

Hearing Date: TBD  
Supplemental Objection Deadline: TBD

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*Proposed Counsel to Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	
	)	
	)	Chapter 11
	)	
INTERNATIONAL SHIPHOLDING	)	Case No. 16-12220 (SMB)
CORPORATION, <i>et al.</i> , <sup>1</sup>	)	
	)	
Debtors.	)	Jointly Administered
	)	

**DEBTORS' SUPPLEMENTAL MOTION FOR AN ORDER AUTHORIZING THE DEBTORS TO (I) OBTAIN ADDITIONAL POST-PETITION FINANCING AND (II) ENTER INTO THE THIRD AMENDMENT TO THE DIP CREDIT AGREEMENT**

The Debtors hereby file this motion (the "Supplemental DIP Financing Motion") for entry of an order (the "Order"), substantially in the form attached hereto as Exhibit A, authorizing the Debtors to (i) obtain additional post-petition financing in the amount of \$2.1 million (the "Additional DIP Financing") on the terms and conditions set forth in the *Final Order* (1) *Authorizing Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and*

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: International Shipholding Corporation (9662); Enterprise Ship Co. (9059); Sulphur Carriers, Inc. (8965); Central Gulf Lines, Inc. (8979); Coastal Carriers, Inc. (6278); Waterman Steamship Corporation (0640); N.W. Johnsen & Co., Inc. (8006); LMS Shipmanagement, Inc. (0660); U.S. United Ocean Services, LLC (1160); Mary Ann Hudson, LLC (8478); Sheila McDevitt, LLC (8380); Tower LLC (6755); Frascati Shops, Inc. (7875); Gulf South Shipping PTE LTD (8628); LCI Shipholdings, Inc. (8094); Dry Bulk Australia LTD (5383); Dry Bulk Americas LTD (6494); and Marco Shipping Company PTE LTD (4570). The service address for each of the above Debtors is 601 Poydras Street, Pan American Building, Suite 1850, New Orleans, Louisiana 70130.

(C) *Grant Certain Protections to Prepetition Lenders and (2) Granting Certain Related Relief* [ECF No. 180] (the “Final DIP Order”)<sup>2</sup> as modified by that certain Amendment No. 3 to Debtor-in-Possession Credit Agreement (“Amendment No. 3”), substantially in the form attached hereto as Exhibit B, and (ii) enter into the Amendment No. 3. In support of the motion, the Debtors respectfully state as follows:

### **JURISDICTION**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The bases for the relief requested herein are sections 105, 361, 362, 363(c)(2), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), and 364(e) of title 11 of the United States Code (the “Bankruptcy Code”), rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 4001-2 of the Local Rules (the “Local Bankruptcy Rules”) for the United States Bankruptcy Court for the Southern District of New York.

### **BACKGROUND**

#### **B. General Background**

4. On July 31, 2016 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.
5. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No trustee or examiner has been appointed in the chapter 11 cases. On September 1, 2016, the Office of the

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<sup>2</sup> Capitalized termed used but not otherwise defined herein shall have the meanings ascribed to such terms in the Final DIP Order.

United States Trustee for Region 2 (the “U.S. Trustee”) appointed the statutory committee of unsecured creditors (the “Committee”) [ECF No. 125].

6. A description of the Debtors’ business and the reasons for filing these chapter 11 cases is set forth in the *Declaration of Erik L. Johnsen, President and Chief Executive Officer, Pursuant to Local Bankruptcy Rule 1007-2 and in Support of First Day Filings* (the “First Day Declaration”) filed previously with this Court [ECF No. 7] and incorporated by reference as if fully set forth herein.

**C. Specific Background**

7. On August 1, 2016, the Debtors filed the *Debtors’ Motion for Entry of Interim and Final Orders (1) Authorizing Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Certain Protections to Prepetition Lenders, (2) Scheduling a Final Hearing, and (3) Granting Certain Related Relief* [ECF No. 17] (the “Initial DIP Financing Motion”). Pursuant to the Initial DIP Financing Motion, the Debtors sought authority to enter into a senior secured, superpriority, debtor-in-possession financing facility in the amount of \$16,000,000 (the “Initial DIP Financing”). The terms of the Initial DIP Financing, including the background, exhibits, and other information contained in the Initial DIP Motion are expressly incorporated as if fully set forth herein. On September 21, 2016, the Court entered the *Final Order (1) Authorizing Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Certain Protections to Prepetition Lenders and (2) Granting Certain Related Relief* [ECF No. 180] (the “Final DIP Order”).

