MARITRANS INC /DE/
Form PREM14A
October 11, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
þ Preliminary Proxy Statement
o **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

MARITRANS INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
o No fee required.
þ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies: Common Stock, $.01 par value per share.
(2) Aggregate number of securities to which transaction applies: 12,029,048 shares of Common Stock, options to purchase 200,533 shares of Common Stock and 132,736 shares of restricted stock.
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): $37.50 per share.
(4) Proposed maximum aggregate value of transaction: $ 456,936,419[1]
(5) Total fee paid: $ 48,892
o Fee paid previously with written preliminary materials:
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
(1) Amount previously paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

[1] Calculated as of the close of business on October 9, 2006, based on 12,029,048 shares of Common Stock at $37.50 per share and outstanding options to purchase

200,533 shares of Common Stock with exercise prices on a per share basis lower than $37.50.	

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, 2006

Dear Stockholder:

You are cordially invited to attend the special meeting of stockholders of Maritrans Inc., to be held on , 2006, at 9:00 a.m. local time, at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania.

At the special meeting, we will ask you to adopt the merger agreement among us, Overseas Shipholding Group, Inc. and a wholly owned subsidiary of Overseas Shipholding Group. If the merger is completed, you will be entitled to receive $37.50 in cash, without interest, for each share of our common stock that you own.

Our board of directors has carefully reviewed and considered the terms and conditions of the proposed merger. Based on its review, the board of directors has determined that the merger agreement, the merger and the transactions contemplated by the merger agreement are fair to, and in the best interests of, our stockholders. **ACCORDINGLY, OUR BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED AND DECLARED ADVISABLE THE MERGER AGREEMENT AND RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.**

Your vote is important. We cannot complete the merger unless the merger agreement is adopted by the affirmative vote of the holders of a majority of our outstanding shares of common stock. Failure to submit a signed proxy or vote in person at the special meeting will have the same effect as a vote against the adoption of the merger agreement. Only stockholders who owned shares of our common stock at the close of business on , 2006 will be entitled to vote at the special meeting.

PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY. If you hold your shares in street name , you should instruct your broker how to vote in accordance with your voting instruction form.

This proxy statement explains the proposed merger and merger agreement, and provides specific information concerning the special meeting. Please review this document carefully.

Sincerely,

Jonathan P. Whitworth
Chief Executive Officer

This proxy statement is dated , 2006, and is first being mailed to stockholders of Maritrans Inc. on or about , 2006.

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MARITRANS INC.
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To be Held on , 2006

To the stockholders of Maritrans Inc.:

We will hold a special meeting of the stockholders of Maritrans Inc. at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania, on , 2006 at 9:00 a.m., local time, and any adjournments or postponements thereof, for the following purposes:

1. To consider and vote upon a proposal to adopt the merger agreement among Overseas Shipholding Group, Inc., Marlin Acquisition Corporation, a wholly owned subsidiary of Overseas Shipholding Group, and us. In the merger, Marlin Acquisition Corporation will merge with and into Maritrans, with Maritrans surviving as a wholly owned subsidiary of Overseas Shipholding Group, and each outstanding share of our common stock will be converted into the right to receive $37.50 in cash, without interest; and

2. To transact such other business that may properly come before the special meeting and any adjournments or postponements of the special meeting, including, if submitted to a vote of the stockholders, a motion to adjourn the special meeting to another time or place for the purpose of soliciting additional proxies.

We will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournments or postponements of the special meeting.

Only stockholders who owned shares of our common stock at the close of business on , 2006, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

We cannot complete the merger unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the shares of our common stock outstanding and entitled to vote at the special meeting. This proxy statement describes the proposed merger and the actions to be taken in connection with the merger and provides additional information about the parties involved. Please give this information your careful attention. Under Delaware law, holders of our common stock who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for an appraisal prior to the vote on the merger agreement and they comply with the Delaware law procedures explained in the accompanying proxy statement. See The Merger Appraisal Rights on page 23.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.

Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy and return it promptly in the enclosed postage-paid return envelope. You may revoke the proxy at any time prior to its exercise in the manner described in this proxy statement. Any stockholder present at the special meeting, including any adjournments or postponements of it, may revoke such stockholder s proxy and vote personally on the proposal to adopt the merger agreement. Executed proxies with no instructions indicated thereon will be voted FOR the adoption of the merger agreement. If you fail to return your proxy or to vote in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting, and will effectively be counted as a vote against the adoption of the merger agreement.

PLEASE DO NOT SEND ANY STOCK CERTIFICATES AT THIS TIME.

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By order of the board of directors,
Sincerely,

Walter T. Bromfield
Secretary
Tampa, Florida
, 2006

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will happen to Maritrans as a result of the merger?

A: If the merger is completed, Marlin Acquisition Corporation, a wholly owned subsidiary of Overseas Shipholding Group, will merge with and into Maritrans, with Maritrans surviving as a wholly owned subsidiary of Overseas Shipholding Group.

Q: What will happen to my shares of Maritrans common stock after the merger?

A: Upon completion of the merger, each share of our outstanding common stock will automatically be canceled and will be converted into the right to receive a per share amount equal to $37.50 in cash, without interest.

Q: What will happen to my options after the merger?

A: Pursuant to the merger agreement, we will take all action necessary to adjust the terms of all outstanding options to acquire shares of our common stock, whether vested or unvested, to provide that, upon completion of the merger, each option outstanding immediately prior to the completion of the merger will be canceled and the holder of that option will be entitled to receive a single lump sum cash payment equal to the number of shares of our common stock for which the option was exercisable, multiplied by the excess, if any, of the $37.50 per share merger consideration over the per share exercise price of the option. No payment will be made with respect to options that have per share exercise prices equal to or greater than $37.50.

Q: What will happen to my shares of restricted stock after the merger?

A: Pursuant to the merger agreement, we will take all action necessary to cause all restrictions on the outstanding shares of our restricted stock to lapse so that, upon completion of the merger, the holders of shares of restricted stock outstanding will be entitled to receive $37.50 per share, without interest.

Q: Will I receive dividends on my shares of Maritrans common stock for periods prior to the effective time of the merger?

