marshall Islands, Inc.

### **ARTICLE IV.**

#### **Capital Stock**

Section 4.01. Authorized Capital Stock. The total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred One Million (101,000,000) registered shares, consisting of One Hundred Million (100,000,000) registered shares of common stock, par value of US\$0.01 per share ("Common Stock") and One Million (1,000,000) registered shares of preferred stock, par value of \$0.01 per share ("Preferred Stock"). Upon the effectiveness of these Restated Articles of Incorporation of the Corporation pursuant to the BCA, (the "Effective Time"), each share of the Corporation's common stock, par value US\$0.01 per share (the "Old Common Stock"), issued and outstanding immediately prior to the Effective Time shall remain issued and outstanding. Any stock certificate that, immediately prior to the Effective Time, represented shares of Old Common Stock will, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent the same number of shares of Common Stock.

Section 4.02. Preferred Stock. The Board is hereby expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

Section 4.03. No preemptive rights. Shareholders of the Corporation shall have no conversion, redemption or preemptive rights to subscribe to any of the Corporation's securities.

## ARTICLE V.

### Directors

Section 5.01. The business and affairs of the Corporation shall be managed by or under the direction of the Board, the exact number of directors comprising the entire Board to be not less than three nor more than twelve (subject to any rights of the holders of Preferred Stock to elect additional directors under specified circumstances) as determined from time to time by resolution adopted by affirmative vote of a majority of the Board, As used in these Restated Articles of Incorporation, the term "entire Board" means the total number of directors that the Corporation would have if there were no vacancies or unfilled newly created directorships.

Section 5.02. Number, election and terms. The Board shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the entire Board permits, with the term of office of one of the three classes expiring each year. As soon as practicable after the Effective Time, the shareholders of the Corporation shall hold an organization meeting to divide the Board into three classes, with the term of office of the first class to expire at the 2008 Annual Meeting of Shareholders, the term of office of the second class to expire at the 2007 Annual Meeting of Shareholders and the term of office of the third class to expire at the 2006 Annual Meeting of Shareholders. Commencing with the 2006 Annual Meeting of Shareholders, the directors elected at an annual meeting of shareholders to succeed those whose terms then expire shall be identified as being directors of the same class as the directors whom they succeed, and each of them shall hold office until the third succeeding annual meeting of shareholders and until such director's successor is duly elected and has qualified. Cumulative voting, as defined in Division 7, Section 71(2) of the BCA, shall not be used to elect directors.

Section 5.03. Shareholder nomination of Director candidates; shareholder proposal of business. Advance notice of shareholder nominations for the election of Directors and of the proposal of business by stockholders shall be given in the manner provided in the bylaws, as amended and in effect from time to time.

Section 5.04. Newly created directorships and vacancies. Any vacancies in the Board for any reason, other than those specified in Section 5.05, and any created directorships resulting from any increase in the number of directors, may be filled by the vote of not less than a majority of the members of the Board then in office, although less than a quorum, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall be elected and qualified. Any Director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been duly elected and qualified. No decrease in the number of Directors constituting the Board shall shorten the term of any incumbent Director. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the then authorized number of directors shall be increased by the number of directors so to be elected, and the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of shareholders.

Section 5.05. Removal. (a) Notwithstanding any other provisions of these Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Restated Articles of Incorporation or the bylaws of the Corporation), any Director or the entire Board may be removed at any time, but only for cause and only by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock of the Corporation entitled to vote generally in the election of directors cast at a meeting of the shareholders called for that purpose. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provisions of this Section 5.05 of this Article V shall not apply with respect to the director or directors elected by such holders of Preferred Stock.

(b) In order to remove a Director, a special general meeting shall be convened and held in accordance with these Restated Articles of Incorporation and the bylaws. Notice of such a meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than fourteen days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

(c) For the purpose of this Section 5.05, "cause" means (a) conviction of a felony, indictable offence or similar criminal offence or (b) willful misconduct that results in material injury (monetary or otherwise) to the Corporation or any of its subsidiaries.

