

Hearing Date and Time: To be determined
Objection Deadline: To be determined

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

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

**DEBTORS' EXPEDITED MOTION FOR ENTRY OF AN ORDER
AUTHORIZING THE SALE OF CERTAIN *DE MINIMIS* VESSEL ASSETS**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this motion for entry of an order, substantially in the form annexed hereto as Exhibit A (the “Proposed Order”), authorizing the Debtors to consummate the sale of certain *de minimis* vessel assets free of clear of all liens, claims, and encumbrances. In support of the motion, the Debtors submit the *Declaration of Manuel G. Estrada in Support of Debtors’ Expedited Motion for Entry*

¹ 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.

of an Order Authorizing the Sale of Certain De Minimis Vessel Assets, attached hereto as Exhibit D. In further 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(a) and 363 of title 11 of the United States Code (the “Bankruptcy Code”), rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), rule 6004-1 of the Local Rules (the “Local Bankruptcy Rules”) for the United States Bankruptcy Court for the Southern District of New York, and the Guidelines for the Conduct of Assets Sales promulgated by the Amended Guidelines for the Conduct of Asset Sales, General Order M-383 (the “Sale Guidelines”).

BACKGROUND

A. 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 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.

B. Specific Background

(i) Debtors’ Need for Asset Sales

7. As set forth in the First Day Declaration, the Debtors and their non-Debtor affiliates (collectively, “International Shipholding”) are engaged in waterborne cargo transportation and maintain a diversified customer base with emphasis on medium and long-term contracts. International Shipholding operates a diversified fleet of twenty-one (21) U.S. and foreign flag vessels that provide domestic and international maritime transportation services to commercial and governmental customers.

8. Since 2014, International Shipholding has encountered certain challenges related to complying with its debt covenants and overall liquidity restraints. In an attempt to strengthen its financial position, International Shipholding has taken certain steps to reduce debt to more manageable levels and to increase liquidity, including efforts to sell assets. As relevant to this motion, for the particular reasons described below, the Debtors determined to market for sale to third-party buyers two unnecessary and burdensome assets: the United States Tug “Coastal 303” (the “Coastal 303”) and the United States Tug “Rosie Paris” (the “Rosie Paris” and, collectively with the Rosie Paris, the “Assets”).

9. The Coastal 303 is a tug vessel used by the Debtors in their Jones Act business segment.² Towards the end of 2015, the Debtors determined that their Jones Act vessel capacity was in excess of demand. The Debtors therefore determined to market and sell the Coastal 303.

² The Merchant Marine Act of 1920 (better known as the Jones Act) requires that all goods transported by water between U.S. ports must, subject to certain limited exceptions, be carried aboard U.S. flag vessels that are constructed in the U.S., owned predominantly by U.S. citizens, and crewed by U.S. citizens. Under its Jones Act segment, International Shipholding currently deploys two (2) bulk carriers, one (1) integrated tug-barge unit, one (1) articulated tug-barge unit, and one (1) vessel that transports molten sulphur. Vessels deployed under the Jones Act

10. The Rosie Paris is a small tug vessel that the Debtors employed in their Jones Act business segment in lieu of chartering third-party tug services. The Debtors have determined that the costs to service and maintain the Rosie Paris as compared to these third-party tug services are cost-prohibitive, and the Debtors therefore decided to market the Rosie Paris for sale.

(ii) *Marketing and Sale Efforts*

11. The Debtors initiated the marketing process for both the Rosie Paris and the Coastal 303 in April 2016. Pre-petition the Debtors utilized the services of two (2) well-established brokers specializing in vessel sales to market the Assets: Jacq. Pierot Jr. & Sons, Inc. and Compass Maritime Services (collectively, the “Brokers”).³ Specifically, the Brokers served as a point of contact for interested parties to discuss the purchase of either Asset. The market for vessels such as the Rosie Paris and the Coastal 303 is limited because, among other things, both vessels are U.S. flag vessels and purchasers generally prefer vessels whose labor unions correspond to the union of vessels they already own.

12. Although three (3) parties inquired about the Assets with the Brokers, the Debtors failed to attract any potential buyers with respect to the Assets in either April or May 2016, and therefore strongly considered scrapping the Assets for their material value. However, in June 2016, the Debtors received an indication of interest in the Assets from Southern Dawn, LLC (the “Buyer”). The Debtors subsequently engaged in negotiations with the Buyers for the Assets, and on June 20, 2016, following a successful negotiation period and given the lack of any other interested buyers, Debtor and Asset owner U.S. United Ocean Services, LLC (the “Seller”)

segment serve primarily in the Gulf of Mexico and operate as the primary marine transporter of coal, sulphur, and phosphate rock. Petroleum coke and fertilizer are the other principal cargoes carried by the Jones Act vessels.

³ No amounts are due to the Brokers on account of the pending Asset sales.

entered into two (2) Memorandums of Agreement (the “Sale Agreements”), attached hereto as Exhibit B and Exhibit C, with respect to the sale of the Assets.

13. The Debtors have discussed the sale of the Assets pursuant to the Sale Agreements with the Debtors’ pre-petition lenders, DIP Agent, and the Committee, and although discussions are continuing with these parties, the Debtors have received no objection to the sale of the Assets as described in this motion. With respect to the Rosie Paris, this Asset originally served as collateral with respect to the Debtors’ Senior Facility with Regions Bank as administrative agent and collateral agent. Regions Bank agreed to release its lien on the Rosie Paris to permit the sale to proceed, which occurred prior to these chapter 11 cases. The Coastal 303 continues to serve as collateral with respect to the Debtors’ Senior Facility. Both Assets are first priority security for the Debtors’ DIP financing, and therefore all of the proceeds from the sale of the Assets will be used to pay down a portion of the DIP loans.

14. The Sale Agreements originally required consummation of the sale and delivery of the Assets no later than August 30, 2016, with an option for either party to terminate if the other party failed to perform. Upon information and belief, the Buyer has agreed that it will not terminate the Sale Agreements if the Asset sales are approved by the Bankruptcy Court and consummated no later than September 30, 2016.

(iii) Summary of Proposed Sale Transaction

15. Pursuant to the Sale Agreements, the Debtors have agreed to sell the Assets according to the following terms:⁴

- Assets: The United States Tug “Coastal 303” and the United States Tug “Rosie Paris”

⁴ The following summary is qualified in its entirety by reference to the provisions of the MOAs. In the event of any inconsistencies between the provisions of the MOAs and the terms herein, the terms of the MOAs shall govern. Capitalized terms used in this Section (B)(iii) of the motion and not otherwise defined shall have the meanings ascribed thereto in the MOAs.