A: No. The merger agreement restricts us from paying dividends on, or making any other distributions with respect to, any of our shares of capital stock. See The Merger Agreement Covenants beginning on page 30.

Q: Will the merger be taxable to me?

A: Generally, yes. The receipt of $37.50 in cash for each share of our common stock pursuant to the merger will be a taxable transaction for U.S. Federal income tax purposes. For U.S. Federal income tax purposes, generally you will realize taxable gain or loss as a result of the merger measured by the difference, if any, between $37.50 per share and your adjusted tax basis in that share. The receipt of cash in exchange for our outstanding options will also be a taxable transaction for U.S. Federal income tax purposes, as described more fully below.

You should read The Merger Material U.S. Federal Income Tax Consequences beginning on page 21 for a more complete discussion of the Federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to fully understand the tax consequences of the merger to you.

Q: How does our board of directors recommend that I vote?

A: Our board of directors unanimously recommends that our stockholders vote FOR the proposal to adopt the merger agreement. You should read The Merger Reasons for the Merger for a discussion of the factors that our board of directors considered in deciding to recommend the adoption of the merger agreement.

Q: What vote of our stockholders is required to adopt the merger agreement?

A: For us to complete the merger, stockholders holding at least a majority of the outstanding shares of our common stock must vote FOR the adoption of the merger agreement.

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Q: Am I entitled to appraisal rights?

A: Yes. Under Delaware law, holders of our common stock who do not vote in favor of adopting the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for an appraisal prior to the vote on the merger agreement and they comply with the Delaware law procedures explained in this proxy statement. You should read The Merger Appraisal Rights beginning on page 23 for a more complete discussion of appraisal rights under Delaware law.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement, please complete, sign and date your proxy and return it in the enclosed postage-paid return envelope as soon as possible, so that your shares may be represented at the special meeting. If you sign and send in your proxy and do not indicate how you want to vote, we will count your proxy as a vote in favor of the adoption of the merger agreement.

Q: What happens if I do not submit a proxy or vote in person at the special meeting?

A: Because the required vote of our stockholders is based upon the number of outstanding shares of our common stock, rather than upon the shares actually voted, the failure by the holder of any such shares to submit a proxy or to vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as a vote against the adoption of the merger agreement. The special meeting will take place on , 2006, at 9:00 a.m., local time, at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania. You may attend the special meeting and vote your shares in person, rather than completing, signing, dating and returning your proxy.

Q: Can I change my vote after I have mailed my signed proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy bearing a later date. If you choose either of these two methods, prior to the special meeting, you must submit your notice of revocation or your new proxy to us at Two Harbour Place, 302 Knights Run Avenue, Suite 1200, Tampa, FL 33602, Attention: Judith Cortina, Director of Finance and Controller. Third, you can attend the special meeting and deliver a signed notice of revocation, deliver a later-dated duly executed proxy or vote in person. Attendance at the special meeting will not, in and of itself, result in the revocation of a proxy or cause shares to be voted.

Q: If my Maritrans shares are held in street name by my broker or bank, will my broker or bank vote my shares for me?

A: Your broker or bank will vote your Maritrans shares only if you provide instructions on how to vote. You should follow the directions provided by your broker or bank regarding how to instruct your broker or bank to vote your shares. Without instructions, your shares will not be voted, which will have the effect of a vote against the adoption of the merger agreement.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, you will receive a transmittal form with instructions for the surrender of Maritrans stock certificates. Please do not send in your stock certificates with your proxy.

Q: When do you expect the merger to be completed?

A: In addition to obtaining stockholder approval, we must satisfy all other closing conditions, including the expiration or termination of applicable regulatory waiting periods, before the merger can be completed. We currently expect to complete the merger promptly following the special meeting of our stockholders and satisfaction of such closing conditions.

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Q: Who can help answer my questions?

A: If you have any questions about the merger or if you need additional copies of this proxy statement or the enclosed proxy, you should call Innisfree M&A Incorporated, the proxy solicitor for the special meeting, at:

Innisfree M&A Incorporated
501 Madison Avenue
20th Floor
New York, NY 10022
Stockholders Call Toll-Free: (888) 750-5834
Banks and Brokers Call Collect: (212) 750-5833

Alternatively, you may contact us at:

Maritrans Inc.
Two Harbour Place
302 Knights Run Avenue
Suite 1200
Tampa, FL 33602
(813) 209-0600
Attention: Judith Cortina, Director of Finance and Controller

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all the information that is important to you. You should carefully read this entire proxy statement and the other documents to which we have referred you. See also Where You Can Find Additional Information on page 44. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

The Companies

Maritrans Inc., Two Harbour Place, 302 Knights Run Avenue, Suite 1200, Tampa, Florida 33602, Telephone: (813) 209-0600 (see page 9). Maritrans is a U.S.-based company with a 78-year commitment to building and operating petroleum transport vessels for the U.S. domestic trade. Maritrans employs a fleet of 11 tugs, 11 barges and five tankers and has three large articulated tug barges under construction. Approximately 75 percent of our oil carrying fleet capacity is double-hulled with a fleet capacity aggregating approximately 3.4 million barrels, 79 percent of which is barge capacity. Maritrans is headquartered in Tampa, Florida, and maintains an office in the Philadelphia area.

Overseas Shipholding Group, Inc., 666 Third Avenue, New York, New York 10017, Telephone: (212) 953-4100 (see page 9). Overseas Shipholding Group is one of the largest publicly traded tanker companies in the world with an owned, operated and newbuild fleet of 115 vessels aggregating 12.8 million dwt and 865,000 cbm, as of today s date. As a market leader in global energy transportation services for crude oil and petroleum products in the U.S. and International Flag markets, Overseas Shipholding Group is committed to setting high standards of excellence for its quality, safety and environmental programs. Overseas Shipholding Group is recognized as one of the world s most customer-focused marine transportation companies, with offices in Athens, Ft. Lauderdale, London, Manila, Montreal, Newcastle, New York City and Singapore.

