



IMPORTANT INFORMATION FOR OUR VENDORS

Dear Vendor:

As you may be aware, on July 31, 2016, International Shipholding Corporation and certain of its affiliates and subsidiaries (together, 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 (the “*Court*”).

The Company’s specific challenges during this time lie with its debt and capital structure, not its day-to-day operations. Accordingly, the chapter 11 filing does not mean that the Company is going out of business. Rather, this filing is a critical step on the Company’s path towards an orderly financial restructuring with its lenders, bondholders, and equity holders. Throughout the chapter 11 process, the Company will continue conducting normal business operations. To ease any concerns that vendors such as yourself may have about the Company going forward, we have answered some common questions below.

1. Why did the Company file bankruptcy?

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

2. What is chapter 11?

Chapter 11 refers to a chapter of the Bankruptcy Code. Unlike chapter 7, which outlines how a company liquidates, chapter 11 provides an opportunity for companies to reorganize debts while continuing day-to-day operations.

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 (“*Prime Clerk*”). The website contains copies of all pleadings as well as information on deadlines and other relevant case matters. The website can be found at: <https://cases.primeclerk.com/ish>.

4. Is the Company going out of business?

No. The Company intends to continue operating throughout 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. Will vendors be paid for goods and services delivered prior to the filing date?

We anticipate that all vendors who provided goods received by the Company within twenty (20) days before the filing date will be paid for in full. (If you or your company provided goods during that time, please see question 11 below.) Unfortunately, federal law generally prohibits payment for other goods and services received before the filing date unless authorized by a specific Court order or a plan of reorganization that is accepted by creditors and approved by the Court. Notwithstanding this general prohibition, the Company has requested authority from the Court to make certain other payments to its vendors and suppliers. If you are included in this additional authority, the Company will be in contact with you shortly. If the Company owes you any pre-petition amounts and you do not receive payment, you should file a proof of claim form. (If you intend to file a proof of claim, please see question 10 below.) Payments on these unpaid pre-petition obligations will be settled as part of a plan of reorganization. At this time, we are unable to provide with a date when you should expect payment on your pre-petition invoices.

6. Does the Company have sufficient liquidity to meet ongoing obligations to vendors?

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

7. Will the Company continue to order goods and services, and if so, how do vendors know they will get paid while the Company is in bankruptcy?

Yes. The Company expects day-to-day operations to continue normally. All goods and services provided to the Company after the filing date will be paid in-full on customary business terms. The Company will continue to order and pay for goods and services to meet its business needs.

8. Will payment terms change during bankruptcy?

No. The Company's ability to purchase from vendors such as yourself at competitive and customary prices is critical. The Company expects to remain a loyal customer to your company and looks forward to continuing our productive relationship.

9. Will there be a meeting of creditors?

The Company's professionals are preparing a complete list of the Company's creditors. After the list is compiled, each creditor will be sent an official notice of the bankruptcy filing that will include the date, time, and location for a meeting of creditors. You are not required to attend this meeting, and your failure to attend will not impact your rights or remedies as a vendor.

11. How do I file a proof of claim?

Proof of claim forms will be mailed to all creditors. Forms can also be downloaded at the following websites:

- <https://cases.primeclerk.com/ish>
- http://www.uscourts.gov/uscourts/RulesAndPolicies/rules/BK_Forms_Current/B_010.pdf

The Court has not yet set a deadline for creditors to file proof of claim forms. The Court, however, will set a deadline, and it is very important to submit your proof of claim form prior to that deadline. Once the deadline is set by the Court, you will receive notice of the deadline. The deadline will also be posted on the Company's reorganization website, located at <https://cases.primeclerk.com/ish>.

12. What if I provided goods twenty days prior to the filing?

If you delivered goods to the Company within twenty (20) days prior to the filing date, then you may have a 503(b)(9) claim. To properly notify the Court and timely receive payment, please fill out your proof of claim form as outlined below:

- Locate box number twelve (12) on the proof of claim form.
- On the left side, check the box labeled "Other".
- In the same place, where it requires you to "Specify subsection of 11 U.S.C. § 507(a)(__) that applies," please insert the number "2". The completed entry should read "11 U.S.C. § 507(a)(2)."
- To the right, in the blank below "Amount entitled to priority", please insert the invoiced amount for goods delivered to the Company within twenty (20) days prior to the filing date.

If you have any questions or concerns about this filing, please contact Prime Clerk at (844) 205-4335.