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

Upon consideration of the motion of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”)² seeking entry of this order (the “Bidding Procedures Order”) (i) approving the proposed auction and bidding procedures attached hereto as **Exhibit 1** (the “Bidding Procedures”) by which the Debtors will solicit and select the highest or otherwise best offer for the sale of certain assets contained in the Debtors’ Specialty Business Segment³ (the “Assets”) through one or more sales of the Assets (the “Sale Transaction”); (ii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure amounts (the “Assumption and Assignment Procedures”); (iii) approving the form and manner of notice of all procedures, protections,

³ The “Specialty Business Segment” is comprised of various contracts and agreements between Company affiliates and third parties, as well as certain notes receivable financing certain vessels owned by third parties, in each case relating to the Company’s provision of logistical and seaborne transportation services in Southeast Asia and third party brokerage services related to these Southeast Asian operations.

schedules, and agreements described in the motion and attached thereto; (iv) scheduling (a) a date for an auction if the Debtors receive two or more timely and acceptable Qualified Bids for the Assets (the “Auction”) and (b) a final hearing (the “Sale Hearing”) to approve the Sale Transaction; and (v) granting related relief, all as more fully described in the motion; and it appearing that the relief requested is in the best interests of the Debtors’ estates, their creditors, and other parties-in-interest; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that the motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the motion and opportunity for objection having been given, with no objections having been filed, or all objections having been resolved or overruled, as the case may be; and it appearing that no other notice need be given; and after a hearing on the motion (the “Bidding Procedures Hearing”) being held; and after and due deliberation and sufficient cause therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The predicates for the relief granted herein are Bankruptcy Code sections 105, 363, and 365 and Bankruptcy Rules 2002, 6004, and 6006. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The legal and factual bases set forth in the motion establish just cause for the relief granted herein. Entry of this Bidding Procedures Order is in the best interests of the Debtors and their respective estates, creditors, and all other parties-in-interest.

C. The notice of the motion, the Bidding Procedures Hearing, and the proposed entry of this Bidding Procedures Order was adequate and sufficient under the circumstances of these chapter 11 cases, and such notice complied with all applicable requirements of the Bankruptcy

Code, the Bankruptcy Rules, and the Local Rules. Accordingly, no further notice of the motion, the Bidding Procedures Hearing, or this Bidding Procedures Order is necessary or required.

D. The Debtors have demonstrated a compelling and sound business justification for the Court to grant the relief requested in the motion, including, without limitation, to (i) approve the Bidding Procedures; (ii) establish the Assumption and Assignment Procedures, (iii) approve the form and manner of notice of all procedures, protections, schedules, and agreements described in the motion and attached thereto, and (iv) schedule a date for the (a) Auction and (b) Sale Hearing; and (v) grant related relief as set forth herein. Such compelling and sound business justification, which was set forth in the motion and on the record at the Bidding Procedures Hearing, is incorporated herein by reference and, among other things, forms the basis for the findings of fact and conclusions of law set forth herein.

E. All objections to the relief requested in the motion that relate to the entry of the Bidding Procedures Order that have not been withdrawn, waived, or settled as announced to the Court at the Bidding Procedures Hearing or by stipulation filed with the Court are overruled except as otherwise set forth herein.

F. The Bidding Procedures, substantially in the form attached hereto as **Exhibit 1** and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, are fair, reasonable, and appropriate and represent the best method for maximizing the value of the Debtors' estates.

G. The Cure Notice, substantially in the form attached to the motion as **Exhibit E** and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, is appropriate and reasonably calculated to provide all interested parties with timely and proper

notice of the potential assumption and assignment of the Assigned Contracts in connection with the sale of the Assets and the related Cure Costs, and no other or further notice is required.

H. The Sale Notice and the Publication Notice, substantially in the forms attached to the motion as **Exhibit F** and **Exhibit G**, respectively, and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, are appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the sale of Assets, including the sale of Assets free and clear of all liens, claims, and encumbrances, the Sale Transaction, the Bidding Procedures, the Auction, and the Sale Hearing, and no other or further notice is required.

I. The Post-Auction Notice, substantially in the form attached to the motion as **Exhibit H** and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Successful Bidder, and no other or further notice is required.