8. Also on August 1, 2016, the Debtors filed the *Debtor’s Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Pay Pre-Petition Wages, Other Compensation, and Reimbursable Expenses, (B) Continue Employee Benefit Programs, and (C) Pay Director Fees and Expenses; and (II) Authorizing Financial Institutions to Honor and*

*Process All Checks and Electronic Payment Requests Related to Such Obligations* [ECF No. 10] (the “Wages Motion”). As set forth in more detail in the Wages Motion, certain of the Debtors’ crew members and employees are represented by various unions that provide healthcare coverage, retirement benefits, vacation wages, training opportunities, and other benefits to such employees administered by MM&P, MEBA, SIU, and ARA (the “Union Benefit Plans”). Prior to the applicable objection deadlines, the MM&P Benefits Plans and MEBA Benefits Plans [ECF No. 84], and the Seafarers International Union [ECF No. 89] objected to the relief requested in the Wages Motion, among other of the Debtors’ first day motions. These Union Benefit Plans asserted, among other things, that the Debtors proposed to use property of the estates to fund benefits programs for non-union personnel, but did not propose to pay the benefits of equally critical union personnel, although union employee benefit claims are entitled to the same priority under the Bankruptcy Code. In addition, the International Organization of Masters, Mates and Pilots (the “MM&P”) and Marine Engineers Beneficial Association (the “MEBA”) objected to the Wages Motion and Initial DIP Motion and expressly reserved their members’ purported rights under their collective bargaining agreement to strike if the Debtors failed to pay the Union Benefit Plans for the benefits provided to the Debtors’ personnel [ECF No. 88].

9. The Court held the first hearing on the Wages Motion on August 3, 2016 and entered an interim order granting in part the relief requested on August 5, 2016 [ECF No. 44]. Subsequent hearings were held on August 22, 2016, and September 7, 2016, and the Court entered subsequent interim orders on August 23, 2016 [ECF No. 120], and September 8, 2016 [ECF No. 161] granting certain relief requested in the Wages Motion on an interim basis, but not granting final relief. The Debtors have conducted ongoing negotiations with the Unions and

Union Benefit Plans to consensually resolve the dispute regarding the Wages Motion and other first day motions.

10. As described to the Court on the record at the September 15, 2016, hearing, the Debtors have reached a mutually agreeable resolution with the Union Benefit Plans regarding their pending objections to the Debtors' first day motions. Specifically, subject to Court approval of this motion, the Debtors have agreed to seek authority to make payments aggregating \$2.1 million to the MM&P, MEBA, SIU, and ARA benefit plans, which payments shall be in satisfaction of priority claims arising under Bankruptcy Code section 507(a)(4)-(5). This amount represents an estimate of one month's contributions to the Union Benefit Plans and constitutes a partial payment of outstanding pre-petition debt owed by the Debtors to the Union Benefit Plans. The Debtors have filed a supplement to the Wages Motion (the "Wages Supplement") contemporaneously herewith requesting authority to make these payments, which motion is contingent on approval of this Supplemental DIP Financing Motion to obtain additional post-petition funding in the same amount for the purpose of making such payments.

11. As set forth in more detail in the Wages Supplement and the *Declaration of Laurence H. Gurley in Support of Debtors' Supplemental Motion for an Order Authorizing the Debtors to (I) Obtain Additional Post-Petition Financing and (II) Enter into the Third Amendment to the DIP Credit Agreement and in Support of the Supplement to Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Pay Pre-Petition Wages, Other Compensation, and Reimbursable Expenses, (B) Continue Employee Benefit Programs, and (C) Pay Director Fees and Expenses; and (II) Authorizing Financial Institutions to Honor and Process All Checks and Electronic Payment Requests Related to Such Obligations* (the "Gurley Declaration"), the Debtors believe that the payments, which, among other things,

address the objections filed by the Union Benefit Plans, will provide increased certainty in the chapter 11 cases and will make the Debtors' path to emergence smoother. The Wages Supplement therefore is in the best interests of the Debtors' estates. As such, the Debtors believe that the Additional DIP Financing, on which the proposed Wages Supplement settlement hinges—is necessary, appropriate, and in the best interests of the Debtors' estates. Accordingly, the Debtors request that the Court approve the Supplemental DIP Financing Motion.