Marlin Acquisition Corporation, c/o OSG Ship Management, Inc., 666 Third Avenue, New York, New York 10017, Telephone: (212) 953-4100 (see page 9). Marlin Acquisition Corporation is a wholly-owned subsidiary of Overseas Shipholding Group. Marlin Acquisition Corporation was formed solely for the purpose of facilitating the acquisition of our company by Overseas Shipholding Group.

The Special Meeting

Date, Time and Place (see page 10). The special meeting of our stockholders will be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania, at 9:00 a.m., local time, on , 2006. At the special meeting, our stockholders will be asked to adopt the merger agreement.

Record Date, Voting Power (see page 10). Our stockholders are entitled to vote at the special meeting if they owned shares of our common stock as of the close of business on , 2006, the record date. On the record date, there were shares of our common stock entitled to vote at the special meeting. Stockholders will have one vote at the special meeting for each share of our common stock that they owned on the record date.

Voting and Revocability of Proxies (see pages 10-11). Stockholders should complete, date and sign the accompanying proxy and promptly return it in the pre-addressed accompanying envelope. Brokers or banks holding shares in street name may vote the shares only if the stockholder provides instructions on how to vote. Brokers or banks will provide stockholders with directions on how to instruct the broker or bank to vote the shares. All properly executed proxies that we receive prior to the vote at the special meeting, and that are not revoked, will be voted FOR the adoption of the merger agreement.

We do not expect any other business to come before the special meeting. If other business properly comes before the special meeting, the persons named as proxies will vote in accordance with their judgment.

A stockholder may revoke such stockholder s proxy at any time prior to its use by delivering a signed notice of revocation or a later-dated, signed proxy to Judith Cortina, our Director of Finance and Controller. In addition, a stockholder may revoke such stockholder s proxy by delivering, on the day of the special meeting, a signed notice of revocation or a later-dated signed proxy to the chairman of the special meeting. A stockholder also may revoke such stockholder s proxy by attending the special meeting and voting in person. Attendance at the special meeting does not in itself result in the revocation of a proxy or cause shares to be voted.

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Vote Required (see page 10)**.** The adoption of the merger agreement requires the affirmative vote of stockholders holding a majority of the shares of our common stock outstanding at the close of business on the record date.

Shares Owned by Our Directors and Executive Officers (see page 10). On the record date, our directors and executive officers beneficially owned and were entitled to vote shares of our common stock, which represented approximately % of the shares of our common stock outstanding on that date.

Solicitation of Proxies and Expenses (see page 11). We will bear the cost and expense associated with the solicitation of proxies from our stockholders. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from our stockholders by telephone, internet, facsimile, or other electronic means or in person. Brokerage houses, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable expenses incurred in sending proxy materials to beneficial owners. Innisfree M&A Incorporated will assist in our solicitation of proxies.

The Merger

Structure of the Merger (see page 25). This proxy statement relates to the proposed acquisition of our company by Overseas Shipholding Group pursuant to a merger agreement, dated as of September 25, 2006, among Overseas Shipholding Group, Marlin Acquisition Corporation, a wholly owned subsidiary of Overseas Shipholding Group, and us. If the merger is completed, we will become a wholly owned subsidiary of Overseas Shipholding Group.

Consideration (see page 26). At the closing of the merger, our stockholders will be entitled to receive, for each share of our common stock they hold, $37.50 in cash, without interest. Based on the number of shares of our common stock outstanding on September 25, 2006 and assuming the conversion of all options exercisable for our common stock, the aggregate consideration paid by Overseas Shipholding Group to our stockholders will be approximately $460 million.

Options (see page 26). Pursuant to the merger agreement, we will take all action necessary to adjust the terms of all outstanding options to acquire shares of our common stock, whether vested or unvested, to provide that, upon completion of the merger, each option outstanding immediately prior to the completion of the merger will be canceled and the holder of that option will be entitled to receive a single lump sum cash payment equal to the number of shares of our common stock for which the option was exercisable, multiplied by the excess, if any, of the $37.50 per share merger consideration over the per share exercise price of the option; provided, however, if the calculation described above results in zero or a negative number, no payment will be made with respect to the option.

Restricted Stock (see page 26). Pursuant to the merger agreement, we will take all action necessary to cause all restrictions on the outstanding shares of our restricted stock to lapse so that, upon completion of the merger, the holders of shares of restricted stock outstanding will be entitled to receive $37.50 per share, without interest.

Closing. In addition to obtaining stockholder approval, we must satisfy all other closing conditions, including the expiration or termination of applicable regulatory waiting periods, before the merger can be completed. We currently expect to complete the merger promptly following the special meeting of our stockholders and satisfaction of such closing conditions.

Recommendation of our Board of Directors (see page 16)

Our board of directors has determined that the merger agreement is advisable, and that the terms of the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, our stockholders. **The board of directors unanimously recommends that our stockholders vote FOR the adoption of the merger agreement.**

Opinion of our Financial Advisor (see page 16)

Our board of directors engaged Merrill Lynch, Pierce, Fenner & Smith Incorporated, or Merrill Lynch, to assist it in connection with its evaluation of the proposed merger and to render an opinion as to whether the consideration to be received by the holders of our common stock pursuant to the merger was fair from a financial point of view to such holders, other than Overseas Shipholding Group and its affiliates. On September 25, 2006, Merrill Lynch delivered its oral opinion, which opinion was subsequently confirmed in writing, to our board of directors to the effect that, as of

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that date and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the consideration of $37.50 in cash per share of our common stock pursuant to the merger was fair from a financial point of view to the holders of our common stock, other than Overseas Shipholding Group and its affiliates. A copy of Merrill Lynch s written opinion, which sets forth the assumptions made, matters considered and limits on the scope of review undertaken by Merrill Lynch, is attached to this proxy statement as Annex B. Each holder of our common stock is encouraged to read Merrill Lynch s opinion in its entirety. Merrill Lynch s opinion was intended for the use and benefit of our board of directors, does not address the merits of the underlying decision by us to engage in the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the proposed merger or any related matter. See The Merger Opinion of Our Financial Advisor Merrill Lynch beginning on page 16.