- Seller: U.S. United Ocean Services, LLC
 - Buyer: Southern Dawn, LLC
 - Purchase Price: \$125,000 for the Coastal 303
\$40,000 for the Rosie Paris
 - Releases: None
 - Other: A five percent (5%) earnest money deposit was previously wired by Buyer to Seller, with the balance of the purchase price to be paid upon closing
- (iv) *Extraordinary Provisions*

16. The proposed Sale Order and the APA contain the following items that may be considered Extraordinary Provisions under the Sale Guidelines:

- Private Sale/No Competitive Bidding: The sale of the Assets pursuant to the Sale Agreements does not contemplate an auction or other further competitive bidding process. As described in more detail herein, the Debtors believe that an expedited sale of the Assets to the Buyer provides the best opportunity to maximize value, particularly given the marketing process completed pre-petition and the lack of viable alternatives for disposing of the Assets. The Debtors believe that any delay resulting from an auction or further bidding process risks losing the committed Buyer and would be unlikely to achieve a higher or better offer for the Assets from any other potential purchaser.
- Deadlines that Effectively Limit Notice: As set forth herein, the sale transactions may be terminated if the sales are not completed prior to September 30, 2016.
- Relief from Bankruptcy Rule 6004(h) and 6006(d): The Debtors seek relief from the fourteen day stay imposed by Bankruptcy Rule 6004(h) and 6006(d).

RELIEF REQUESTED

17. By this motion, the Debtors request entry of the Proposed Order authorizing the Debtors to consummate the sales of the Assets pursuant to the Sale Agreements free of clear of all liens, claims, and encumbrances.

SUPPORTING AUTHORITY

18. The Debtors submit that application of Bankruptcy Code section 363(b) standard to sales outside of the ordinary course of a debtor's business is met here. This Court's power under Bankruptcy Code section 363 is supplemented by Bankruptcy Code section 105(a), which provides in relevant part: "The Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Finally, Bankruptcy Code section 365(a) provides that a debtor may, subject to court approval, "reject an executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a). As set forth below, the Debtors submit they have satisfied the requirements of Bankruptcy Code sections 105, 363, and 365 as those sections have been construed by courts in the Second Circuit.

A. Approval Of The Sale Transaction Is Warranted Under Bankruptcy Code Section 363(b) Because A Sound Business Reason Exists For The Sale Transaction.

19. Bankruptcy Code section 363(b)(1) provides, in relevant part, that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). The use, sale, or lease of property of the estate, other than in the ordinary course of business, is authorized when there is an "articulated business justification" for the action to be taken. *See Fulton State Bank v. Schipper (In re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991) (citation omitted). When a valid business justification exists, the law vests a debtor's decision to use property out of the ordinary course of business with a strong presumption that "in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the company." *See Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (citation omitted).

20. Furthermore, Bankruptcy Code 363(b) applies to private sales consummated in the absence of competitive bidding. *See, e.g., In re Wieboldt Stores, Inc.*, 92 B.R. 309, 312 (N.D. Ill. 1988) (“Section 363(b) is not limited to sales involving competitive bidding. Bankruptcy Rule 6004, which sets forth procedures for Section 363(b) transfers, expressly provides for private sales.”). In this District, the Sale Guidelines require that, if a debtor moves to sell assets in the absence of an auction or if the debtor has not otherwise sought higher or better offers, the movant must state and explain why such sale is likely to maximize the sale price. *See* Sale Guidelines at ¶ I.D.3.

21. The Debtors have articulated a clear business justification for entering into the sale transaction for the Assets. The Debtors no longer benefit from the Assets or are able to obtain the benefits provided by the Assets from an alternate and more cost-efficient source. Since the Debtors’ highest priority in these chapter 11 cases is to maximize the value of their estates for the benefit of their creditors and other stakeholders, pursuing a sale of the Assets was a sound business decision. To that end, the Debtors have secured, after good-faith, arm’s-length negotiations, an offer from the Buyer for the Assets. To date, as set forth in greater detail above, the Debtors and their professionals have engaged in sale and marketing efforts with respect to the Assets for more than three (3) months since the beginning of April 2016. In addition, the Debtors engaged in negotiations with the Buyer in the formulation of the Sale Agreements. Thus, the Debtors entered into the Sale Agreements after a deliberate effort to market the Assets and are confident that the sale prices are fair and reasonable.

22. The Debtors and the Buyer both have the relevant industry experience to competently and proficiently engage in a fair and arm’s-length negotiation of the Sale Agreements. In addition, based on relevant industry knowledge, it is the Debtors’ belief that

there is no higher value or better use for the Assets than the sale to the Buyer pursuant to the Sale Agreement. Accordingly, it is a valid exercise of the Debtors' business judgment to seek the relief requested by this motion.

23. Moreover, Bankruptcy Rule 6004(f)(1) explicitly permits a debtor to enter into transactions outside of the ordinary course of business through private sales. As discussed above, the sale to the Buyer provides the Debtors with the best—and only—opportunity to maximize the sale price of the Assets and prevent the value loss associated with losing the Sale Agreements with the Buyer and being forced to sell the Assets for scrap value. Furthermore, the Debtors believe that an auction is not warranted on account of the cost and time to conduct an auction process for the Assets as compared to the value of the Assets.

24. Courts in this District have previously approved private sales in accordance with the Sale Guidelines where the benefit of the private sale outweighs the delay and expense of conducting a public auction. *See In re Hawker Beechcraft, Inc.*, Case No. 12-11873 (SMB) (Bankr. S.D.N.Y. Nov. 29, 2012) [Docket No. 857] (authorizing private sale under Rule 6004(f)(1) where public auction would require estate to incur substantial additional costs, but would result in no additional value to the estate); *In re Dewey & Leboeuf LLP*, 2012 Bankr. LEXIS 5116 at *17-18 (Bankr. S.D.N.Y. Nov. 1, 2012) (finding good business reason to sell assets pursuant to private sale where public sale would be more costly); *In re Chemtura Corp.*, Case No. 09-11233 (REG), 2010 Bankr. LEXIS 5349 (Bankr. S.D.N.Y. July 23, 2010) (approving private sale of debtor's business pursuant to asset purchase agreement where prior purchase right would stifle third-party interest in the business and purchaser was uniquely positioned to operate the business); *In re Sonix Med. Res. Inc.*, Case No. 09-77781 (DTE), 2010 Bankr. LEXIS 5471 (Bankr. E.D.N.Y. March 19, 2010) (authorizing private sale of debtors'

assets and approving asset purchase agreement where there was substantial risk that value of assets would deteriorate if sale was not consummated and purchase agreement was best opportunity to realize value of assets on going-concern basis and avoid decline and devaluation of debtors' business); *see also In re Wieboldt Stores, Inc.*, 92 B.R. 309, 312 (N.D. Ill. 1988) ("Section 363(b) is not limited to sales involving competitive bidding. Bankruptcy Rule 6004, which sets forth procedures for Section 363(b) transfers, expressly provides for private sales."); *Palermo v. Pritam Realty, Inc. (In re Pritam Realty, Inc.)*, 233 B.R. 619 (D.P.R. 1999) (upholding bankruptcy court order approving private sale by debtor).

25. Completing the sale of the Assets to the Buyer pursuant to the Sale Agreements is an exercise of the Debtors' sound business judgment, is permitted by the Bankruptcy Code and Bankruptcy Rules, and is in the best interests of the Debtors' estates and creditors.