(d) If a Director is removed from the Board under the provisions of this Section 5.05, the shareholders may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

Section 5.06. Amendment, repeal, etc. Notwithstanding any other provisions of these Restated Articles of Incorporation or the bylaws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, these Restated Articles of Incorporation or the bylaws of the Corporation), the affirmative vote of the holders of a majority of the outstanding shares of Common Stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter, change or repeal this Article V.

## **ARTICLE VI.**

### **Bylaws**

In furtherance and not in limitation of the powers conferred upon it by law, the Board shall have the authority to adopt, amend, alter or repeal the bylaws of the Corporation by a vote of not less than a majority of the entire Board, but any bylaw adopted by the Board may be amended or repealed by shareholders entitled to vote thereon.

## **ARTICLE VII.**

### **Shareholder Action**

Section 7.01. Shareholder Meetings. Any action required or permitted to be taken by the shareholders of the Corporation must be effected at a duly called annual or special meeting of the shareholders or by the unanimous written consent of the shareholders. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the shareholders for any purpose or purposes may be called only by (i) the Chairman of the Board or the chief executive officer, at the direction of the Board as set forth in a resolution stating the purpose or purposes thereof approved by a majority of the entire Board or (ii) holders of not less than one-fifth of all outstanding shares of Common Stock, who shall state the purpose or purposes of the proposed special meeting. If there is a failure to hold the annual meeting within a period of ninety (90) days after the date designated therefor, or if no date has been designated for a period of thirteen (13) months after the Effective Time or after the Corporation's last annual meeting, holders of not less than one-fifth of the shares entitled to vote in an election of directors may, in writing, demand the calling of a special meeting in lieu of the annual meeting specifying the time thereof, which shall not be less than two (2) nor more than three (3) months from the date of such call. The Chairman of the Board or chief executive officer of the Corporation upon receiving the written demand shall promptly give notice of such meeting, or if the Chairman of the Board or chief executive officer fails to do so within five (5) business days thereafter, any shareholder signing such demand may give such notice. Such notice shall state the purpose or purposes of the proposed special meeting. The business transacted at any special meeting shall be limited to the purposes stated in the notice of such meeting.

Section 7.02. Action by Unanimous Written Consent. Any action required to be taken or which may be taken at any annual or special meeting of shareholders of the Corporation may be taken without a meeting if a consent in writing setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

## ARTICLE VIII.

### Limitation of Director Liability

A Director shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except, if required by the BCA, as amended from time to time, for (i) liability for any breach of the Director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) for any transaction from which the Director derived an improper personal benefit. Neither the amendment nor repeal of this Article VIII shall eliminate or reduce the effect of this Article VIII in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article VIII would accrue or arise, prior to such amendment or repeal.

**IN WITNESS WHEREOF**, the undersigned has executed these Restated Articles of Incorporation on this 28 day of November, 2008.

/s/ Eirik Ubøe  
Eirik Ubøe  
Chief Financial Officer

**DHT MARITIME, INC.****(the “Corporation”)****BYLAWS**

As amended by the Board of Directors through November 13, 2007

**ARTICLE I****OFFICES AND RECORD**

SECTION 1.01. Address; Registered Agent. The registered address of the Corporation in the Republic of the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. The name of the Corporation’s registered agent at such address is The Trust Company of the Marshall Islands, Inc.

SECTION 1.02. Other Offices. The Corporation may have such other offices, either within or without the Republic of the Marshall Islands, as the Board of Directors of the Corporation (the “Board”) may designate or as the business of the Corporation may from time to time require.

**ARTICLE II****SHAREHOLDERS**

SECTION 2.01. Annual Meeting. The annual meeting of shareholders of the Corporation shall be held on such day and at such time and place within or without the Republic of the Marshall Islands as the Board may determine for the purpose of electing directors and/or transacting such other business as may properly be brought before the meeting. The Chairman of the Board or, in the Chairman’s absence, another person designated by the Board shall act as the Chairman of all annual meetings of shareholders.