12. The Debtors have analyzed their cash needs in an effort to determine what is necessary to both maintain their business in chapter 11 and to work towards an exit from chapter 11, which includes the payments made in connection with the Wages Supplement to the Union Benefit Plans. Accordingly, pursuant to this Supplemental DIP Financing Motion, the Debtors seek to increase the post-petition financing amount from the Initial DIP Financing of \$16 million to an aggregate of \$18.1 million. Absent approval of the Additional DIP Financing, the Debtors do not currently have a sufficient source of cash with which to make the payments contemplated by the Wages Supplement and, as a result, if this motion is not granted, the Debtors will not seek to proceed with the Wage Supplement.

13. Specifically, Amendment No. 3 will increase the post-petition financing commitment by \$2.1 million (in accordance with the terms of the DIP Documents) for the purpose of making the payments proposed under the Wages Supplement. This commitment should allow the Debtors to meet all of their administrative obligations during these chapter 11 cases while at the same time making the necessary expenditures that are critical to the Debtors' successful exit from chapter 11 (including the cash payments to the Union Benefit Plans).

#### **RELIEF REQUESTED**

14. The Debtors respectfully request entry of a final order (the "Order"), substantially in the form attached hereto as Exhibit A, authorizing the Debtors to (i) obtain additional post-

petition financing in the amount of \$2.1 million on the terms and conditions set forth in Final Order as modified by Amendment No. 3 and (ii) enter into the Amendment No. 3 to the DIP Credit Agreement, substantially in the form attached hereto as Exhibit B.

**BASIS FOR RELIEF**

15. The success of the Debtors' reorganization efforts and recoveries to the Debtors' stakeholders hinge upon obtaining access to financing because, absent access to the financing, the Debtors will not be able to maintain their business for the remainder of these chapter 11 cases or provide a meaningful recovery to their creditors and stakeholders. At this time, the Debtors request authorization to borrow an additional \$2.1 million (in accordance with the terms of the DIP Documents) and to use such proceeds to make the payments proposed under the Wages Supplement.

16. The proposed financing is the best financing available to the Debtors at this time. As detailed in the First Day Affidavit, the Debtors have been unable to procure sufficient financing: (a) in the form of unsecured credit allowable under Bankruptcy Code section 503(b)(1); (b) solely as an administrative expense under Bankruptcy Code sections 364(a)-(b); or (c) in exchange solely for the grant of a superpriority administrative expense claim pursuant to Bankruptcy Code section 364(c). Thus, based on the foregoing, the Debtors submit that they have satisfied the requirements to access post-petition financing on a superpriority, secured basis pursuant to Bankruptcy Code section 364.

17. Further, as described herein, the Additional DIP Financing is critical to the Debtors' ability to make the payments to the Union Benefit Plans contemplated by the Wages Supplement, which payments are in the best interests of their creditors and estates. To be clear, the funds necessary to make the payments proposed under the Wages Supplement must come

from the incurrence of the Additional DIP Financing being sought pursuant to this Supplemental DIP Financing Motion. Specifically, it is a condition precedent to making the payments that this Court approve the Supplemental DIP Financing Motion. Simply put, without Court approval of the Supplemental DIP Financing Motion, the Debtors will be unable to effectuate the payments, and the Debtors would be back at square one with the Union Benefit Plans. This result could imperil the Debtors' ability to emerge from chapter 11. As such, the Debtors believe that the Additional DIP Financing is in the best interests of their creditors and their estates.