Interests of Our Directors and Executive Officers in the Merger (see page 19)

In considering the recommendation of our board of directors to vote for the proposal to adopt the merger agreement, you should be aware that all of our directors and executive officers have personal interests in the merger that are, or may be, different from, or in addition to, your interests, including:

- our executive officers are entitled to benefits under severance and non-competition agreements pursuant to which they will receive severance benefits if their employment is terminated following the completion of the merger under specified circumstances;
- upon completion of the merger, each outstanding option, whether or not it is vested, to purchase shares of our common stock held by directors and executive officers, as well as our employees and former employees, will be canceled in exchange for a cash payment equal to the excess of the $37.50 per share merger consideration over the per share option exercise price, multiplied by the number of shares of our common stock subject to the option;
- all outstanding shares of restricted stock, whether or not vested, held by directors and executive officers, as well as our employees, former employees and consultants, will be canceled upon the completion of the merger in exchange for a cash payment equal to the $37.50 per share merger consideration multiplied by the number of shares of our restricted stock held by the individual;
- upon the closing of the merger transaction, our current Chief Executive Officer, Jonathan P. Whitworth, will serve as Senior Vice President of Overseas Shipholding Group pursuant to an employment agreement entered into between Mr. Whitworth and Overseas Shipholding Group; and
- the terms of the merger agreement provide for the continued indemnification and liability insurance coverage of our current directors and executive officers.

Our board of directors was aware of these interests and considered them, among other matters, when approving the merger agreement. For a more complete description, see The Merger Interests of Our Directors and Executive Officers in the Merger .

Material U.S. Federal Income Tax Consequences of the Merger (see page 21)

The receipt of $37.50 in cash for each share of our common stock pursuant to the merger will be a taxable transaction for U.S. Federal income tax purposes. For U.S. Federal income tax purposes, generally you will realize a taxable gain or loss as a result of the merger measured by the difference, if any, between $37.50 per share and your adjusted tax basis in that share. The receipt of cash in exchange for the outstanding options will be a taxable transaction for U.S. Federal income tax purposes. Holders of options (other than those persons who received such options in connection with their employment by, or provision of services to, us) will generally recognize a gain or loss equal to the difference between the amount of cash they receive and their adjusted tax basis, if any, in the options surrendered. Persons who received their options in connection with their employment by, or provision of services to, us generally will recognize ordinary income or loss equal to the difference, if any, between the amount of cash they receive and their adjusted tax basis, if any, in the options surrendered.

You should read The Merger Material U.S. Federal Income Tax Consequences beginning on page 21 for a more complete discussion of the Federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. We urge you to consult your tax advisor to fully understand the tax consequences of the merger to you.

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Appraisal Rights (see page 23)

Stockholders who do not wish to accept the $37.50 per share cash consideration payable pursuant to the merger may seek, under Delaware law, judicial appraisal of the fair value of their shares by the Delaware Court of Chancery. This value could be more or less than or the same as the $37.50 in cash per share merger consideration. This right of appraisal is subject to a number of restrictions and technical requirements. Generally, in order to exercise appraisal rights, among other things:

you must not vote in favor of the proposal to adopt the merger agreement;

you must make a written demand on us for appraisal in compliance with Delaware law before the vote on the proposal to adopt the merger agreement at the special meeting; and

you must hold your shares of record continuously from the time of making a written demand for appraisal until the completion of the merger.

Merely voting against the merger agreement will not preserve your right of appraisal under Delaware law. Also, because a submitted proxy not marked against or abstain will be voted for the proposal to adopt the merger agreement the submission of a proxy not marked against or abstain will result in the waiver of appraisal rights. If you hold shares in the name of a broker or other nominee, you must instruct your nominee to take the steps necessary to enable you to assert appraisal rights. If you or your nominee fails to follow all of the steps required by the statute, you will lose your right of appraisal.

Annex C to this proxy statement contains the relevant provisions of Delaware law relating to your right of appraisal. We encourage you to read these provisions carefully and in their entirety.

The Paying Agent

or another comparable institution will act as the paying agent in connection with the merger. After the merger is completed, you will receive a transmittal form from with instructions for the surrender of Maritrans stock certificates.

Regulatory Filings and Approvals Required to Complete the Merger (see page 23)

The merger is subject to discretionary review by the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission to determine whether it is in compliance with applicable antitrust laws. The Hart-Scott-Rodino Antitrust Improvements Act of 1976 prohibits us from completing the merger until we have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission, and the required waiting period has expired. Overseas Shipholding Group and we filed the required notification and report forms on September 27, 2006 and September 28, 2006, respectively. The completion of the merger also is subject to compliance with applicable laws of the State of Delaware.

The Merger Agreement (see page 29)

The merger agreement summary contained in this proxy statement provides a detailed description of our representations and warranties to Overseas Shipholding Group, covenants relating to the conduct of our business, consents and approvals required for and conditions to the completion of the merger and our ability to consider other acquisition proposals, in each case as provided in the merger agreement. The merger agreement also provides for the automatic conversion of shares of our common stock into the right to receive the $37.50 per share merger consideration at the effective time of the merger and includes provisions with respect to the exchange of certificates representing shares of our common stock for the merger consideration.

Termination of the Merger Agreement (see page 39)

The merger agreement contains provisions addressing the circumstances under which Overseas Shipholding Group or we may terminate the merger agreement. In addition, the merger agreement provides that, in certain circumstances, we may be required to pay Overseas Shipholding Group a termination fee of $10 million. For a more complete description, see The Merger Agreement Termination and Fees and Expenses .

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A COPY OF THE MERGER AGREEMENT IS INCLUDED IN THIS PROXY STATEMENT AS ANNEX A. YOU ARE STRONGLY ENCOURAGED TO READ IT CAREFULLY AND IN ITS ENTIRETY.

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THE COMPANIES

Maritrans Inc.

Maritrans is a leading provider of marine transportation services to the oil and petroleum industries along the Gulf and Atlantic Coasts of the United States. We are also the leading provider of lightering services in the Delaware Bay area. To a lesser extent, we provide transportation services from the Gulf Coast to the West Coast of the United States. We operate one of the largest Oil Pollution Act of 1990, or OPA, compliant double-hulled fleets and one of the largest fleets serving the U.S. coastwise trade.