SECTION 2.02. Nature of Business at Annual Meetings of Shareholders. (a) No business may be transacted at an annual meeting of shareholders, other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise properly brought before the annual meeting by or at the direction of the Board (or any duly authorized committee thereof) or (iii) otherwise properly brought before the annual meeting by any shareholder of the Corporation (A) who is a shareholder of record on the date of the giving of the notice provided for in this Section 2.02 of this Article II and has remained a shareholder of record through the record date for the determination of shareholders entitled to vote at such annual meeting and (B) who complies with the notice procedures set forth in Section 2.02(b) of this Article II.

(b) In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a shareholder’s notice to the Secretary of the Corporation must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one-hundred twenty (120) days prior to the anniversary date of the immediately preceding annual general meeting. In the event the annual general meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the shareholder must be given not later than ten days following the earlier of the date on which notice of the annual general meeting was mailed to shareholders or the date on which public disclosure of the date of the annual general meeting was made.

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(c) To be in proper written form, a shareholder's notice to the Secretary of the Corporation must set forth, as to each matter such shareholder proposes to bring before the annual meeting, (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such shareholder, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by such shareholder, (iv) a description of all arrangements or understandings between such shareholder and any other person or persons (including their names) in connection with the proposal of such business by such shareholder and any material interest of such shareholder in such business and (v) a representation that such shareholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting. In addition, notwithstanding anything in this Section 2.02 of this Article II to the contrary, a shareholder intending to nominate one or more persons for election as a director at an annual meeting must comply with Article III of these Bylaws for such nomination or nominations to be properly brought before such meeting.

(d) No business shall be conducted at the annual meeting of shareholders except business brought before the annual meeting in accordance with the procedures set forth in this Article II; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Article II shall be deemed to preclude discussion by any shareholder of any such business. If the chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairman of the meeting shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

SECTION 2.03. Special Meeting. Except as otherwise provided by applicable law, special meetings of the shareholders shall be called only in accordance with the provisions of the Amended and Restated Articles of Incorporation of the Corporation. Only such business as is specified in the notice of any special meeting of the shareholders shall come before such meeting.

SECTION 2.04. Notice of Meetings. Notice of every annual and special meeting of shareholders, other than any meeting the giving of notice of which is otherwise provided by law, stating the date, time, place and purpose thereof, and in the case of special meetings, the name of the person or persons at whose direction the notice is being issued, shall be given personally or sent by mail, telegraph, cablegram, telex or teleprinter at least fifteen (15) but not more than sixty (60) days before such meeting, to each shareholder of record entitled to vote thereat and to each shareholder of record who, by reason of any action proposed at such meeting would be entitled to have his shares appraised if such action were taken, and the notice shall include a statement of that purpose and to that effect. If mailed, notice shall be deemed to have been given when deposited in the mail, directed to the shareholder at his address as the same appears on the record of shareholders of the Corporation or at such address as to which the shareholder has given notice to the Secretary of the Corporation. Notice of a meeting need not be given to any shareholder who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting prior to the conclusion thereof that he did not receive notice of such meeting.

SECTION 2.05. Organization; Place of Meeting; Order of Business. (a) At every meeting of shareholders, the Chairman of the Board, or in such person's absence, the Chief Executive Officer, or in the absence of both of them, any vice president, shall act as chairman of the meeting. In the absence of the Chairman of the Board, the Chief Executive Officers or a vice president to act as Chairman, the Board, or if the Board fails to act, the shareholders may appoint any shareholder, director or officer of the Corporation to act as chairman of any meeting.

(b) Either the Board or the Chairman of the Board may designate the place, if any, of meeting for any annual meeting or for any special meeting of the shareholders. If no designation is so made, the place of meeting shall be the principal office of the Corporation.

(c) The order of business at all meetings of shareholders, unless otherwise determined by a vote of the holders of a majority of the number of shares present in person or represented by proxy thereat, shall be determined by the chairman of the meeting.