18. For the reasons set forth in the Initial DIP Financing Motion and this Supplemental DIP Financing Motion, the Debtors submit that the terms of the Additional DIP Financing were negotiated in good faith and that entry into the DIP Financing Agreement is in the best interests of the Debtors' creditors, is necessary to preserve the value of estate assets and is an exercise of the Credit Parties' sound and reasonable business judgment. Further, the Debtors' have consulted with their Pre-petition Secured Lenders, DIP Lenders, and the Committee regarding the substance of the relief requested herein, and the Debtors anticipate that those parties will support the request.

**WAIVER OF STAY UNDER BANKRUPTCY RULE 6004(h)**

19. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rules 6004(h). Bankruptcy Rule 6004(h) provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As set forth above, the Additional DIP Financing is essential to prevent irreparable damage to the Debtors' business, value and ability to reorganize. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.



**NOTICE**

20. No trustee or examiner has been appointed in the Debtors' chapter 11 cases. The Debtors have caused notice of this motion to be provided by electronic mail, facsimile, regular or overnight mail, and/or hand delivery to: (i) the Office of the United States Trustee for Region 2, Attn: Serene K. Nakano; (ii) the agent under the Debtors' post-petition debtor-in-possession financing and its counsel; (iii) the official committee of unsecured creditors appointed in these chapter 11 cases and their counsel; (iv) counsel to the agents under the Debtors' pre-petition credit facilities; (v) the United States Attorney's Office for the Southern District of New York; (vi) the Internal Revenue Service; (vii) the United States Securities and Exchange Commission; (viii) the United States Attorney for the Southern District of New York; (viii) the Securities and Exchange Commission; and (ix) all parties that have filed a request to receive service of pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE the Debtors respectfully request entry of an order, substantially similar to the proposed form of order attached hereto as Exhibit A, granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: New York, New York  
September 28, 2016

**AKIN GUMP STRAUSS HAUER & FELD LLP**

By: /s/ David H. Botter

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*Proposed Counsel to Debtors and Debtors in Possession*

**EXHIBIT A**

Proposed Order

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	
	)	
	)	Chapter 11
	)	
INTERNATIONAL SHIPHOLDING CORPORATION, <i>et al.</i> , <sup>1</sup>	)	Case No. 16-12220 (SMB)
	)	
Debtors.	)	Jointly Administered
	)	

**SUPPLEMENT TO FINAL ORDER (1) AUTHORIZING DEBTORS TO  
(A) OBTAIN POSTPETITION FINANCING, (B) USE CASH COLLATERAL, AND  
(C) GRANT CERTAIN PROTECTIONS TO PREPETITION LENDERS AND  
(2) GRANTING CERTAIN RELATED RELIEF**

Upon the motion of the above-captioned debtors and debtors in possession (collectively, the “Debtors”)<sup>2</sup> for entry an order authorizing the Debtors to (i) obtain additional post-petition financing in the amount of \$2.1 million (on the terms and conditions set forth in the *Final Order (1) Authorizing Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Certain Protections to Prepetition Lenders and (2) Granting Certain Related Relief* [ECF No. 180] (the “Final DIP Order”)<sup>3</sup> as modified by that certain Amendment No. 3 to Debtor-in-Possession Credit Agreement (“Amendment No. 3”) and (ii) enter into the Amendment No. 3; and the Court having jurisdiction to consider the motion and the relief requested therein in accordance with 28 U.S.C. § 1334 and the *Amended Standing Order of*

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: International Shipholding Corporation (9662); Enterprise Ship Co. (9059); Sulphur Carriers, Inc. (8965); Central Gulf Lines, Inc. (8979); Coastal Carriers, Inc. (6278); Waterman Steamship Corporation (0640); N.W. Johnsen & Co., Inc. (8006); LMS Shipmanagement, Inc. (0660); U.S. United Ocean Services, LLC (1160); Mary Ann Hudson, LLC (8478); Sheila McDevitt, LLC (8380); Tower LLC (6755); Frascati Shops, Inc. (7875); Gulf South Shipping PTE LTD (8628); LCI Shipholdings, Inc. (8094); Dry Bulk Australia LTD (5383); Dry Bulk Americas LTD (6494); and Marco Shipping Company PTE LTD (4570). The service address for each of the above Debtors is 601 Poydras Street, Pan American Building, Suite 1850, New Orleans, Louisiana 70130.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings set forth in the motion or in the First Day Declaration, as applicable.