J. The findings of fact and conclusions of law herein constitute the Court's findings of fact and conclusions of law for the purposes of Bankruptcy Rule 7052, made applicable pursuant to Bankruptcy Rule 9014. To the extent any findings of facts are conclusions of law, they are adopted as such. To the extent any conclusions of law are findings of fact, they are adopted as such.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The motion is granted as set forth herein.⁴

⁴ Notwithstanding anything to the contrary herein, the consummation of any Sale Transaction is subject to entry of the Sale Order.

A. The Timeline for the Sale

2. The Debtors are authorized to proceed with the Sale Transaction in accordance with the Bidding Procedures and are authorized to take any and all actions reasonably necessary or appropriate to implement the Bidding Procedures in accordance with the following timeline:

<u>Deadline</u>	<u>Action</u>
December 8, 2016 at 5:00 p.m. (prevailing Eastern Time)	Bid Deadline
December 15, 2016 at 10:00 a.m. (prevailing Eastern Time)	Auction
December 19, 2016 at noon (prevailing Eastern Time)	Sale Objection Deadline
December __, 2016 at ____ .m (prevailing Eastern Time)	Reply Deadline [SMB 11/28/2016]
December 20, 2016 at 10:00 a.m. (prevailing Eastern Time)	Sale Hearing

3. For the avoidance of doubt, the Debtors reserve the right, and are authorized to, modify the above timeline and the Bidding Procedures (the “Modifications”) in accordance with the provisions of the Bidding Procedures; *provided, however*, that the Debtors shall consult with the Consultation Parties or, to the extent provided therein, the Bid Consultation Parties, with respect to any Modifications.

B. The Bidding Procedures

4. The Bidding Procedures are approved in their entirety. The Debtors are authorized to take any and all actions reasonably necessary or appropriate to implement the Bidding Procedures in accordance therewith. The failure to specifically include or reference a particular provision of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such provision.

5. Notwithstanding anything contained in the Stalking Horse Agreement, the Expense Reimbursement shall not exceed \$350,000. The Expense Reimbursement is approved as modified.

6. In the event that Hemisphere Logistics LLC ("HLL") (a) is determined by the Debtors to be a Qualified Bidder in accordance with the Bidding Procedures, (b) submits an Overbid in accordance with the Bidding Procedures, and (c) is not the Successful Bidder at the Auction, then, HLL shall be entitled to an expense reimbursement up to a maximum of \$350,000 for reimbursement of its reasonable, documented, out-of-pocket fees, costs, and expenses (including reasonable, documented attorneys' fees) actually incurred by it and/or its affiliates in connection with the formulation, negotiation, submission and pursuit at the Auction of its Overbid, including conducting due diligence related to the Sellers, the Company and the Assets (collectively, the "HLL Expenses"), which expense reimbursement shall be paid after (i) HLL provides at least ten (10) days' notice to the Company and the Committee of the HLL Expenses, (ii) there are no objections by the Company or the Committee to HLL Expenses, and (iii) the sale to the Successful Bidder has closed. To the extent there are any objections to the HLL Expenses, such objections shall be specific and the non-objectionable portion of the HLL Expenses shall be paid immediately in accordance with this paragraph. If either the Company or the Committee objects to any of the HLL Expenses, and such objections shall be are specific and detailed, and the parties shall seek to resolve such objections consensually amicably during over a ten (10) day period (the "Resolution Period"); *provided, however*, that if such objections are not resolved during the Resolution Period, then HLL, the Company and the Committee shall jointly move the bankruptcy court for expedited consideration of any such unresolved objections.

7. The process and requirements associated with submitting a Qualified Bid are approved as fair, reasonable, and appropriate and are designed to maximize recoveries for the benefit of the Debtors' estates, creditors, and other parties in interest. As further described in the Bidding Procedures, the Bid Deadline shall be December 8, 2016 at 5:00 p.m. (prevailing Eastern Time). Any disputes or objections to the selection of a Qualified Bid, Successful Bid, or Backup Bid (all as defined in the Bidding Procedures) shall be resolved by this Court at the Sale Hearing as set forth herein.

8. The Debtors are authorized to conduct the Auction in accordance with the Bidding Procedures. The Auction shall take place on December 15, 2016 at 10:00 a.m. (prevailing Eastern Time) at the offices of counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036, or at such other place and time as the Debtors shall notify all Qualified Bidders and the Consultation Parties.

9. The lenders under the Debtors' post-petition debtor-in-possession financing (the "DIP Lenders") and the lenders under the Debtors' pre-petition credit facilities (the "Pre-Petition Lenders") shall have the right, subject in all respects to the Bankruptcy Code and other applicable law, to credit bid all or any portion of their allowed secured claims pursuant to Bankruptcy Code section 363(k) or other applicable law, in accordance with the applicable provisions of the applicable debt documents.