SECTION 2.06. Adjournments. Any meeting of shareholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the meeting is adjourned for lack of quorum, notice of the new meeting shall be given to each shareholder of record entitled to vote at the meeting. If after an adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date entitled to notice in Section 2.04 of this Article II.

SECTION 2.07. Quorum. At all meetings of shareholders, except as otherwise expressly provided by law, there must be present either in person or by proxy shareholders of record holding at least a majority of the shares issued and outstanding and entitled to vote at such meetings in order to constitute a quorum, but if less than a quorum is present, a majority of those shares present either in person or by proxy shall have power to adjourn any meeting until a quorum shall be present.

SECTION 2.08. Voting. If a quorum is present, and except as otherwise expressly provided by law, the Amended and Restated Articles of Incorporation (including any Preferred Stock Designation) or applicable stock exchange rules, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders; provided, however, that directors shall be elected by a plurality of the votes cast by shareholders entitled to vote thereat. At any meeting of shareholders, with respect to a matter for which a shareholder is entitled to vote, each such shareholder shall be entitled to one vote for each share it holds. Each shareholder may exercise such voting right either in person or by proxy; provided, however, that no proxy shall be valid after the expiration of eleven months from the date such proxy was authorized unless otherwise provided in the proxy. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in the law of the Republic of the Marshall Islands to support an irrevocable power. A shareholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. Any action required to be taken or which may be taken at any annual or special meeting of the shareholders of the Corporation may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

SECTION 2.09. Fixing of Record Date. The Board may fix a time not more than sixty (60) nor less than fifteen (15) days prior to the date of any meeting of shareholders as the time as of which shareholders entitled to notice of and to vote at such a meeting shall be determined, and all persons who were holders of record of voting shares at such time and no others shall be entitled to notice of and to vote at such meeting. The Board may fix a time not exceeding sixty (60) days preceding the date fixed for the payment of any dividend, the making of any distribution, the allotment of any rights or the taking of any other action, as a record time for the determination of the shareholders entitled to receive any such dividend, distribution, or allotment or for the purpose of such other action.

### **ARTICLE III**

#### **DIRECTORS**

SECTION 3.01. Powers; Number. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which, subject to the provisions of the Amended and Restated Articles of Incorporation of the Corporation, shall consist of such number of directors as shall be fixed by a vote of not less than a majority of the entire Board or by the affirmative vote of holders of a majority of the outstanding capital stock from time to time. Each director shall serve his respective term of office until his successor shall have been elected and qualified, except in the event of his death, resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director. The directors need not be residents of the Republic of the Marshall Islands or shareholders of the Corporation. As used in these Bylaws, the phrase "entire Board" means the total number of directors that the Corporation would have if there were no vacancies or unfilled newly created directorships.

SECTION 3.02. How Elected. Except as otherwise provided by law or in Section 3.05 of this Article III, the directors of the Corporation (other than the first Board if named in the Amended and Restated Articles of Incorporation or designated by the incorporators) shall be elected at the annual meeting of shareholders. Each director shall be elected to serve until the third succeeding annual meeting of shareholders and until his successor shall have been duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office.

SECTION 3.03. Nomination of Directors. (a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Amended and Restated Articles of Incorporation with respect to the right of holders of Preferred Stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board may be made at any annual meeting of shareholders (i) by or at the direction of the Board (or any duly authorized committee thereof) or (ii) by any shareholder of the Corporation (A) who is a shareholder of record on the date of the giving of the notice provided for in this Section 3.03 of this Article III and on the record date for the determination of shareholder entitled to vote at such meeting and (B) who complies with the notice procedures set forth in Section 3.03(b) of this Article III.