B. The Proposed Sale Transaction Satisfies The Requirements Of Bankruptcy Code Section 363(f) For A Sale Free And Clear

26. Bankruptcy Code section 363(f) permits a debtor to sell property free and clear of another party's interest in the property if: (a) applicable non-bankruptcy law permits such a free and clear sale; (b) the holder of the interest consents; (c) the interest is a lien and the sale price of the property exceeds the value of all liens on the property; (d) the interest is in bona fide dispute; or (e) the holder of the interest could be compelled in a legal or equitable proceeding to accept a monetary satisfaction of its interest. *See* 11 U.S.C. § 363(f). Because Bankruptcy Code section 363(f) is stated in the disjunctive, satisfaction of any one of its five requirements will suffice to warrant approval of the proposed sale. *See Scherer v. Fed. Nat'l Mortg. Ass'n (In re Terrace Chalet Apartments, Ltd.)*, 159 B.R. 821, 825 (N.D. Ill. 1993) (sale extinguishes liens under section 363(f) as long as one of the five specified exceptions applies).

27. The sale of the Assets to the Buyer pursuant to the Sale Agreements is appropriate under Bankruptcy Code section 363(f). The Debtors propose to sell the Assets in a commercially reasonable manner and expect that the value of the proceeds from such sale will fairly reflect the value of the property sold.

28. In addition, Regions Bank has already released its lien on the Rosie Paris, and the Debtors have discussed the sale of the Assets pursuant to the Sale Agreements with the Debtors' pre-petition lenders, DIP Agent, and the Committee, and although discussions are continuing with these parties, the Debtors have received no objection to the sale of the Assets as described in this motion. To the extent that any other lienholder does not object to the proposed sale transaction of the Assets, that entity should be deemed to have consented to the relief sought herein, thereby satisfying Bankruptcy Code section 363(f)(2). Any entity holding liens, claims, or encumbrances on the Assets will receive notice of this motion and the hearing on the motion. Accordingly, all parties in interest will be given sufficient opportunity to object to the relief requested herein. Failure to object should be deemed consent. *See Futuresource LLC v. Reuters Ltd.*, 312 F.3d 281, 285-86 (7th Cir. 2002) ("It is true that the Bankruptcy Code limits the conditions under which an interest can be extinguished by a bankruptcy sale, but one of those conditions is the consent of the interest holder, and lack of objection (provided of course there is notice) counts as consent. It could not be otherwise; transaction costs would be prohibitive if everyone who might have an interest in the bankrupt's assets had to execute a formal consent before they could be sold." (internal citations omitted)).

29. Further, any party with an interest in the Assets pursuant to this motion shall have a corresponding security interest in the sale proceeds received by the Debtors therefrom (with all of the Debtors' claims, defenses and objections with respect to the amount, validity, or

priority of each such interest and the underlying liabilities expressly preserved). *See MacArthur Co. v. Johns-Manville Corp.*, 837 F.2d 89, 94 (2d Cir. 1988) (“It has long been recognized that when a debtor’s assets are disposed of free and clear of third-party interests, the third party is adequately protected if his interest is assertable against the proceeds of the disposition.”). Moreover, on account of the DIP Agent’s first priority security interests in the Assets, all of the proceeds from the sale of the Assets will be used to pay down a portion of the DIP loans.

30. Therefore, any lienholders are adequately protected and could be compelled to accept a monetary satisfaction of their interest. As such, the requirements of Bankruptcy Code section 363(f) would be satisfied for a sale of the Debtors’ portion of the Assets free and clear of all liens, claims, and encumbrances.

C. The Buyer Should Be Entitled To The Protections Of Bankruptcy Code Section 363(m).

31. Bankruptcy Code section 363(m) provides in relevant part that the reversal or modification on appeal of an authorization under section 363(b) of a sale or lease of property does not affect the validity of a sale or lease under such authorization to a purchaser who bought or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal. See 11 U.S.C. § 363(m). “Although the Bankruptcy Code does not define the meaning of ‘good-faith purchaser,’ . . . most courts have adopted a traditional equitable definition: ‘one who purchases the assets for value, in good faith and without notice of adverse claims.’” *In re Gucci*, 126 F.3d at 390 (citation omitted). The Third Circuit has held that: “[t]he requirement that a purchaser act in good faith . . . speaks to the integrity of [purchaser’s] conduct in the course of the sale proceedings.” *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986) (citation omitted). Typically, the misconduct that would destroy a purchaser’s good faith status involves

“fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.” *Hoese Corp. v. Vetter Corp. (In re Vetter Corp.)*, 724 F.2d 52, 56 (7th Cir. 1983) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978) (interpreting Bankruptcy Rule 805, the precursor to section 363(m))). In addition, section 363(m) protection applies in the context of private sales. See *In re Wieboldt Stores, Inc.*, 92 B.R. at 312. The Debtors submit that the sale of the Assets is an arm’s-length transaction entitled to the protections of Bankruptcy Code section 363(m), negotiated by sophisticated and unrelated parties.

D. The Purchase Price Constitutes Reasonably Equivalent Value for the Assets Transferred.

32. A debtor receives reasonably equivalent consideration when “the debtor’s net worth has been preserved” following a transfer of its assets. *Harrison v. N.J. Cmty. Bank (In re Jesup & Lamont, Inc.)*, 507 B.R. 452, 472 (Bankr. S.D.N.Y. 2014); see also *Mellon Bank, N.A. v. Metro Commc’ns, Inc.*, 945 F.2d 635, 646-47 (3d Cir. 1991) (“The touchstone is whether the transaction conferred realizable commercial value on the debtor reasonably equivalent to the realizable commercial value of the assets transferred.”). A finding of reasonably equivalent value does not require an exact equivalent exchange of consideration, but the benefits that a debtor receives from the transfer should approximate its costs. *Harrison*, 507 B.R. at 472 (“[I]f [the value received] approximates the value of what the debtor transferred, there will be reasonably equivalent value[.]”). Further, transactions between a debtor and a third-party on an arm’s-length basis are presumptively for reasonably equivalent value. See *Mishkin v. Ensminger (In re Adler, Coleman Clearing Corp.)*, 247 B.R. 51, 109 (Bankr. S.D.N.Y. 1999) (“[W]hen there is an arm’s-length transaction by parties that have equal knowledge, a court should not

substitute its own view of a fair market price.”) (citing *Cooper v. Ashley Comm., Inc., (In re Morris Communications NC, Inc.)*, 914 F.2d 458, 465, 474-75 (4th Cir. 1990)).

33. Here, the sale of the Assets constitutes an arm’s-length transaction between the Debtors and an unaffiliated third party. As set forth herein, the Debtors believe that the sale proceeds represent reasonably equivalent value for the Assets. The Debtors have kept their pre-petition and DIP lenders apprised of the negotiations and analysis regarding the sale of the Assets.