C. Notice Procedures

10. The form of Sale Notice substantially in the form attached to the motion as **Exhibit F** is approved.

11. On the Mailing Date or as soon as reasonably practicable thereafter, the Debtors shall serve the motion, the Stalking Horse Agreement, the Bidding Procedures Order, and the Bidding Procedures by first-class mail, postage prepaid, or courier service upon (a) all entities

known by the Debtors to have expressed an interest in a transaction with respect to all or part of the Assets within the past two years; (b) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon any of the Assets; (c) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by this motion; (d) the Office of the United States Trustee for Region 2, Attn: Serene K. Nakano; (e) the agent under the Debtors' post-petition debtor-in-possession financing and its counsel; (f) the Committee and its counsel; (g) counsel to the agents and lenders under the Debtors' pre-petition credit facilities; (h) the U.S. Attorney's Office for the Southern District of New York; (i) the Internal Revenue Service; and (j) the Securities and Exchange Commission.

12. In addition, on the Mailing Date or as soon as reasonably practicable thereafter, the Debtors shall serve by first-class mail, postage prepaid, or courier service the Sale Notice upon all other known creditors and equity interest holders of the Debtors. Service of the Sale Notice as described above shall be sufficient and proper notice of the Sale Transaction with respect to known interested parties, including those creditors or other interested parties with a foreign address.

13. The Publication Notice, substantially in the form attached to the motion as **Exhibit G**, is approved. The Debtors are directed to publish the Sale Notice, as modified for publication, in *The Wall Street Journal* and *TradeWinds* on one occasion on the Mailing Date or as soon as reasonably practicable thereafter. In addition, the Debtors are authorized, but not directed, to (i) publish the Sale Notice in additional publications as the Debtors deem appropriate and (ii) cause the Sale Notice to be posted on their Case Website.

14. Service of the Publication Notice as described above shall be sufficient and proper notice of the Sale Transaction with respect to all unknown parties.

15. The form of the Post-Auction Notice, substantially in the form attached to the motion as **Exhibit H** is approved. As soon as reasonably practicable after the conclusion of the Auction, the Debtors shall file on the docket, but not serve, the Post-Auction Notice identifying any Successful Bidder.

D. Assumption and Assignment Procedures

16. The Assumption and Assignment Procedures, as detailed in the motion and incorporated herein by reference as if fully set forth in this Bidding Procedures Order, are approved.

17. The Cure Notice, substantially in the form attached to the motion as **Exhibit E** is approved.

18. On or before the Assumption and Assignment Service Date, the Debtors shall file with the Court, and post on the Case Website, the Cure Notice, substantially in the form attached to the motion as Exhibit E and, included therewith, a list that specifies (i) each of the Debtors' executory contracts and unexpired leases proposed to be assumed and assigned pursuant to the Sale Transaction (the "Assigned Contracts") and (ii) the proposed amount necessary, if any, to cure all monetary defaults, if any, under each Designated Contract (the "Cure Costs"). If no Cure Cost is listed, then the Debtors believe that there is no Cure Cost due to the counterparty.

19. The Debtors shall serve on all non-Debtor counterparties to the Assigned Contracts, via first class mail, a customized version of the Cure Notice, which will not include the full list of Assigned Contracts, but which will include (a) instructions regarding how to view the full list on the Case Website, (b) information necessary and appropriate to provide notice of the proposed assumption and assignment of the relevant Assigned Contract, (c) Cure Costs, if any, and (d) the procedures for objecting thereto. The Debtors shall serve, via first class mail, a generic version of the Cure Notice on the master service list prepared and maintained pursuant to

the *Order Establishing Certain Notice, Case Management, and Administrative Procedures* [ECF No. 178].

20. Service of such Cure Notice as set forth herein shall be deemed proper, due, timely, good and sufficient notice of, among other things, the proposed assumption and assignment of the Assigned Contracts and rights thereunder, the Cure Costs, and the procedures for objecting thereto, and no other or further notice is necessary.