(b) In addition to any other applicable requirements, for a nomination to be made by a shareholder, such shareholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a shareholder's notice to the Secretary of the Corporation must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one-hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders. In the event the annual general meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the shareholder must be given not later than ten days following the earlier of the date on which notice of the annual general meeting was mailed to shareholders or the date on which public disclosure of the date of the annual general meeting was made. In the case of a special general meeting called for the purpose of electing directors, notice by the shareholder must be given not later than ten days following the earlier of the date on which notice of the special general meeting was mailed to shareholders or the date on which public disclosure of the date of the special general meeting was made.

(c) To be in proper written form, a shareholder's notice to the Secretary of the Corporation must set forth: (i) as to each person whom the shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (D) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder applicable to issuers that are not foreign private issuers and (ii) as to the shareholder giving the notice (A) the name and record address of such shareholder, (B) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such shareholder, (C) a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person and persons (including their names) pursuant to which the nomination(s) are to be made by such shareholder, (D) a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the person or persons named in its notice and (E) any other information relating to such shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(d) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 3.03 of this Article III. If the chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

SECTION 3.04. Removal. Except as otherwise provided by applicable law, directors may only be removed by the shareholders in accordance with the provisions of the Amended and Restated Articles of Incorporation of the Corporation.

Any or all of the directors may be removed for cause by the shareholders, provided notice is given to such director(s) of the shareholders meeting convened to remove him or her provided such removal is approved by the affirmative vote of a majority of the issued and outstanding shares of our capital stock entitled to vote for those directors. The notice must contain a statement of the intention to remove such director(s) and must be served on him or her not less than fourteen days before such shareholders meeting. Any such director is entitled to attend the meeting and be heard on the motion for his or her removal. No director may be removed without cause by either the shareholders or the Board of Directors.

SECTION 3.05. Vacancies. Except as otherwise provided by applicable law, vacancies in the Board shall be filled as provided for in the Amended and Restated Articles of Incorporation of the Corporation.

SECTION 3.06. Regular meetings. Regular meetings of the Board shall be held in Jersey, the Channel Islands such time as may be determined by resolution of the Board and no notice shall be required for any regular meeting. Except as otherwise provided by law, any business may be transacted at any regular meeting.

SECTION 3.07. Special meetings. Special meetings of the Board may, unless otherwise provided by law, be called from time to time by the Chairman of the Board or the Chief Executive Officer. The Chief Executive Officer or the Chairman of the Board shall call a special meeting of the Board upon written request directed to either of them by any two directors stating the time, place and purpose of such special meeting. Special meetings of the Board shall be held in Jersey, the Channel Islands on a date and at such time as may be designated in the notice thereof.

SECTION 3.08. Notice of Special Meeting. Notice of the date, time and place of each special meeting of the Board shall be given to each director at least forty-eight (48) hours prior to such meeting, unless the notice is given orally or delivered in person, in which case it shall be given at least twenty-four (24) hours prior to such meeting. For the purpose of this Section 3.08, notice shall be deemed to be duly given to a director if given to him personally (including by telephone) or if such notice be delivered to such director by mail, telegraph, cablegram, telex or teleprinter to his last known address. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, except for amendments to these Bylaws. Notice of a meeting need not be given to any director who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior to the conclusion thereof, the lack of notice to him.

SECTION 3.09. Quorum. A whole number of directors equal to at least a majority of the directors at the time in office, present in person or by proxy or conference telephone, shall constitute a quorum for the transaction of business. If at any meeting of the Board there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

SECTION 3.10. Action By Consent of Board of Directors. Any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in accordance with applicable law provided, however, that a majority of the members of the Board or such committee, as the case may be, shall not be physically located in the same country when executing any consent pursuant to this Section 3.10.

SECTION 3.11. Meetings by Conference Telephone. Members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting; provided, however, that a majority of the members of the Board or such committee, as the case may be, shall not be physically located in the same country when acting pursuant to this Section 3.11.

SECTION 3.12. Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and of the shareholders, appropriate stock books and registers and such books of records and accounts as may be necessary of the proper conduct of the business of the Corporation. The books and records of the Corporation may be kept outside the Republic of the Marshall Islands at such place or places as may from time to time be designated by the Board or as the business of the Corporation may from time to time require.

