



# International Shipholding Corporation

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TO:

Dear Valued Customer:

As you may be aware, International Shipholding Corporation and certain affiliated entities (collectively, the “Company”) filed voluntary petitions for relief under chapter 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York on July 31, 2016.<sup>1</sup>

Our Company’s specific challenges during this time lie with our debt and capital structure, not our day-to-day operations. As such, the Company’s chapter 11 filing does not mean that our Company is going out of business. Rather, this filing is a critical step on our Company’s path towards an orderly financial restructuring with our lenders and shareholders. Throughout the chapter 11 process, our Company will continue conducting normal business operations. On behalf of all of our employees operating today in the United States and abroad, we also want to take this opportunity to thank you for staying the course and believing in our Company.

To ease any concerns that customers such as yourself may have about the Company going forward, we have answered some common questions below.

### **1. Why did the Company file bankruptcy?**

Our Company commenced this reorganization to undertake a comprehensive financial restructuring. The chapter 11 process enables our Company to continue conducting normal business operations while restructuring our capital structure. Our Company expects to continue shipping operations in the ordinary course of business. Restructuring our Company’s debts will de-leverage the Company and allow it to obtain financing. This will enhance our Company’s long-term viability.

### **2. What is chapter 11?**

Chapter 11 refers to a chapter of the Bankruptcy Code. Chapter 11 provides an opportunity for companies to reorganize debts while continuing day-to-day operations.

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<sup>1</sup> The names of the entities that have filed chapter 11 bankruptcy petitions are: International Shipholding Corporation; Enterprise Ship Co.; Sulphur Carriers, Inc.; Central Gulf Lines, Inc.; Coastal Carriers, Inc.; Waterman Steamship Corporation; N.W. Johnsen & Co., Inc.; LMS Shipmanagement, Inc.; U.S. United Ocean Services, LLC; Mary Ann Hudson, LLC; Sheila McDevitt, LLC; Tower LLC; Frascati Shops, Inc.; Gulf South Shipping PTE LTD; LCI Shipholdings, Inc.; Dry Bulk Australia LTD; and Dry Bulk Americas LTD. MARCO Shipping Company

**3. How can I stay informed of the bankruptcy?**

The easiest way to stay informed of the bankruptcy proceeding is by accessing the website of the Company's claims agent, Prime Clerk LLC. The website contains copies of all pleadings as well as information on deadlines and other relevant case matters. The website can be found at: <http://cases.primeclerk.com/ish>.

**4. Is the Company going out of business?**

No. Our Company intends to continue operating throughout and after its reorganization process. A chapter 11 filing such as this is intended to allow a company to reorganize its capital structure, rather than go out of business.

**5. Should customers be worried that long-term projects will not be completed?**

No. Our Company intends to continue all of its current operations, both short- and long-term, in the ordinary course of business throughout the reorganization process. Customers should not experience any interruption or material change in service as a result of the chapter 11 reorganization.

**6. Does the Company have sufficient liquidity to fulfill obligations to current customers?**

Yes. Our Company has received commitments for \$16 million of new debtor-in-possession (DIP) financing. Upon court approval, this DIP financing will provide our Company with greater financial flexibility and sufficient liquidity to meet our obligations to customers during the chapter 11 process.

**7. Will vendors continue providing goods that are necessary to complete ongoing projects?**

The Company expects day-to-day operations to continue normally. All goods and services provided to our Company after the filing date will be paid in-full on customary business terms. As a result, our Company does not expect vendors to alter service to the Company in any way.

Again, thank you for staying the course and believing in our Company.

Sincerely,

International Shipholding Corporation

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