21. Any objection by a counterparty to an Assigned Contract must (i) be in writing; (ii) state the basis for such objection; and (iii) state with specificity what cure amount the counterparty to the Assigned Contract believes is required (in all cases with appropriate documentation in support thereof). All such objections must be filed and served on (i) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: David Botter, Esq., Email: dbotter@akingump.com, and Sarah Link Schultz, Esq., 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201, Email: sschultz@akingump.com, counsel for the Debtors; (ii) Pachulski Stang Ziehl & Jones LLP, 780 Third Avenue, 34th Floor, New York, NY 10017, Attn: Robert J. Feinstein, Esq., Email: rfeinstein@pszjlaw.com, and Bradford J. Sandler, Esq., Email: bsandler@pszjlaw.com, proposed counsel to the statutory committee of unsecured creditors; (iii) the Office of the United States Trustee for the Southern District of New York, U.S. Federal Office Building, 201 Varick St., Room 1006, New York, New York 10014, Attn: Serene Nakano, Esq., Email: serene.nakano@usdoj.gov; (iv) counsel to the agents and lenders under the Debtors' pre-petition credit facilities; (v) counsel to the agent under the Debtors' post-petition debtor-in-possession financing; (vi) the Internal Revenue Service; (vii) the United States Attorney for the Southern District of New York; (viii) the Securities and Exchange Commission; (ix) all parties that have filed a request to receive service of court filings pursuant to Bankruptcy

Rule 2002; (x) all other parties on the master service list prepared and maintained pursuant to the Order Establishing Certain Notice, Case Management, and Administrative Procedures [ECF No. 178]; and (xi) if known, any Successful Bidder, (collectively, the “Objection Recipients”) no later than 4:00 p.m. (prevailing Eastern Time) fourteen (14) days following the service of the Cure Notice.

22. If a counterparty to an Assigned Contract files an objection and the parties are unable to consensually resolve the dispute prior to the Sale Hearing, then the amount to be paid or reserved with respect to such objection will be determined either at the Sale Hearing, such later hearing date that the Debtors determine in their discretion, or such other date determined by this Court.

23. Any time after the Assumption and Assignment Service Date and before the closing of a Sale Transaction, the Debtors reserve the right to supplement the list of Assigned Contracts in accordance with the definitive agreement for a Sale Transaction.

24. In the event the Debtors supplement the list of Assigned Contracts, the Debtors shall promptly serve a Supplemental Cure Notice. The Supplemental Cure Notice will be served by electronic transmission, hand delivery, or overnight mail on the counterparty (and its attorney, if known) to each impacted Assigned Contract at the last known address available to the Debtors. Each Supplemental Cure Notice will include the same information with respect to listed Assigned Contracts as was included in the Cure Notice.

25. Any counterparty to a Designated Contract listed on a Supplemental Cure Notice may file a Supplemental Designated Contract Objection if such objection is to the proposed assumption and assignment of the applicable Assigned Contract or the proposed Cure Costs, if any. All Supplemental Designated Contract Objections must (i) state, with specificity, the legal

and factual basis thereof as well as what Cure Costs the objecting party believes are required, if any, (ii) include appropriate documentation in support of the objection, and (iii) be filed and served on the Objection Recipients no later than fourteen days from the date of service of such Supplemental Cure Notice, which date will be set forth in the Supplemental Cure Notice.

26. If a counterparty to an Assigned Contract files a Supplemental Designated Contract Objection and the parties are unable to consensually resolve the dispute, the Debtors will seek an expedited hearing before the Court (a “Supplemental Designated Contract Hearing”) to determine the Cure Costs, if any, and approve the assumption of the relevant Designated Contracts. If there is no such objection, then the Debtors will obtain an order of this Court, including by filing a certification of no objection, (a “Supplemental Designated Contract Order”) fixing the Cure Costs and approving the assumption of any Designated Contract listed on a Supplemental Cure Notice.

27. Absent the filing of a Designated Contract Objection or Supplemental Designated Contract Objection and a subsequent order of the Court establishing an alternative Cure Cost, the Cure Costs, if any, set forth in the Cure Notice shall be controlling, notwithstanding anything to the contrary in any Assigned Contract or any other document, and the counterparty to the Assigned Contract will be deemed to have consented to the assumption, assignment, and sale of the Assigned Contract and the Cure Costs, if any, and will be forever barred from asserting any other claims related to such Assigned Contract against the Debtors or the applicable Successful Bidder, or the property of any of them, except with respect to adequate assurance of future performance by such Successful Bidder. For the avoidance of doubt, any objections to a Successful Bidder’s proposed form of adequate assurance of future performance must be raised at the Sale Hearing or Supplemental Designated Contract Hearing, as applicable, and will be

resolved at the hearing at which it is raised or, in the Debtors' discretion, adjourned to a later hearing.