<sup>3</sup> Capitalized termed used but not otherwise defined herein shall have the meanings ascribed to such terms in the Final DIP Order.

*Reference* from the United States Southern District of New York, dated as of January 31, 2012; and consideration of the motion and the relief requested therein being a core proceeding in accordance with 28 U.S.C. §§ 157(b)(2); and venue being proper in this jurisdiction pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the motion being adequate and appropriate under the particular circumstances; and a hearing having been held to consider the relief requested in the motion; and upon the First Day Declaration and the Gurley Declaration, the record of the hearing and all proceedings had before the Court; and the Court having found and determined that the relief sought in the motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest, and that the legal and factual bases set forth in the motion establish just cause for the relief granted herein; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED**:

1. The motion is granted to the extent set forth herein.
2. The Debtors' are hereby expressly and immediately authorized to enter into and perform their obligations under Amendment No. 3 to the DIP Credit Agreement and to borrow an additional \$2.1 million thereunder up to an aggregate principal amount of \$18.1 million under the Final DIP Order and the DIP Documents.
3. Each and every provision of the Final DIP Order and the DIP Documents shall remain unchanged except as amended by this order and Amendment No. 3.
4. The notice provided by the Debtors of the motion and the relief requested therein constitutes due and sufficient notice thereof.
5. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), this order shall be immediately effective and enforceable upon its entry.

6. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this order.

7. The Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this order.

New York, New York

Dated: \_\_\_\_\_, 2016

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United States Bankruptcy Judge

**EXHIBIT B**

Form of Amendment No. 3 to the DIP Credit Agreement

AMENDMENT NO. 3 TO DEBTOR-IN-POSSESSION CREDIT AGREEMENT

AMENDMENT NO. 3 (this "Amendment No. 3"), dated as of [\_\_\_\_\_] , 2016, by and among INTERNATIONAL SHIPHOLDING CORPORATION, as debtor and debtor-in-possession (the "Company"), ENTERPRISE SHIP COMPANY, INC., as debtor and debtor-in-possession ("Enterprise"), SULPHUR CARRIERS, INC., as debtor and debtor-in-possession ("Sulphur Carriers"), CENTRAL GULF LINES, INC., as debtor and debtor-in-possession ("Central Gulf"), WATERMAN STEAMSHIP CORPORATION, as debtor and debtor-in-possession ("Waterman"), COASTAL CARRIERS, INC., as debtor and debtor-in-possession ("Coastal"), N. W. JOHNSEN & CO., INC., as debtor and debtor-in-possession ("NWJ"), LMS SHIPMANAGEMENT, INC., as debtor and debtor-in-possession ("LMS"), U.S. UNITED OCEAN SERVICES, LLC, as debtor and debtor-in-possession ("UOS"), MARY ANN HUDSON, LLC, as debtor and debtor-in-possession ("MAH"), SHEILA MCDEVITT, LLC, as debtor and debtor-in-possession ("SAM"), TOWER, LLC, as debtor and debtor-in-possession ("Tower"), FRASCATI SHOPS, INC., as debtor and debtor-in-possession ("Frascati"), GULF SOUTH SHIPPING, PTE LTD, as debtor and debtor-in-possession ("Gulf South"), LCI SHIPHOLDINGS, INC., as debtor and debtor-in-possession ("LCI"), MARCO SHIPPING COMPANY (PTE) LTD, as debtor and debtor-in-possession ("Marco"), DRY BULK AMERICAS LTD., as debtor and debtor-in-possession ("Dry Bulk Americas"), DRY BULK AUSTRALIA LTD., as debtor and debtor-in-possession ("Dry Bulk Australia"); the Company, Enterprise, Sulphur Carriers, Central Gulf, Waterman, Coastal, NWJ, LMS, UOS, MAH, SAM, Tower, Frascati, Gulf South, LCI, Marco, Dry Bulk Americas and Dry Bulk Australia, each a "Borrower" and collectively, the "Borrowers"), SEACOR CAPITAL CORP., as administrative agent (in such capacity, "Administrative Agent"), collateral agent (in such capacity, "Collateral Agent"), and security trustee (in such capacity, "Security Trustee"), and each of the REQUIRED LENDERS party to this Amendment No. 3.