SECTION 3.13. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if: (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee and the Board or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, or, if the votes of the disinterested directors are insufficient to constitute an act of the Board as defined in Section 55 of the Marshall Islands Business Corporations Act, by unanimous vote of the disinterested directors, (ii) the material facts as to his relationship or interest and as to contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

SECTION 3.14. Compensation of Directors and Members of Committees. The Board may from time to time, in its discretion, fix the amounts which shall be payable to members of the Board and to members of any committee, for attendance at the meetings of the Board or of such committee and for services rendered to the Corporation.

#### **ARTICLE IV**

#### **COMMITTEES**

SECTION 4.01. Committees. The Board may, by resolution or resolutions passed by a majority of the entire Board, designate from among its members one or more committees; provided, however, that no committee shall have the power or authority to (i) fill a vacancy in the Board or in a committee thereof, (ii) amend or repeal any Bylaw or adopt any new Bylaw, (iii) amend or repeal any resolution of the entire Board, (iv) increase the number of directors on the Board or (v) remove any director. The Board shall designate an Audit Committee, which shall at all times be comprised of at least two members that are considered “independent” under the rules of the stock exchange that the Corporation’s common stock is listed on. Initially, the entire Board shall be the audit committee. Members of any committee shall hold office for such period as may be prescribed by the vote of the entire Board, subject, however, to removal at any time by the vote of the Board. Vacancies in membership of such committees shall be filled by vote of the Board. Committees may adopt their own rules of procedures and may meet at stated times or on such notice as they may determine. Each committee shall keep a record of its proceedings and report the same to the Board when required.

## ARTICLE V

### OFFICERS

SECTION 5.01. Number and Designation. The Board shall appoint a Chief Executive Officer, Chief Financial Officer and Secretary and such other officers as it may deem necessary. Officers may be of any nationality and need not be residents of the Republic of the Marshall Islands; provided, however, that all major decisions of the officers shall be made in Jersey, the Channel Islands. The officers shall be appointed by the Board at its first meeting following the appointment of directors, (except that the initial officers may be named by the Board at its first meeting following such Board's appointment in the Amended and Restated Articles of Incorporation or as designated by the incorporators) but in the event of the failure of the Board to so appoint any officer, such officer may be elected at any subsequent meeting of the Board. The salaries of officers and any other compensation paid to them shall be fixed from time to time by the Board. The Board may at any meeting appoint additional officers. Each officer shall hold office until his successor shall have been duly appointed and qualified except in the event of the earlier termination of his term of office, through death, resignation, removal or otherwise. Any officer may be removed by the Board at any time with or without cause. Any vacancy in an office may be filled for the unexpired position of the term of such office by the Board at any regular or special meeting.

SECTION 5.02. Chief Executive Officer. In the absence of the Chairman of the Board or an appointee of the Board, the Chief Executive Officer of the Corporation shall preside at all meetings of the Board and of the shareholders at which he or she shall be present. The Chief Executive Officer shall perform all duties incident to the office of Chief Executive Officer of a corporation and such other duties as may, from time to time, be assigned to him or her by the Board or as may be provided by law.

SECTION 5.03. Chief Financial Officer. The Chief Financial Officer shall have general supervision over the care and custody of the funds, securities, and other valuable effects of the Corporation and shall deposit the same or cause the same to be deposited in the name of the Corporation in such depositories as the Board may designate, shall disburse the funds of the Corporation as may be ordered by the Board, shall have supervision over the accounts of all receipts and disbursements of the Corporation, shall, whenever required by the Board, render or cause to be rendered financial statements of the Corporation, shall have the power and perform the duties usually incident to the office of Chief Financial Officer and shall have such powers and perform other duties as may be assigned to him by the Board or Chief Executive Officer.