We operate in the U.S. coastwise trade under the Jones Act, which mandates that vessels engaged in trade between U.S. ports must be built in the U.S., operate under the U.S. flag, be at least 75% owned and operated by U.S. citizens and must be manned by a U.S. crew. We currently employ a fleet of 11 tugs, 11 barges and five tankers and have three large articulated tug barges under construction. Approximately 75% of our oil carrying fleet capacity is double-hulled and OPA-compliant.

Our largest vessel has a capacity of approximately 410,000 barrels and our current oil carrying fleet capacity aggregates approximately 3.4 million barrels, 79% of which is barge capacity. For each of the last five years, we have transported over 173 million barrels of crude oil and petroleum products for our customers. We provide marine transportation services for refined petroleum and petroleum products, or clean oil, from refineries located primarily in Texas, Louisiana and Mississippi to distribution points along the Gulf and Atlantic Coasts, generally south of Cape Hatteras, North Carolina and particularly into Florida, and, to a lesser extent, to the West Coast. We also provide lightering services primarily to refineries on the Delaware River. Lightering is a process of off-loading crude oil or petroleum products from deeply laden inbound tankers into smaller tankers and barges, which enables the larger inbound tanker to navigate draft-restricted rivers and ports to discharge cargo at refineries or terminals.

We were incorporated in the State of Delaware in 1992, and we currently have approximately 485 employees. Our principal executive offices are located at Two Harbour Place, 302 Knights Run Avenue, Suite 1200, Tampa, Florida 33602, and our telephone number is (813) 209-0600. Additional information regarding our business is contained in our filings with the Securities and Exchange Commission. See Where You Can Find Additional Information on page 9.

Overseas Shipholding Group, Inc.

Overseas Shipholding Group is one of the world s leading independent bulk shipping companies engaged primarily in the ocean transportation of crude oil and petroleum products. Overseas Shipholding Group owns or operates a modern fleet of 91 vessels (aggregating 11.6 million deadweight tons), of which 81 vessels operate in the international market and 10 operate in the U.S. flag market. Overseas Shipholding Group s newbuilding program of 24 vessels, scheduled for delivery from late 2006 through 2010, spans each of its business segments: crude oil transportation, refined petroleum product carriers, gas and U.S. Flag.

Overseas Shipholding Group s vessel operations are organized into strategic business units, each with dedicated chartering and commercial personnel. Overseas Shipholding Group s technical ship management operations and corporate departments support vessel operations worldwide.

Overseas Shipholding Group was incorporated in the State of Delaware in 1969, and it currently has 3,437 employees comprising 3,187 seagoing personnel and 250 shore side staff. Overseas Shipholding Group s principal executive offices are located at 666 Third Avenue, New York, NY 10017, and its telephone number is (212) 953-4100. Additional information regarding Overseas Shipholding Group s business is contained in its filings with the Securities and Exchange Commission, which can be accessed free of charge from the Securities and Exchange Commission web site at www.sec.gov.

Marlin Acquisition Corporation

Marlin Acquisition Corporation is a wholly owned subsidiary of Overseas Shipholding Group. Marlin Acquisition Corporation is a Delaware corporation that was formed solely for the purpose of facilitating the acquisition of our company by Overseas Shipholding Group. The address of its principal executive offices is c/o OSG Ship Management, Inc., 666 Third Avenue, New York, NY 10017, and the telephone number at that address is (212) 953-4100.

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THE SPECIAL MEETING

We are furnishing this proxy statement to our stockholders, as of the record date, as part of the solicitation of proxies by our board of directors for use at the special meeting.

Date, Time and Place

The special meeting of our stockholders will be held at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania, at 9:00 a.m., local time, on , 2006.

Purpose of the Special Meeting

At the special meeting, we will ask our stockholders to adopt the merger agreement. Our board of directors has determined that the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, our stockholders, and has unanimously approved and declared advisable the merger agreement and recommends that our stockholders vote FOR the adoption of the merger agreement.

Record Date; Shares Entitled to Vote; Quorum

Only holders of record of our common stock at the close of business on , 2006, the record date, are entitled to notice of and to vote at the special meeting. On the record date, shares of our common stock were issued and outstanding and held by approximately holders of record. A quorum will be considered present at the special meeting if a majority of all the shares of our common stock issued and outstanding on the record date and entitled to vote at the special meeting are represented at the special meeting in person or by a properly executed proxy. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies. Holders of record of our common stock on the record date are entitled to one vote per share on each matter submitted to a vote at the special meeting.

Vote Required

The adoption of the merger agreement requires the affirmative vote of stockholders holding a majority of the shares of our common stock outstanding on the record date. Because the required vote of our stockholders is based upon the number of outstanding shares of our common stock, rather than upon the shares actually voted, the failure by the holder of any such shares to submit a proxy or to vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as a vote against the adoption of the merger agreement.

Shares Owned by Our Directors and Executive Officers

At the close of business on the record date, our directors and executive officers beneficially owned and were entitled to vote an aggregate of shares of our common stock, which represented approximately % of the shares of our common stock outstanding on that date.

Voting of Proxies

All shares represented by properly executed proxies received prior to the special meeting will be voted at the special meeting in the manner specified by such proxies. Properly executed proxies that do not contain voting instructions will be voted FOR the adoption of the merger agreement. Shares of our common stock represented at the special meeting but not voting, including shares of our common stock for which proxies have been received but with respect to which holders of shares have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business.

Only shares affirmatively voted for the adoption of the merger agreement, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for that proposal. If a stockholder abstains from voting or does not execute a proxy, it will effectively count as a vote against the adoption of the merger agreement. Brokers or banks who hold shares of our common stock in street name for customers who are the beneficial owners of such shares may not give a proxy to vote those customers shares in the absence of specific instructions from those customers. If no instructions are given to the broker or bank holding shares, or if instructions are given to the broker or bank indicating that the broker or bank does not have authority to vote on the proposal to adopt the merger agreement, then, in either case, the shares will be counted as present for purposes of determining whether a quorum exists, will not be voted on the proposal to adopt the merger agreement and will effectively count as votes against the adoption of the merger agreement.