WAIVER OF STAY UNDER BANKRUPTCY RULE 6004(h)

34. 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). The sale of the Assets must be approved and consummated no later than August 30, 2016 under the Sale Agreements, however the Buyer has agreed that it will not terminate the Sale Agreements if the Asset sales are approved by the Bankruptcy Court and consummated no later than September 30, 2016. Absent consummation by this extended date, the Buyer may terminate the Sale Agreements and the Debtors would be left without an alternate transaction. Therefore, time is of the essence in consummating the Asset sale, and the Debtors and the Buyer intend to close on the sale transaction as soon as reasonably practicable. Accordingly, the Debtors respectfully request that the Court waive the fourteen-day stay imposed by Bankruptcy Rules 6004(h) and 6006(d), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

35. 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 (the "DIP Agent") 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 United States Securities and Exchange Commission; (vii) the United States Attorney for the Southern District of New York; (viii) the Securities and Exchange Commission; (ix) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (x) the state attorneys general for states in which the Debtors conduct business; (xi) all parties that have filed a request to receive service of pursuant to Bankruptcy Rule 2002; and (xii) any party claiming an interest in the Assets.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court (a) enter an order, substantially in the form of the Proposed Order, granting the relief requested herein, and (b) grant such other and further relief as may be just and proper.

Dated: New York, New York
September 21, 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:)	
INTERNATIONAL SHIPHOLDING CORPORATION, <i>et al.</i> , ¹)	Chapter 11
Debtors.)	Case No. 16-12220 (SMB)
)	Jointly Administered

ORDER AUTHORIZING THE SALE OF CERTAIN *DE MINIMIS* VESSEL ASSETS

Upon the motion of the above-captioned debtors and debtors in possession (collectively, the “Debtors”)² for entry of the Proposed Order authorizing the Debtors to consummate the sales of the Assets pursuant to the Sale Agreements free of clear of all liens, claims, and encumbrances; 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 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, the record of the hearing and all proceedings had before the Court; and the Court having found and determined that the relief

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

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 Sale Agreements, attached to the motion as Exhibit B and Exhibit C, and all of the terms and conditions thereof, are hereby approved.
3. The transaction contemplated by Sale Agreements constitutes the highest and best offer for the Assets, and will provide a greater recovery for the Debtors' estates than would be provided by any other available alternative. The Debtors' determination that the Sale Agreements constitute the highest and best offer constitutes a valid and sound exercise of the Debtors' business judgment.
4. The Sale Agreements represent a fair and reasonable offer to purchase the Assets under the circumstances of these chapter 11 cases. No other person or entity or group of entities has offered to purchase the Debtors' Assets for greater value to the Debtors' estates than the Buyer.
5. Approval of the Motion and the Sale Agreements and the consummation of the transactions contemplated thereby are in the best interests of the Debtors, their creditors, their estates, and other parties in interest.
6. The terms of the Sale Agreements and the sale transaction contemplated therein are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, are the best available to the Debtors under the circumstances.

7. Pursuant to Bankruptcy Code section 363(b), the Debtors are authorized, and empowered to take any and all actions necessary or appropriate to (a) consummate the Asset sale transaction with the Buyer upon the terms and subject to the conditions set forth in the Sale Agreements, (b) close the Asset sale transaction upon the terms and subject to the conditions as set forth in the Sale Agreements and this Order, and (c) execute and deliver, perform under, consummate, implement and close fully the Sale Agreements, together with all additional instruments and documents that may be reasonably necessary or appropriate to implement the Sale Agreements, provided that such additional documents do not materially change the terms of the Sale Agreements or that may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Sale Agreements, in each case, without further application to, or order of, the Court.

8. Pursuant to Bankruptcy Code sections 105(a), 363(b), and 363(f), the Debtors are authorized and directed to transfer the Assets to the Buyers pursuant to the Sale Agreements. Such Assets shall be transferred to the Buyer upon the terms and subject to the conditions as set forth in the Sale Agreements and such transfer shall constitute a legal, valid, binding, and effective transfer of the Assets, and the Assets shall be free and clear of all liens, claims, and encumbrances. Upon the Closing, the Buyer shall take title to and possession of the Assets free and clear of all liens, claims, and encumbrances pursuant to Bankruptcy Code section 363(f). All liens, claims, and encumbrances on the Assets shall attach solely to the proceeds of the Asset sale transaction with the same validity, priority, force and effect that they now have as against the Assets.

9. Except as expressly permitted or otherwise specifically provided in the Sale Agreements or this Order, all persons or entities holding liens, claims, and encumbrances on all

or any portion of the Assets arising under or out of, in connection with, or in any way relating to the Debtors, the Assets, the operation of the Debtors' business prior to the closing of the Asset sale transaction, or the transfer of the Assets to the Buyer, hereby are forever barred, estopped, and permanently enjoined from asserting against the Buyer, its successors or assigns, or their property, such persons' or entities' liens, claims, and encumbrances in and to the Assets. Effective as of the closing, each creditor is authorized and directed to execute such documents and take all other actions as may be necessary to release liens, claims, and encumbrances on the Assets, if any, as provided herein, as such liens, claims, and encumbrances may have been recorded or may otherwise exist. The transactions authorized herein shall be of full force and effect, regardless of any Debtors' lack of good standing in any jurisdiction in which such Debtor is formed or authorized to transact business. Upon consummation of the transactions set forth in the Sale Agreements, the Buyer shall be authorized to file termination statements or lien terminations in any required jurisdiction to remove any record, notice filing, or financing statement recorded to attach, perfect, or otherwise notice any lien or encumbrance with respect to the Assets (but not the proceeds thereof) that is extinguished or otherwise released pursuant to this Order under section 363 and the related provisions of the Bankruptcy Code.

10. All persons and entities are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Assets to the Buyer in accordance with the terms of the Sale Agreements and this Order.

11. All persons and entities that are in possession of some or all of the Assets on the closing date of the Asset sale transaction are directed to surrender possession of such Assets to the Buyer or its assignee at the closing date.

12. The provisions of this Order authorizing the sale of the Assets by the Debtors free and clear of liens, claims, and encumbrances shall be self-executing, and none of the Debtors, the Buyer, or any other party shall be required to execute or file releases, termination statements, assignments, cancellations, consents or other instruments to effectuate, consummate, and/or implement the provisions hereof with respect to the Sale; *provided, however*, that this paragraph shall not excuse such parties from performing any and all of their respective obligations under the Sale Agreements or as otherwise set forth in this Order or requested by Buyer.

13. Without limiting the foregoing, a certified copy of this Order may be filed with the appropriate clerk and/or recorded to act to cancel any of the liens, claims, and encumbrances on the Assets of record.

14. If any person or entity which has filed statements or other documents or agreements evidencing liens, claims, and encumbrances on, interests in, all or a portion of the Debtors' Assets shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary or desirable to the Buyer for the purpose of documenting the release of all liens, claims, and encumbrances on the Assets, which the person or entity has or may assert with respect to all or any portion of the Assets, the Debtors are hereby authorized and directed, and the Buyer is hereby authorized, to execute and file such statements, instruments, releases, and other documents on behalf of such person or entity with respect to the Assets.