SECTION 5.04. Secretary. The Secretary shall act as secretary of all meetings of the shareholders and of the Board at which he is present, shall have supervision over the giving and serving of notices of the Corporation, shall be the custodian of the corporate records and of the corporate seal of the Corporation, shall be empowered to affix the corporate seal to those documents, the execution of which, on behalf of the Corporation under its seal, is duly authorized and when so affixed may attest the same, and shall exercise the powers and perform such other duties as may be assigned to him by the Board or the Chief Executive Officer.

SECTION 5.05. Other Officers. Officers other than those treated in Sections 5.02 through 5.04 of this Article V shall exercise such powers and perform such duties as may be assigned to them by the Board or the Chief Executive Officer.

SECTION 5.06. Bond. The Board shall have power to the extent permitted by law to require any officer, agent or employee of the Corporation to give bond for the faithful discharge of his duties in such form and with such surety as the Board may deem advisable.

## ARTICLE VI

### CERTIFICATES FOR SHARES

SECTION 6.01. Form and Issuance. (a) Every holder of stock in the Corporation shall be entitled to have a certificate in form meeting the requirements of law and approved by the Board that certifies the number of shares owned by him or her in the Corporation. Certificates shall be signed by (i) the Chief Executive Officer or the Chairman of the board and (ii) by the Secretary or any Assistant Secretary or the Chief Financial Officer or any Assistant Financial Officer. These signatures may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the Corporation itself or its employee.

(b) For each class or series of stock that the Corporation shall be authorized to issue, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent each class or series of stock; provided, however, that, except as otherwise required by the Business Corporation Act of the Republic of the Marshall Islands, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each shareholder that so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.



SECTION 6.02. Transfer. The Board shall have power and authority to make such rules and regulations as they may deem expedient concerning the issuance, registration and transfer of certificates representing shares of the Corporation's stock, and may appoint transfer agents and registrars thereof.

SECTION 6.03. Loss of Stock Certificates. The Board may direct a new certificate of stock to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

SECTION 6.04. Stock Certificates; Uncertificated Shares. The interest of each stockholder of the Corporation may also be evidenced by uncertificated shares of stock, whether upon original issuance, re-issue, or subsequent transfer in such form as the appropriate officer of the Corporation may from time to time prescribe. The Board shall by resolution designate the classes of the Corporation's securities that may be represented by uncertificated shares.

## **ARTICLE VII**

### **DIVIDENDS**

SECTION 7.01. Declaration and Form. Dividends may be declared in conformity with law by, and at the discretion of, the Board at any regular or special meeting. Dividends may be declared and paid in cash, stock or other property of the Corporation.

## **ARTICLE VIII**

### **NEGOTIABLE INSTRUMENTS, CONTRACTS, ETC.**

SECTION 8.01. Signatures on Checks, Etc. All checks, drafts, bills of exchange, notes or other instruments or orders for the payment of money or evidences of indebtedness shall be signed for or in the name of the Corporation by at least two officers, or an officer and Corporation employee, as the Board may from time to time designate by resolution.

SECTION 8.02. Execution of Contracts. The Chief Executive Officer, the Chief Financial Officer or any vice president, and any other officer or officers that the Board may designate shall have full authority in the name of and on behalf of the Corporation to enter into any contract or execute and deliver any instruments or notes, or other evidences of indebtedness unless such authority shall be limited by the Board to specific instances.

SECTION 8.03. Bank Accounts. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select or as may be selected by any two officers or agents of the Corporation to whom such power may from time to time be delegated by the Board.



## ARTICLE IX

### INDEMNIFICATION

SECTION 9.01. Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a “Covered Person”) who was or is made or is threatened to be made a party to or a witness in or is otherwise involved in any action, suit, claim, inquiry or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Corporation) and whether formal or informal (a “Proceeding”), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation or of a partnership, joint venture, trust, nonprofit entity or other entity, including service with respect to employee benefit plans, against all liability and loss suffered, and expenses (including attorneys’ fees) actually and reasonably incurred, by such Covered Person in connection with such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.03, the Corporation shall be required to indemnify or advance expenses to a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person (and not by way of defense) only if the commencement of such Proceeding (or part thereof) by the Covered Person (i) was authorized in the specific case by the Board, or (ii) was brought to establish or enforce a right to indemnification under these Bylaws, the Corporation’s Amended and Restated Articles of Incorporation, any agreement, the Business Corporation Act of the Republic of the Marshall Islands or otherwise.