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The persons named as proxies by a stockholder who votes for the proposal to adopt the merger agreement may propose and vote the shares underlying any such proxies for one or more adjournments of the special meeting, including adjournments to permit further solicitations of proxies. No proxy voted against the proposal to adopt the merger agreement will be voted in favor of any such adjournment or postponement.

We do not expect that any matter other than the proposal to adopt the merger agreement will be brought before the special meeting. If, however, other matters are brought before the special meeting, the persons named as proxies will vote in accordance with their judgment.

Revocability of Proxies

A stockholder can change such stockholder s vote or revoke such stockholder s proxy at any time before the proxy is voted at the special meeting. A stockholder may accomplish this in one of three ways. First, a stockholder can send a written notice stating that it would like to revoke its proxy. Second, a stockholder can complete and submit a new proxy bearing a later date. If a stockholder chooses either of these two methods, prior to the special meeting, it must submit its notice of revocation or its new proxy to us at Two Harbour Place, 302 Knights Run Avenue, Suite 1200, Tampa, FL 33602, Attention: Judith Cortina, Director of Finance and Controller. Third, a stockholder can attend the special meeting and deliver a signed notice of revocation, deliver a later-dated duly executed proxy, or vote in person. Attendance at the special meeting will not in and of itself result in the revocation of a proxy or cause shares to be voted. If you have instructed your broker to vote your shares, you must follow directions from your broker to change these instructions.

Solicitation of Proxies

We will bear the cost of the solicitation of proxies from our stockholders. In addition to solicitation by mail, our directors, officers and employees may solicit proxies from stockholders by telephone or other electronic means or in person. We will cause brokerage houses and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of stock held of record by such persons. We will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in doing so.

Innisfree M&A Incorporated will assist in our solicitation of proxies. We will pay Innisfree M&A Incorporated a fee of $15,000, will reimburse Innisfree M&A Incorporated for certain out-of-pocket expenses, and will indemnify Innisfree M&A Incorporated against certain losses arising out of its proxy solicitation services on our behalf.

STOCKHOLDERS SHOULD NOT SEND STOCK CERTIFICATES WITH THEIR PROXIES. A transmittal form with instructions for the surrender of certificates representing shares of our common stock will be mailed to stockholders shortly after completion of the merger.

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THE MERGER

While we believe that the following description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to you. You should carefully read this entire document, including the annexes, and the other documents we refer to for a more complete understanding of the merger and the related transactions.

Background of the Merger

On July 12, 2006, Mr. Jonathan P. Whitworth, our Chief Executive Officer, received an unsolicited call from Mr. Morten Arntzen, the President and Chief Executive Officer of Overseas Shipholding Group, requesting a meeting to discuss the future of both companies. Mr. Whitworth agreed to the meeting, but informed Mr. Arntzen that we were not for sale.

On July 20, 2006, at a meeting in Tampa, Florida, Mr. Arntzen conveyed to Mr. Whitworth that his company would be interested in acquiring Maritrans and wanted to commence financial due diligence in order to develop an initial indication of interest. Mr. Whitworth indicated that he would discuss the proposal internally and respond shortly.

Later that day, Mr. Whitworth discussed Mr. Arntzen s proposal with Walter T. Bromfield, our Chief Financial Officer, and William A. Smith, the Chairman of our board of directors. It was decided that the proposal would be presented to our board of directors at its regularly scheduled meeting on July 30, 2006.

Mr. Whitworth and Mr. Arntzen spoke on July 21 and 27, 2006, regarding the structure of a potential strategic transaction between the companies, including a potential joint venture in which we and Overseas Shipholding Group would jointly own the general partner of a Jones Act master limited partnership. It was agreed that they would speak again following our board of directors meeting on July 30th.

At a regularly scheduled meeting of our board of directors on July 30, 2006, Mr. Whitworth informed the board of his discussions with Mr. Arntzen. The board formed a committee, consisting of Messrs. Smith and Whitworth, Robert J. Lichtenstein and Brent A. Stienecker, to evaluate and, if appropriate, negotiate the proposal and report back to the full board periodically during the process. The board instructed Mr. Whitworth to inform Mr. Arntzen that his proposal was being evaluated and he would receive a response on or about August 4th. Finally, the board approved the engagement of Merrill Lynch, Pierce, Fenner & Smith Incorporated, or Merrill Lynch, as our financial advisors in evaluating potential strategic transactions. Mr. Whitworth conveyed the board s response to Mr. Arntzen on August 1, 2006.

On August 3, 2006, Messrs. Lichtenstein, Smith, Stienecker, Whitworth and Bromfield met in Houston, Texas with representatives from Merrill Lynch and a representative from Morgan, Lewis & Bockius LLP, our legal counsel, to discuss Mr. Arntzen s proposal as well as other strategic alternatives available to us. The committee then decided to continue discussions with Overseas Shipholding Group, but to limit the discussions to a joint venture master limited partnership at that time. This message was conveyed to Mr. Arntzen by Mr. Whitworth on August 4, 2006.

On August 14, 2006, Mr. Arntzen contacted Mr. Whitworth and told him that he and his board of directors believed that the master limited partnership structure, formed as a joint venture with us, would be too complicated and expensive and that he was authorized to pursue an acquisition of us. Mr. Whitworth reiterated our board s instructions to continue to pursue the master limited partnership structure, and indicated that he would be sending a draft mutual nondisclosure agreement for the parties to enter into prior to commencing discussions. A draft of the agreement was sent to UBS Securities LLC, financial advisor to Overseas Shipholding Group, on August 15, 2006.

On August 22, 2006, Mr. Arntzen informed Mr. Whitworth that his board of directors was not interested in pursuing the joint venture master limited partnership structure with Maritrans, but continued to be interested in acquiring us.

At a meeting of the committee of our board of directors held on August 27, 2006, Mr. Whitworth updated the committee on the status of the discussions. Representatives from Merrill Lynch discussed the proposal with the committee. After extensive discussions, the committee instructed Mr. Whitworth to expand the discussions with Overseas Shipholding Group to include a sale of us.