15. This Order is and shall be binding upon and govern the acts of all persons and entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative

agencies, governmental departments, secretaries of state, federal and local officials and all other persons or entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Sale Agreements; provided that nothing herein shall relieve any entity of the obligation to pay filing fees required to be paid under non-bankruptcy law.

16. Any and all governmental recording offices and all other parties, persons, or entities are authorized to accept this Order for recordation on or after the closing as conclusive evidence of the free and clear, and unencumbered, transfer of all right, title, interest, and ownership in and to the Assets conveyed to the Buyer at closing.

17. The Buyer is purchasing the Assets in good faith and is a good faith buyer within the meaning of Bankruptcy Code section 363(m), and is therefore entitled to the full protection of that provision, and otherwise has proceeded in good faith in all respects in connection with this proceeding in that, *inter alia*: (i) the Buyer recognized that the Debtors were free to deal with any other party interested in acquiring the Assets; (ii) all agreements or arrangements entered into by the Buyer in connection with the Asset sale transaction have been disclosed; (iii) the Buyer has not violated Bankruptcy Code section 363(n) by any action or inaction; and (iv) the negotiation and execution of the Sale Agreements was at arms' length and in good faith.

18. In the absence of a stay pending appeal, the Buyer will be acting in good faith pursuant to Bankruptcy Code section 363(m) in closing the transaction contemplated by the Sale Agreements, at any time on or after entry of this Order in accordance with the Sale Agreements.

19. Notice of the motion as provided herein was good and sufficient and such notice satisfies the requirements of Bankruptcy Rule 6004(a) and the Local Rules.

20. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), this order shall be immediately effective and enforceable upon its entry.

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

22. 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

United States Bankruptcy Judge

EXHIBIT B

Sale Agreement for the Coastal 303

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (the "Agreement") is made this 20th day of June 2016 between U.S. United Ocean Services, LLC as Owner of the Vessel described below (the "Seller") and Southern Dawn, LLC (the "Buyer").

1. Seller agrees to sell and Buyer agrees to buy, subject to the terms and conditions hereinafter set forth, the whole of the United States Tug "Coastal 303" having the official number 545118 (the "Vessel").

2. The Vessel shall be delivered safely afloat, at a freely accessible berth or anchorage of Seller's choosing in Tampa, Florida with all her machinery, spares, parts and equipment as onboard, with all useable fuel and/or lubricants and spares included, with minimal ballast onboard, with cargo holds clean and free of cargo, normal wear and tear excepted. Except for the warranties expressly stated herein, Buyer expressly recognizes that the Vessel is being sold AS IS, WHERE IS to Buyer with absolutely no warranties as to the seaworthiness of the Vessel or its reasonable fitness.

Delivery shall occur on dates to be mutually agreed within June 21, 2016 - August 30, 2016 with cancelling date August 31, 2016 in either party's option, if the other party has failed to perform.

The Vessel shall be delivered free and clear of all mortgages, debts, liens and encumbrances.

The Seller shall tender to Buyer a Notice of Readiness when the Vessel is in all respects ready for delivery.

3. The purchase price shall be lump sum US \$125,000

The Vessel's purchase price shall be paid to Seller as follows:



A five (5) percent deposit (USD \$6,250.00) (herein after called the "Earnest Money") wired to Sellers bank as follows:

Bank of America

ABA 026009593

For Credit to:

United Ocean Services, LLC

Account#: 002270001468

Simultaneously with the execution of this Agreement.

The balance of the lump sum purchase price for the Vessel (i.e., US\$ 118,750) shall be transferred to Seller's nominated account above at time of closing.

4. In consideration of the payment of the purchase price by Buyer the following documents for the Vessel shall be submitted by the Seller to the Buyer or Buyer's representative at the place of closing:

i) Signed commercial invoice giving a brief description of the Vessel and certifying the purchase price.

ii) A legal Bill of Sale USCG-1340, duly executed and notarized, transferring full title to the vessel to Buyer specifying free and clear of all liens, mortgages and debts of any description whatsoever.

iii) Certificate of Ownership of Vessel from the United States Coast Guard on form CG-1330 confirming that Seller is owner of the vessel and evidencing that the vessel is free from all encumbrances, except for the mortgage in favor of Regions Bank, as Collateral Agent, which mortgage is to be released contemporaneously with the sale of the Vessel.

iv) If necessary an Original Deletion Certificate from USCG or a letter of undertaking from the Seller to obtain a Deletion Certificate from the USCG within 30 days of the date of sale of the Vessel.

v) Resolutions of the sole member of the Sellers approving the sale of the Vessel, as well as the execution, delivery and performance of this Agreement.

vi) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement.

5. At the time and place of closing which is to be mutually agreed to by Seller and Buyer, Seller shall execute and furnish to Buyer two copies of a Protocol of Delivery and Acceptance specifying the date, time and place of physical delivery of the Vessel, and Buyer shall execute and return to Seller one copy. Any additional documentation as may reasonably be required to complete the sale of the Vessel is to be provided by the Buyer or Seller, which ever applies, upon request at that time.

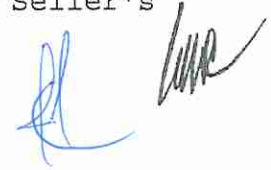
6. Except as specifically provided herein, the Vessel shall be at the risk and expense (including port charges) of Seller until passage of title to the Vessel as specified herein, and Seller represents and warrants that it will indemnify, protect, and hold Buyer harmless from all mortgages, liens and encumbrances of any nature against the Vessel arising out of or in connection with any matter or thing occurring prior to the passage of title hereunder and agrees to defend all such claims at no expense to Buyer. This representation and warranty shall survive the delivery of the Bill of Sale.

After passage of title to Buyer, Buyer shall be responsible for all risks and expenses (including insurance) of any description other than the foregoing warranties.

Buyer shall not be responsible for any sales taxes that apply to this transaction. Buyer shall be responsible for all other costs, taxes and fees of transferring title to the Vessel.

Within thirty (30) calendar days following the date that the Vessel departs Tampa, Buyer shall remove all markings, including but not limited to Vessel name, from the Vessel which, in any way, identify or are associated with Seller.

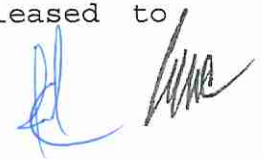
7. Buyer shall have no interest in or lien upon the Vessel by reason of this Agreement until title to the Vessel has passed to Buyer, it being agreed that Seller shall not be liable to Buyer if the Vessel should be lost, stranded, or become a constructive total loss prior to such passage of title. In such event, Seller, at its sole option, may elect to repair and/or restore the Vessel, at the Seller's



expense, to substantially the same physical condition as would have existed in the absence of such casualty or damage, in which event, if and only if Buyer mutually agrees, this Agreement shall continue in full force and effect. In that case, Buyer also shall have the option to agree to continue this Agreement, or to declare it as being terminated whereupon this Agreement shall terminate and the deposit shall immediately be released to the Buyer and there shall be no further liability hereunder on the part of either party to the other. If Seller does not elect within a reasonable time to repair and/or restore the Vessel, Buyer may, by notice in writing, require Seller to declare within seven (7) days after service of such notice whether Seller so elects or not. If Seller declares that it does not elect to repair and/or restore the Vessel or if it fails to comply with said notice by Buyer, this Agreement shall terminate upon such declaration or upon expiry of such seven (7) days (as the case may be), whereupon the deposit shall immediately be released to the Buyer and there shall be no further liability hereunder on the part of either party to the other.