SECTION 9.02. Prepayment of Expenses. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys’ fees) actually and reasonably incurred by a Covered Person who was or is made or is threatened to be made a party to or a witness in or is otherwise involved in any Proceeding, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation or of a partnership, joint venture, trust, nonprofit entity or other entity, including service with respect to employee benefit plans in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article IX or otherwise.

SECTION 9.03. Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article IX is not paid in full within thirty days after a written claim therefor by the Covered Person has been presented to the Corporation, the Covered Person may file suit against the Corporation to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In addition, the Covered Person may file suit against the Corporation to establish a right to indemnification or advancement of expenses. In any such action the Corporation shall have the burden of proving by clear and convincing evidence that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

SECTION 9.04. Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article IX shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these Bylaws, agreement, vote of shareholders or disinterested directors or otherwise.

SECTION 9.05. Other Sources. The Corporation’s obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced to the extent such Covered Person has otherwise actually received payment (under any insurance policy or otherwise) of the amounts otherwise payable by the Corporation.

SECTION 9.06. Amendment or Repeal. Any repeal or modification of the provisions of this Article X shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

SECTION 9.07. Other Indemnification and Prepayment of Expenses. This Article IX shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

SECTION 9.08. Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer against any liability asserted against such person and incurred by such person in such capacity whether or not the Corporation would have the power to indemnify such person against such liability by law or under the provisions of these Bylaws.

## ARTICLE X

### GENERAL PROVISIONS

SECTION 10.01. Form. The Seal of the Corporation, if any, shall be circular in form, with the name of the Corporation in the circumference and such other appropriate legend as the Board may from time to time determine.

SECTION 10.02. Resignation and Removal of Officers and Directors. Any director or officer of the Corporation may resign as such at any time by giving written notice to the Board or to the Chief Executive Officer or the Secretary of the Corporation, and any member of any committee may resign by giving notice either as aforesaid or to the committee of which he is a member or to the chairman thereof. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

SECTION 10.03. Fiscal Year. The fiscal year of the Corporation shall be such period of twelve consecutive months as the Board may by resolution designate. Initially, the fiscal year of the Corporation shall end on December 31 of each year.

SECTION 10.04. Amendments. These Bylaws may be amended, added to, altered or repealed, or new Bylaws may be adopted, solely at any regular or special meeting of the Board by the affirmative vote of a majority of the entire Board.

SECTION 10.05. Savings Clause. These Bylaws are subject to the provisions of the Amended and Restated Articles of Incorporation of the Corporation and applicable law. If any provision of these Bylaws is inconsistent with the Business Corporation Act of the Republic of the Marshall Islands, such provision shall be invalid only to the extent of such conflict, and such conflict shall not affect the validity of any other provision of these Bylaws.

**CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER**

I, Ole Jacob Diesen, certify that:

1. I have reviewed this annual report on Form 20-F of DHT Maritime, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and we have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 12, 2009

By           /s/ Ole Jacob Diesen            
Ole Jacob Diesen  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF  
CHIEF FINANCIAL OFFICER**

I, Eirik Ubøe, certify that:

1. I have reviewed this annual report on Form 20-F of DHT Maritime, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and we have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.





**Consent of Independent Registered  
Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements (Form F-3 No. 333-152906 and Form S-8 No. 333-129136) of DHT Maritime, Inc. and in the related Prospectus of our reports dated March 11, 2009, with respect to the consolidated financial statements of DHT Maritime, Inc. and the effectiveness of internal control over financial reporting of DHT Maritime, Inc., all included in this Annual Report of DHT Maritime, Inc. for the year ended December 31, 2008.

/s/ Ernst & Young LLP

New York, New York  
March 11, 2009