The Borrowers, the Lenders party thereto, the Administrative Agent, the Collateral Agent and the Security Trustee are parties to a Debtor-in-Possession Credit Agreement dated as of August 4, 2016 (as amended by Amendment No. 1 dated as of August 26, 2016 and Amendment No. 2 dated as of September 21, 2016, and as further amended, modified and supplemented and in effect from time to time, the "DIP Credit Agreement"). The parties hereto wish now to amend the DIP Credit Agreement in certain respects, and accordingly, the parties hereto hereby agree as follows:

Section 1 Acknowledgments by the Borrowers. To induce the Administrative Agent and the Required Lenders to execute this Amendment No. 3, the Borrowers hereby acknowledge and agree that the aggregate principal amount of the Borrowings prior to the Amendment No. 3 Effective Date is \$16,000,000. The foregoing amount does not include interest, fees and expenses and other amounts that are due and payable, chargeable or otherwise reimbursable under the Credit Documents.

Section 2 Definitions. Except as otherwise defined in this Amendment No. 3, terms defined in the DIP Credit Agreement are used herein as defined therein.

Section 3 Amendments. Subject to the satisfaction of the conditions precedent specified in Section 5 below, but effective as of the date hereof, the DIP Credit Agreement shall be amended as follows:

(a) References Generally. References in the DIP Credit Agreement (including references to the DIP Credit Agreement as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein" and "hereof") shall be deemed to be references to the DIP Credit Agreement as amended hereby.

(b) Definitions. Section 1.1 of the DIP Credit Agreement shall adding the following definition of "Amendment No. 3 Effective Date" in the appropriate alphabetical location:

"Amendment No. 3 Effective Date" means [\_\_\_\_\_] , 2016.



(c) Term Loans. Clause (ii) of the second sentence of Section 2.1(a) of the DIP Credit Agreement is hereby amended by deleting the term “\$16,000,000” therein and inserting “\$18,100,000” in lieu thereof.

(d) Incremental Loan. Section 2.1(c) of the DIP Credit Agreement is hereby added to read in its entirety as follows:

(c) Incremental Loan.

(i) Effective as of the Amendment No. 3 Effective Date, the Borrowers request an increase in the Commitments (such increase, the “Incremental Commitment” and the loan thereunder, the “Incremental Loan”) in an aggregate amount of \$2,100,000 and the Lender identified on Appendix A(1) agrees to provide the Incremental Loan. The Borrowing of the full amount of the Incremental Loan shall be made on the third Business Day following receipt by the Administrative Agent of a Funding Notice.

(ii) The Borrowing of the Incremental Loan shall be subject to each of the conditions set forth in Section 5.3.

(iii) The Incremental Loan shall be on the same terms as the Loans and the Incremental Loan established pursuant to this Section 2.1(c) shall constitute a Loan and Final Loan under this Agreement, and shall be entitled to all the benefits afforded by this Agreement and the other Credit Documents.

(e) Incremental Commitments. Appendix A(1) of the DIP Credit Agreement is hereby added in the appropriate position to read in its entirety as set forth on Schedule I hereto.

Section 4 Representations and Warranties. Each Borrower represents and warrants to the Lenders, the Administrative Agent, the Collateral Agent and the Security Trustee that the representations and warranties set forth in Section 6 of the DIP Credit Agreement (as amended hereby), and in each of the other Credit Documents, are true and correct in all material respects (unless otherwise qualified by materiality in which case such representations and warranties shall be true and correct in all respects) on and as of the date hereof, as though made on and as of the date hereof, except to the extent that any such representation or warranty expressly relates to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (unless otherwise qualified by materiality in which case such representations and warranties shall be true and correct in all respects) on and as of such earlier date).

Section 5 Conditions Precedent. The amendments set forth in Section 3 hereof shall become effective, as of the date hereof, upon satisfaction of the following conditions:

(a) Execution. The Administrative Agent shall have received counterparts of this Amendment No. 3 executed by the Borrowers, the Required Lenders and the Administrative Agent.