8. If Seller should be unable to transfer title and physically deliver the Vessel or otherwise complete the sale of the Vessel, or if Buyer should be unable to receive title and accept delivery of the Vessel, due to outbreak of war, restraint of Governments, princes or people of any nation or the United Nations, or Acts of God, or any other causes beyond the control of Seller or Buyer, then either Seller or Buyer may terminate this Agreement by declaring in writing with seven (7) days notice. In the event of such termination pursuant to this Clause, the party receiving such notice may accept or reject the notice. If no objection is made, the deposit shall immediately be released to Buyer and there shall be no further liability hereunder on the part of either party to the other. If an objection is made, the matter is to be resolved by the dispute resolution process noted below.

9. Subject to the provisions of this Agreement, if Seller should wrongfully fail or refuse to execute and deliver the Vessel in the manner allowed herein, and such failure is not caused by the fault or neglect of Buyer, or should Seller breach any other covenant required or represented in this Agreement it shall be Buyer's right to terminate this Memorandum of Agreement by notice in writing to Seller, whereupon the deposit shall be immediately released to



Buyer without prejudice to any other rights which Buyer may have.

10. If Buyer should fail to pay to Seller any monies due under this Agreement, or breach any other covenant required or represented in this Agreement, Seller shall have the right to terminate this Agreement by seven (7) days notice in writing to Buyer, whereupon the deposit shall be released to the Seller. Notwithstanding negotiations and without notice, Seller shall have the right to resell the Vessel by public or private sale without prejudice to any other rights which Seller may have.

11. This Agreement shall be construed according to the general maritime law of the United States and to the extent not covered thereby the law of the State of Louisiana.

12. The U.S. District Courts for the districts in which this Agreement is executed shall have jurisdiction of all disputes arising under this Agreement.

13. The Buyer represents and warrants that it is a citizen of the United States for purposes of Section 2 of the Shipping Act, 1916, as amended.

14. The Buyer may, with the consent of Seller, which shall not be unreasonably refused, assign this Agreement in whole or in part.

15. All notices hereunder shall be in writing or by E mail, and shall be addressed to Seller as follows:

Peter M. Johnston
U.S. United Ocean Services, LLC
11 North Water Street
Suite 18290
Mobile, Alabama 36602
facsimile: 251-706-6938
telephone: (251) 243-9153
email: johnstpm@intship.com

And to the Buyer as follows:

Dawn Services, LLC
851 Mac Arthur Ave
Harvey, LA 70058
Attention: John Charpentier

Fax No.: 504-363-0060
Email: johnc@dawnoffshore.com

16. Notwithstanding anything to the contrary contained in this Agreement or in any prior discussions or negotiations (including prior drafts hereof) involving the sale of the Vessel, this Agreement shall have no force and effect until it has been signed by both parties and the Earnest Money has been received by the Seller. In the event the Earnest Money is not received by the Seller within three (3) banking days of both parties having signed this Agreement, this Agreement shall, unless otherwise agreed by the parties in writing, become void ab initio.

This Memorandum of Agreement constitutes the entire agreement between the parties and supersedes and cancels all prior agreements and communications, whether written or oral, on the subject matter of this Agreement.

Seller and Buyer each warrant and represent that the person whose signature appears below is its representative and is duly authorized to execute this Agreement as a binding commitment of such party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their names and by their respective officers, agents or representatives duly authorized on the day and year first above written.

Seller: U.S. United Ocean Services, LLC

By: Coastal Carriers, Inc., its sole member

Name: 

Title: Vice President

Buyer: Southern Dawn, LLC

Name: 

Title: Member

EXHIBIT C

Sale Agreement for the Rosie Paris

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (the "Agreement") is made this 20th day of June 2016 between U.S. United Ocean Services, LLC as Owner of the Vessel described below (the "Seller") and Southern Dawn, LLC (the "Buyer").

1. Seller agrees to sell and Buyer agrees to buy, subject to the terms and conditions hereinafter set forth, the whole of the United States Tug "Rosie Paris" having the official number 561709 (the "Vessel").

2. The Vessel shall be delivered safely afloat, at a freely accessible berth or anchorage of Seller's choosing in Tampa, Florida with all her machinery, spares, parts and equipment as onboard, with all useable fuel and/or lubricants and spares included, with minimal ballast onboard, with cargo holds clean and free of cargo, normal wear and tear excepted. Except for the warranties expressly stated herein, Buyer expressly recognizes that the Vessel is being sold AS IS, WHERE IS to Buyer with absolutely no warranties as to the seaworthiness of the Vessel or its reasonable fitness.

Delivery shall occur on dates to be mutually agreed within June 21, 2016 - August 30, 2016 with cancelling date August 31, 2016 in either party's option, if the other party has failed to perform.

The Vessel shall be delivered free and clear of all mortgages, debts, liens and encumbrances.

The Seller shall tender to Buyer a Notice of Readiness when the Vessel is in all respects ready for delivery.

3. The purchase price shall be lump sum US \$40,000

The Vessel's purchase price shall be paid to Seller as follows:

A five (5) percent deposit (USD \$2,000.00) (herein after called the "Earnest Money") wired to Sellers bank as follows:

Bank of America

ABA 026009593
For Credit to:
United Ocean Services, LLC
Account#: 002270001468

Simultaneously with the execution of this Agreement.

The balance of the lump sum purchase price for the Vessel (i.e., US\$ 38,000) shall be transferred to Seller's nominated account above at time of closing.

4. In consideration of the payment of the purchase price by Buyer the following documents for the Vessel shall be submitted by the Seller to the Buyer or Buyer's representative at the place of closing:

i) Signed commercial invoice giving a brief description of the Vessel and certifying the purchase price.

ii) A legal Bill of Sale USCG-1340, duly executed and notarized, transferring full title to the vessel to Buyer specifying free and clear of all liens, mortgages and debts of any description whatsoever.

iii) Certificate of Ownership of Vessel from the United States Coast Guard on form CG-1330 confirming that Seller is owner of the vessel and evidencing that the vessel is free from all encumbrances, except for the mortgage in favor of Regions Bank, as Collateral Agent, which mortgage is to be released contemporaneously with the sale of the Vessel.

iv) If necessary an Original Deletion Certificate from USCG or a letter of undertaking from the Seller to obtain a Deletion Certificate from the USCG within 30 days of the date of sale of the Vessel.

v) Resolutions of the sole member of the Sellers approving the sale of the Vessel, as well as the execution, delivery and performance of this Agreement.

vi) Power of Attorney of the Sellers appointing one or more representatives to act on behalf of the Sellers in the performance of this Agreement.