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At a meeting on August 30, 2006, the committee of our board of directors reviewed with our management and legal and financial advisors the status of the discussions with Overseas Shipholding Group, certain valuation considerations and next steps. A representative from Morgan, Lewis & Bockius LLP also reviewed the directors fiduciary duties to our stockholders in the context of the discussions. The committee instructed Mr. Whitworth to complete negotiations on the nondisclosure agreement and begin discussions on a potential transaction, provided that Mr. Arntzen confirmed that the parties were relatively close on a potential price for the transaction at that time.

Later that day, Mr. Whitworth informed Mr. Arntzen that he was authorized to enter into the nondisclosure agreement and commence financial due diligence, but that an offer in the $35.00 - $40.00 range would be necessary for our board of directors to consider moving forward with discussions. Mr. Arntzen confirmed that such a range was within the range that Overseas Shipholding Group would be prepared to consider.

Throughout the month of August, the members of the committee of our board of directors frequently updated the other members of our board on the status of the discussions with Overseas Shipholding Group.

On September 5, 2006, we entered into a mutual nondisclosure agreement with Overseas Shipholding Group.

On September 6, 2006, Messrs. Whitworth and Bromfield and representatives from Merrill Lynch, on our behalf, met at the UBS offices in New York City with representatives of Overseas Shipholding Group, including Mr. Arntzen and Myles R. Itken, Executive Vice President, Chief Financial Officer and Treasurer of Overseas Shipholding Group, and representatives of UBS to perform financial due diligence on us. We provided additional financial diligence materials in the days following the meeting.

On September 13, 2006, Mr. Arntzen contacted Mr. Whitworth to inform him that his board of directors was willing to make an offer of $36.75 per share in cash to acquire us.

The committee of the board of directors met twice on September 13, 2006. Mr. Whitworth provided the committee with a detailed update on the status of the discussions. The committee had extensive discussions with representatives from Merrill Lynch and Morgan, Lewis & Bockius LLP. The committee decided that Mr. Whitworth would convey a price of $37.50 to Mr. Arntzen, stressing that the offer was subject to the approval of our full board of directors. The committee also decided that, given the confidential nature of the discussions, the parties should work towards entering into a definitive agreement as quickly as possible. Mr. Whitworth conveyed the committee s position to Mr. Arntzen on September 14, 2006, and Mr. Arntzen indicated that his board would be willing to offer a price of $37.50 per share, subject to the completion of due diligence and agreement on the other terms and conditions of the proposed transaction. Mr. Whitworth updated the committee on his discussion later that day.

Throughout the month of September, the members of the committee of our board of directors frequently updated the other members of our board on the status of the discussions with Overseas Shipholding Group.

During the remainder of the week of September 11, 2006 and the week of September 18, 2006, Overseas Shipholding Group performed extensive business, financial, technical and legal due diligence of our business and vessels.

At a special meeting of our board of directors held on September 15, 2006, Mr. Whitworth updated the board on the status of the discussions with Overseas Shipholding Group. Our legal advisors reviewed the structure and materials terms of the transaction and representatives from Merrill Lynch reviewed with the board certain valuation considerations of the proposed transaction.

On September 18, 2006, Cravath, Swaine & Moore LLP, Overseas Shipholding Group s legal advisor, circulated a draft merger agreement to our legal advisor, Morgan, Lewis & Bockius LLP. Thereafter, the parties and their respective representatives and advisors had numerous conference calls to review and negotiate the terms of the merger agreement.

On September 21, 2006, our board of directors held a special meeting in New York City to review and discuss the status of the proposed transaction. Representatives of our legal advisors reviewed with the board its fiduciary duties in connection with its consideration of the proposed transaction, and also detailed the material proposed terms of the merger agreement with Overseas Shipholding Group. Representatives from Merrill Lynch then reviewed with the board financial aspects of the proposed transaction with Overseas Shipholding Group. After extensive discussions, the board instructed Mr. Whitworth to inform Mr. Arntzen that the board was willing to move forward with the proposed

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transaction with Overseas Shipholding Group provided that Overseas Shipholding Group made an offer of $37.50 per share and that all remaining issues in the merger agreement were resolved to the satisfaction of the board.

Following the board meeting, Mr. Whitworth contacted Mr. Arntzen and conveyed the consensus reached by our board of directors and Mr. Arntzen confirmed that Overseas Shipholding Group was willing to make an offer of $37.50 per share.

Our representatives and representatives of Overseas Shipholding Group and our respective legal advisors substantially finalized the definitive documentation relating to the proposed transaction over the weekend of September 23, 2006. On September 25, 2006, at a special meeting attended by all of our directors, our management and our legal and financial advisors, our board of directors met to approve the proposed transaction with Overseas Shipholding Group. Mr. Whitworth reported to the board that Overseas Shipholding Group had made an offer at $37.50 per share in cash. Representatives of our legal advisors reviewed with the board the status of the legal documentation. In addition, Merrill Lynch reviewed with the board its financial analysis of the merger consideration and delivered its oral opinion, which opinion was subsequently confirmed in writing, to our board of directors to the effect that, as of that date and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the consideration of $37.50 in cash per share of our common stock pursuant to the merger was fair from a financial point of view to the holders of our common stock, other than Overseas Shipholding Group and its affiliates. After an extensive discussion, the directors unanimously approved the merger agreement and determined that it is fair, advisable to, and in the best interests of, our stockholders and authorized management to execute the merger agreement.

Later that morning, the parties executed the merger agreement and, prior to the commencement of trading on September 25, 2006, issued a joint press release publicly announcing the execution of the merger agreement.

Reasons for the Merger

Our board of directors, at a special meeting held on September 25, 2006, unanimously determined that the merger agreement is fair, advisable to, and in the best interests of our stockholders and unanimously approved the merger agreement. Accordingly, the board of directors unanimously recommends that you vote FOR the adoption of the merger agreement at the special meeting.