(b) Fees and Expenses. The Borrower shall have paid all fees, charges and disbursements due under the Credit Documents, including, but not limited to all reasonable and documented out-of-pocket legal and other professional fees, charges and disbursements of the Administrative Agent and each Lender incurred under or in connection with the DIP Credit Agreement and this Amendment No. 3. For the avoidance of doubt, no new Borrowings of Final Loans shall be permitted if reasonable and documented out-of-pocket professional fees, charges and disbursements of the Administrative Agent and each Lender incurred under or in connection with the DIP Credit Agreement and this Amendment No. 3 that have become due and payable

before the date of any such Borrowing and have not been paid in full in cash or are paid from such Borrowing.

Section 6 Confirmation of Credit Documents. Each Borrower (a) confirms its obligations under the Credit Documents, (b) confirms that its obligations under the DIP Credit Agreement as amended hereby are entitled to the benefits of the pledges and guarantees, as applicable, set forth in the Credit Documents, (c) confirms that its obligations under the DIP Credit Agreement as amended hereby constitute “Obligations” (as defined in the Credit Documents) and (d) agrees that the DIP Credit Agreement as amended hereby is the DIP Credit Agreement under and for all purposes of the Credit Documents. Each party, by its execution of this Amendment No. 3, hereby confirms that the Obligations shall remain in full force and effect, and such Obligations shall continue to be entitled to the benefits of the grant set forth in the Credit Documents.

Section 7 Miscellaneous. Except as herein provided, the DIP Credit Agreement shall remain unchanged and in full force and effect. This Amendment No. 3 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 3 by signing any such counterpart. Delivery of a counterpart by electronic transmission shall be effective as delivery of a manually executed counterpart hereof. This Amendment No. 3 and any right, remedy, obligation, claim, controversy, dispute or cause of action (whether in contract, tort or otherwise) based upon, arising out of or relating to this Amendment No. 3 shall be governed by, and construed in accordance with, the law of the State of New York without regard to conflicts of law principles that would lead to the application of laws other than the law of the State of New York, except to the extent New York law is superseded by the Bankruptcy Code.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 3 to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWERS:

**INTERNATIONAL SHIPHOLDING CORPORATION,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**ENTERPRISE SHIP COMPANY, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**SULPHUR CARRIERS, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**CENTRAL GULF LINES, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**WATERMAN STEAMSHIP CORPORATION,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**COASTAL CARRIERS, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**N.W. JOHNSEN & CO., INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**LMS SHIPMANAGEMENT, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**U.S. UNITED OCEAN SERVICES, LLC,**  
as Debtor and Debtor-in-Possession

By: Coastal Carriers, Inc., its sole member

By: \_\_\_\_\_  
Name:  
Title:

**MARY ANN HUDSON, LLC,**  
as Debtor and Debtor-in-Possession

By: U.S. United Ocean Services, LLC, its sole  
member

By: Coastal Carriers, Inc., its sole member

By: \_\_\_\_\_  
Name:  
Title:

**SHEILA MCDEVITT, LLC,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**TOWER, LLC,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**FRASCATI SHOPS, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**GULF SOUTH SHIPPING PTE LTD,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**LCI SHIPHOLDINGS, INC.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**MARCO SHIPPING COMPANY (PTE) LTD,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**DRY BULK AMERICAS LTD.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**DRY BULK AUSTRALIA LTD.,**  
as Debtor and Debtor-in-Possession

By: \_\_\_\_\_  
Name:  
Title:

**ADMINISTRATIVE AGENT,  
COLLATERAL AGENT AND  
SECURITY TRUSTEE:**

**SEACOR CAPITAL CORP.,**  
as Administrative Agent, Collateral Agent and  
Security Trustee

By: \_\_\_\_\_  
Name:  
Title:

SEACOR CAPITAL CORP., as a Lender

By: \_\_\_\_\_  
Name:  
Title:



SCHEDULE I

Appendix A(1)

Incremental Lenders, Commitments and Commitment Percentages

<b>Incremental Lender</b>	<b>Incremental Commitments</b>	<b>Incremental Commitment Percentage</b>
SEACOR Capital Corp.	\$2,100,000.00	100%
<b>TOTAL</b>	<b>\$2,100,000.00</b>	<b>100.0000000%</b>