5. At the time and place of closing which is to be mutually agreed to by Seller and Buyer, Seller shall execute and furnish to Buyer two copies of a Protocol of Delivery and Acceptance specifying the date, time and place of physical delivery of the Vessel, and Buyer shall execute and return to Seller one copy. Any additional documentation as may reasonably be required to complete the sale of the Vessel is to be provided by the Buyer or Seller, which ever applies, upon request at that time.

6. Except as specifically provided herein, the Vessel shall be at the risk and expense (including port charges) of Seller until passage of title to the Vessel as specified herein, and Seller represents and warrants that it will indemnify, protect, and hold Buyer harmless from all mortgages, liens and encumbrances of any nature against the Vessel arising out of or in connection with any matter or thing occurring prior to the passage of title hereunder and agrees to defend all such claims at no expense to Buyer. This representation and warranty shall survive the delivery of the Bill of Sale.

After passage of title to Buyer, Buyer shall be responsible for all risks and expenses (including insurance) of any description other than the foregoing warranties.

Buyer shall not be responsible for any sales taxes that apply to this transaction. Buyer shall be responsible for all other costs, taxes and fees of transferring title to the Vessel.

Within thirty (30) calendar days following the date that the Vessel departs Tampa, Buyer shall remove all markings, including but not limited to Vessel name, from the Vessel which, in any way, identify or are associated with Seller.

7. Buyer shall have no interest in or lien upon the Vessel by reason of this Agreement until title to the Vessel has passed to Buyer, it being agreed that Seller shall not be liable to Buyer if the Vessel should be lost, stranded, or become a constructive total loss prior to such passage of title. In such event, Seller, at its sole option, may elect to repair and/or restore the Vessel, at the Seller's expense, to substantially the same physical condition as would have existed in the absence of such casualty or damage, in which event, if and only if Buyer mutually agrees, this Agreement shall continue in full force and



effect. In that case, Buyer also shall have the option to agree to continue this Agreement, or to declare it as being terminated whereupon this Agreement shall terminate and the deposit shall immediately be released to the Buyer and there shall be no further liability hereunder on the part of either party to the other. If Seller does not elect within a reasonable time to repair and/or restore the Vessel, Buyer may, by notice in writing, require Seller to declare within seven (7) days after service of such notice whether Seller so elects or not. If Seller declares that it does not elect to repair and/or restore the Vessel or if it fails to comply with said notice by Buyer, this Agreement shall terminate upon such declaration or upon expiry of such seven (7) days (as the case may be), whereupon the deposit shall immediately be released to the Buyer and there shall be no further liability hereunder on the part of either party to the other.

8. If Seller should be unable to transfer title and physically deliver the Vessel or otherwise complete the sale of the Vessel, or if Buyer should be unable to receive title and accept delivery of the Vessel, due to outbreak of war, restraint of Governments, princes or people of any nation or the United Nations, or Acts of God, or any other causes beyond the control of Seller or Buyer, then either Seller or Buyer may terminate this Agreement by declaring in writing with seven (7) days notice. In the event of such termination pursuant to this Clause, the party receiving such notice may accept or reject the notice. If no objection is made, the deposit shall immediately be released to Buyer and there shall be no further liability hereunder on the part of either party to the other. If an objection is made, the matter is to be resolved by the dispute resolution process noted below.

9. Subject to the provisions of this Agreement, if Seller should wrongfully fail or refuse to execute and deliver the Vessel in the manner allowed herein, and such failure is not caused by the fault or neglect of Buyer, or should Seller breach any other covenant required or represented in this Agreement it shall be Buyer's right to terminate this Memorandum of Agreement by notice in writing to Seller, whereupon the deposit shall be immediately released to Buyer without prejudice to any other rights which Buyer may have.



10. If Buyer should fail to pay to Seller any monies due under this Agreement, or breach any other covenant required or represented in this Agreement, Seller shall have the right to terminate this Agreement by seven (7) days notice in writing to Buyer, whereupon the deposit shall be released to the Seller. Notwithstanding negotiations and without notice, Seller shall have the right to resell the Vessel by public or private sale without prejudice to any other rights which Seller may have.

11. This Agreement shall be construed according to the general maritime law of the United States and to the extent not covered thereby the law of the State of Louisiana.

12. The U.S. District Courts for the districts in which this Agreement is executed shall have jurisdiction of all disputes arising under this Agreement.

13. The Buyer represents and warrants that it is a citizen of the United States for purposes of Section 2 of the Shipping Act, 1916, as amended.

14. The Buyer may, with the consent of Seller, which shall not be unreasonably refused, assign this Agreement in whole or in part.

15. All notices hereunder shall be in writing or by E mail, and shall be addressed to Seller as follows:

Peter M. Johnston
U.S. United Ocean Services, LLC
11 North Water Street
Suite 18290
Mobile, Alabama 36602
facsimile: 251-706-6938
telephone: (251) 243-9153
email: johnstpm@intship.com

And to the Buyer as follows:

Dawn Services, LLC
851 Mac Arthur Ave
Harvey, LA 70058
Attention: John Charpentier
Fax No.: 504-363-0060
Email: johnc@dawnoffshore.com



16. Notwithstanding anything to the contrary contained in this Agreement or in any prior discussions or negotiations (including prior drafts hereof) involving the sale of the Vessel, this Agreement shall have no force and effect until it has been signed by both parties and the Earnest Money has been received by the Seller. In the event the Earnest Money is not received by the Seller within three (3) banking days of both parties having signed this Agreement, this Agreement shall, unless otherwise agreed by the parties in writing, become void ab initio.

This Memorandum of Agreement constitutes the entire agreement between the parties and supersedes and cancels all prior agreements and communications, whether written or oral, on the subject matter of this Agreement.

Seller and Buyer each warrant and represent that the person whose signature appears below is its representative and is duly authorized to execute this Agreement as a binding commitment of such party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their names and by their respective officers, agents or representatives duly authorized on the day and year first above written.

Seller: U.S. United Ocean Services, LLC

By: Coastal Carriers Inc., its sole member

Name: 

Title: VICE PRESIDENT

Buyer: Southern Dawn, LLC

Name: 

Title: Member

EXHIBIT D

Declaration of Manuel G. Estrada

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

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

**DECLARATION OF MANUEL G. ESTRADA IN SUPPORT OF
DEBTORS' EXPEDITED MOTION FOR ENTRY OF AN ORDER
AUTHORIZING THE SALE OF CERTAIN *DE MINIMIS* VESSEL ASSETS**

I, Manuel G. Estrada, declare as follows under penalty of perjury:²

1. I am Vice President and Chief Financial Officer of International Shipholding Corporation, a corporation organized under the laws of Delaware and one of the above-captioned debtors and debtors in possession (collectively, the "Debtors"). I am a 1977 graduate of Loyola University in New Orleans, Louisiana and received a certified professional accountant designation in 1986. I joined the Debtors in 1978 and have been employed in my present capacity since 2005. Accordingly, I am familiar with the Debtors' day-to-day operations, business, and financial affairs.