In the course of determining that the merger agreement is fair, advisable to and in the best interests of our stockholders, our board of directors consulted with management, as well as its legal and financial advisors, and considered the following potentially positive factors:

- the potential stockholder value that could be expected to be generated from remaining an independent company and executing on the company s long-term strategic plan, as well as the risks and uncertainties associated with such plan, and the assessment by management and our board of directors that this alternative was not reasonably likely to create greater value for our stockholders than the merger;

- the familiarity of our board of directors with, and information provided by management as to, our business, financial condition, results of operations and competitive position, the nature of our business and our strategic objectives, and the risks involved in achieving those objectives, as well as information provided by management and our financial advisor as to the industry in which we compete and general economic and market conditions;

- the current and historical market prices of our common stock relative to the $37.50 per share merger consideration, and the fact that $37.50 per share represented a 47% premium over the closing price of our common stock on September 22, 2006 (the last trading day prior to the announcement of the transaction) and a 51% premium to the average closing price of our common stock over the 20 trading day period up to and including September 22, 2006;

- the belief by our board of directors that we have obtained the highest price per share that Overseas Shipholding Group is willing to pay, taking into account the improvement in terms as a result of the negotiations between the parties;

our assessment as to the likelihood that a third party would offer a higher price than Overseas Shipholding Group;

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the fact that the merger consideration is all cash, which provides certainty of value to holders of our common stock compared to a transaction in which stockholders would receive stock;

the financial presentation of Merrill Lynch, including its opinion, dated September 25, 2006, to our board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of our common stock, other than Overseas Shipholding Group and its affiliates, as more fully described below under The Merger Opinion of Our Financial Advisor Merrill Lynch ;

the fact that the merger would be subject to the approval of our stockholders and that, if a higher offer were to be made to our stockholders prior to the completion of the merger, our stockholders would be free not to approve the merger with Overseas Shipholding Group;

the availability of appraisal rights for our stockholders who properly exercise their statutory appraisal rights;

the view of our board of directors, based on the advice of management and after consultation with our legal advisors, that the regulatory approvals necessary to complete the merger could be obtained; and

the terms of the merger agreement, as reviewed by our board of directors with our legal advisors, including:
sufficient operating flexibility for us to conduct our business in the ordinary course between signing and closing;

the absence of a financing condition; and

our ability to furnish information to and conduct negotiations with a third party under appropriate circumstances, as more fully described under The Merger Agreement No Solicitation .

Our board of directors also considered a number of potentially negative factors in its deliberations concerning the merger, including, but not limited to:

that we will no longer exist as an independent company and our stockholders will no longer participate in our growth;

that, under the terms of the merger agreement, we cannot solicit other acquisition proposals and we must pay to Overseas Shipholding Group a termination fee if the merger agreement is terminated under certain circumstances, all of which may deter others from proposing an alternative transaction that may be more advantageous to our stockholders;

the fact that gains from an all-cash transaction would be taxable to our stockholders for U.S. federal income tax purposes;

that, while the merger is expected to be completed, there can be no assurance that all conditions to the parties obligations to complete the merger will be satisfied, and as a result, it is possible that the merger may not be completed even if approved by our stockholders (see The Merger Agreement Conditions to the Completion of the Merger); and

the possibility of disruption to our operations following announcement of the merger, and the resulting effect on our company if the merger does not close.

During its consideration of the transaction with Overseas Shipholding Group, our board of directors was also aware that all of our directors and executive officers have interests in the merger that are, or may be, different from, or in addition to, those of our stockholders generally, as described under The Merger Interests of Our Directors and Executive Officers in the Merger .

While our board of directors considered potentially negative and potentially positive factors, our board of directors concluded that, overall, the potentially positive factors sufficiently outweighed the potentially negative factors.

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The foregoing discussion summarizes the material information and factors considered by our board of directors in its consideration of the merger. Our board of directors collectively reached the unanimous decision to approve the merger agreement in light of the factors described above and other factors that each member of our board of directors felt were appropriate. In view of the variety of factors and the quality and amount of information considered, our board of directors did not find it practicable to and did not make specific assessments of, quantify or otherwise assign relative weights to, the specific factors considered in reaching its determination. Individual members of our board of directors may have given different weight to different factors.

Recommendation of Our Board of Directors

Our board of directors has determined that the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, our stockholders. **Accordingly, our board of directors has unanimously approved and declared advisable the merger agreement and recommends that our stockholders vote FOR the adoption of the merger agreement.**

Opinion of Our Financial Advisor Merrill Lynch

The Maritrans board of directors engaged Merrill Lynch to assist it in connection with its evaluation of the proposed merger and to render an opinion as to whether the consideration to be received by the holders of Maritrans common stock pursuant to the merger was fair from a financial point of view to such holders, other than Overseas Shipholding Group and its affiliates.

On September 25, 2006, Merrill Lynch delivered its oral opinion, which opinion was subsequently confirmed in writing, to the Maritrans board of directors to the effect that, as of that date and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the consideration of $37.50 in cash per share of common stock pursuant to the merger was fair from a financial point of view to the holders of Maritrans common stock, other than Overseas Shipholding Group and its affiliates. A copy of Merrill Lynch s written opinion is attached to this document as Annex B.

Merrill Lynch s written opinion sets forth the assumptions made, matters considered and limits on the scope of review undertaken by Merrill Lynch. Each holder of Maritrans common stock is encouraged to read Merrill Lynch s opinion in its entirety. Merrill Lynch s opinion was intended for the use and benefit of the Maritrans board of directors, does not address the merits of the underlying decision by Maritrans to engage in the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the proposed merger or any related matter. Merrill Lynch was not asked to address, nor does its opinion address, the fairness to, or any other consideration of, the holders of any class of Maritrans securities, creditors or other constituencies, other than the holders of Maritrans common stock. This summary of Merrill Lynch s opinion is qualified by reference to the full text of the opinion.

In arriving at its opinion, Merrill Lynch, among other things:

- reviewed certain publicly available business and financial information relating to Maritrans that it deemed to be relevant;
- reviewed certain information, including financial forecasts, relating to Maritrans business, earnings, cash flow, assets, liabilities and prospects, furnished to it by Maritrans;
- conducted discussions with members of Maritrans senior management and representatives of Maritrans concerning the matters described in the two bullet points above;
- reviewed the market prices and valuation multiples for Maritrans common stock and compared them with those of certain publicly traded companies that it deemed to be relevant;
- reviewed Maritrans results of operations and compared them with those of certain publicly traded companies that it deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that it deemed to be relevant;

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