2. I submit this Declaration in support of the *Debtors' Expedited Motion for Entry of an Order Authorizing the Sale of Certain De Minimis Vessel Assets* filed contemporaneously herewith. Except as otherwise indicated, all facts set forth herein are based on my personal

¹ 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.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the motion.

knowledge, my discussions with other members of the Debtors' senior management, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Debtors' operations and financial affairs. If called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

A. Debtors' Need for Asset Sales

3. Since 2014, International Shipholding has encountered certain challenges related to complying with its debt covenants and overall liquidity restraints. In an attempt to strengthen its financial position, International Shipholding has taken certain steps to reduce debt to more manageable levels and to increase liquidity, including efforts to sell assets. As relevant to this motion, for the particular reasons described below, the Debtors determined to market for sale to third-party buyers two unnecessary and burdensome assets: the United States Tug "Coastal 303" (the "Coastal 303") and the United States Tug "Rosie Paris" (the "Rosie Paris" and, collectively with the Rosie Paris, the "Assets").

4. The Coastal 303 is a tug vessel used by the Debtors in their Jones Act business segment.³ Towards the end of 2015, the Debtors determined that their Jones Act vessel capacity was in excess of demand. The Rosie Paris is a small tug vessel that the Debtors employed in their Jones Act business segment in lieu of chartering third-party tug services. The costs to service and maintain the Rosie Paris as compared to these third-party tug services are cost-prohibitive. For these reasons, the Debtors decided to market the Assets for sale.

³ The Merchant Marine Act of 1920 (better known as the Jones Act) requires that all goods transported by water between U.S. ports must, subject to certain limited exceptions, be carried aboard U.S. flag vessels that are constructed in the U.S., owned predominantly by U.S. citizens, and crewed by U.S. citizens. Under its Jones Act segment, International Shipholding currently deploys two (2) bulk carriers, one (1) integrated tug-barge unit, one (1) articulated tug-barge unit, and one (1) vessel that transports molten sulphur. Vessels deployed under the Jones Act segment serve primarily in the Gulf of Mexico and operate as the primary marine transporter of coal, sulphur, and phosphate rock. Petroleum coke and fertilizer are the other principal cargoes carried by the Jones Act vessels.

B. Marketing and Sale Efforts

5. The Debtors initiated the marketing process for both the Rosie Paris and the Coastal 303 in April 2016. Pre-petition the Debtors utilized the services of two (2) well-established brokers specializing in vessel sales to market the Assets: Jacq. Pierot Jr. & Sons, Inc. and Compass Maritime Services (collectively, the “Brokers”).⁴ Specifically, the Brokers served as a point of contact for interested parties to discuss the purchase of either Asset. The market for vessels such as the Rosie Paris and the Coastal 303 is limited because, among other things, both vessels are U.S. flag vessels and purchasers generally prefer vessels whose labor unions correspond to the union of vessels they already own.

6. Although three (3) parties inquired about the Assets with the Brokers, the Debtors failed to attract any potential buyers with respect to the Assets in either April or May 2016, and therefore strongly considered scrapping the Assets for their material value. However, in June 2016, the Debtors received an indication of interest in the Assets from Southern Dawn, LLC (the “Buyer”). The Debtors subsequently engaged in negotiations with the Buyers for the Assets, and on June 20, 2016, following a successful negotiation period and given the lack of any other interested buyers, Debtor and Asset owner U.S. United Ocean Services, LLC (the “Seller”) entered into two (2) Memorandums of Agreement (the “Sale Agreements”) with respect to the sale of the Assets.

7. The Debtors have discussed the sale of the Assets pursuant to the Sale Agreements with the Debtors’ pre-petition lenders, DIP Agent, and the Committee, and although discussions are continuing with these parties, the Debtors have received no objection to the sale of the Assets as described in this motion. With respect to the Rosie Paris, this Asset originally served as collateral with respect to the Debtors’ Senior Facility with Regions Bank as

⁴ No amounts are due to the Brokers on account of the pending Asset sales.

administrative agent and collateral agent. Regions Bank agreed to release its lien on the Rosie Paris to permit the sale to proceed, which occurred prior to these chapter 11 cases. The Coastal 303 continues to serve as collateral with respect to the Debtors' Senior Facility. Both Assets are first priority security for the Debtors' DIP financing, and therefore all of the proceeds from the sale of the Assets will be used to pay down a portion of the DIP loans.

C. Sale Agreements for the Assets

8. The Debtors and their professionals engaged in sale and marketing efforts with respect to the Assets for more than three (3) months since the beginning of April 2016. In addition, the Debtors engaged in negotiations with the Buyer in the formulation of the Sale Agreements. Therefore, the Debtors entered into the Sale Agreements after a deliberate effort to market the Assets and are confident that the sale prices are fair and reasonable.

9. The Debtors no longer benefit from the Assets or are able to obtain the benefits provided by the Assets from an alternate and more cost-efficient source. The Debtors' highest priority in these chapter 11 cases is to maximize the value of their estates for the benefit of their creditors and other stakeholders, and therefore the Debtors believe that pursuing a sale of the Assets was a sound business decision. To that end, the Debtors secured, after good-faith, arm's-length negotiations, an offer from the Buyer for the Assets.

10. The Debtors and the Buyer both have the relevant industry experience to competently and proficiently engage in a fair and arm's-length negotiation of the Sale Agreements. In addition, based on relevant industry knowledge, it is the Debtors' belief that there is no higher value or better use for the Assets than the sale to the Buyer pursuant to the Sale Agreement.

11. I believe that the sale of the Assets to the Buyer provides the Debtors with the best—and only—opportunity to maximize the sale price of the Assets and prevent the value loss

associated with losing the Sale Agreements with the Buyer and being forced to sell the Assets for scrap value. Furthermore, I believe that an auction is not warranted on account of the cost and time to conduct an auction process for the Assets as compared to the value of the Assets.

12. I believe that the marketing and sale process for the Assets has been performed in a commercially reasonable manner, and I expect that the value of the proceeds from such sale will fairly reflect the value of the property sold. I submit that the sale of the Assets is an arm's-length transaction between the Debtors and an unaffiliated third party that was negotiated by sophisticated and unrelated parties. I believe that the sale proceeds from the sale of the Assets represent reasonably equivalent value for the Assets.

13. The Sale Agreements originally required consummation of the sale and delivery of the Assets no later than August 30, 2016, with an option for either party to terminate if the other party failed to perform. Upon information and belief, the Buyer has agreed that it will not terminate the Sale Agreements if the Asset sales are approved by the Bankruptcy Court and consummated no later than September 30, 2016.

14. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

By: /s/ Manuel G. Estrada
Manuel G. Estrada
Vice President and Chief Financial Officer
International Shipholding Corporation