28. The inclusion of an Assigned Contract on the Cure Notice will not (a) obligate either the Debtors to assume any Assigned Contract listed thereon or the Successful Bidder to take assignment of such Assigned Contract or (b) constitute any admission or agreement of the Debtors that such Assigned Contract is an "executory" contract. Only those Assigned Contracts that are included on a schedule of assumed and assigned contracts attached to the final purchase agreement with the Successful Bidder upon closing (each, an "Acquired Contract") will be assumed and assigned to the Successful Bidder.

E. The Sale Hearing

29. A Sale Hearing to (i) approve a sale of the Assets to the Successful Bidder and (ii) authorize the assumption and assignment of certain executory contracts and unexpired leases shall be held on December 20, 2016 at 10:00 a.m. (prevailing Eastern Time) and may be adjourned or rescheduled without notice, subject to paragraph A.3 of this Order. At the Sale Hearing, the Debtors will seek approval of the Successful Bid and the Back-Up Bid. Unless this Court orders otherwise, the Sale Hearing shall be an evidentiary hearing on matters relating to the Sale Transaction. In the event that the Successful Bidder cannot or refuses to consummate the Sale Transaction, the Debtors may, in accordance with the Bidding Procedures, designate the Back-Up Bid to be the new Successful Bid and the Back-Up Bidder to be the new Successful Bidder, and the Debtors shall be authorized, but not required, to consummate the applicable transaction with the Back-Up Bidder without further order of the Bankruptcy Court.

~~30. Any and all objections, if any, to any Sale Transaction must be filed no later than December ____, 2016 at _____.m. (prevailing Eastern Time) (the "Sale Objection Deadline"). Any and all such objections must be served on the Objection Recipients and counsel to any~~

~~Successful Bidder, if known on the Sale Objection Deadline. All replies to such objections must be filed by December ____, 2016 at _____.m. (prevailing Eastern Time) (the “Reply Deadline”).~~

[SMB 11/18/2016]

F. Other Provisions

31. The Debtors are authorized and empowered to take such action as may be necessary to implement and effect the terms and requirements established under this Bidding Procedures Order.

32. This Bidding Procedures Order shall be binding on and inure to the benefit of the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the estates of the Debtors.

33. This Bidding Procedures Order shall constitute the findings of fact and conclusions of law and shall take immediate effect upon execution hereof.

34. To the extent this Bidding Procedures Order is inconsistent with any prior order or pleading with respect to the motion, the terms of this Bidding Procedures Order shall govern.

35. To the extent any of the deadlines set forth in this Bidding Procedures Order do not comply with the Local Rules, such Local Rules are waived and the terms of this Bidding Procedures Order shall govern.

36. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, 9014, or otherwise, this Court, for good cause shown, orders that the terms and conditions of this Bidding Procedures Order shall be immediately effective and enforceable upon its entry.

37. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Bidding Procedures Order, including, but not limited to, any matter, claim, or dispute arising from or relating to the Bidding Procedures, any Stalking Horse Agreement, and the implementation of this Bidding Procedures Order.

New York, New York
Dated: November 18, 2016

/s/ Stuart M. Bernstein _____
Stuart M. Bernstein
United States Bankruptcy Judge

BIDDING PROCEDURES¹

Introduction

International Shipholding Corporation and its debtor subsidiaries (collectively, the “Debtors”)² are debtors in possession in chapter 11 cases (jointly administered under Case No. 16-12220 (SMB)) pending in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”).

These procedures (the “Bidding Procedures”) were approved by order of the Bankruptcy Court dated November [____], 2016 (the “Bidding Procedures Order”), pursuant to the motion of the Debtors for (a) an order (i) approving the Bidding Procedures, (ii) approving the form and manner of notice, (iii) scheduling an auction and sale hearing, and (iv) granting related relief; and (b) an order (i) approving the purchase and sale agreement (the “Stalking Horse Agreement”) by and between certain of the Debtor entities and J Line Corporation (the “Stalking Horse Purchaser”) for the acquisition of the assets that comprise the Debtors’ specialty business segment and described in the Stalking Horse Agreement, (ii) approving bid protections in favor of the Stalking Horse Purchaser, (iii) authorizing the sale of Debtor owned assets free and clear of liens, claims, and encumbrances (other than those permitted by the purchase agreement submitted by the prevailing purchaser) and (iv) granting related relief.

Bidding Procedures

The Bidding Procedures set forth herein describe, among other things, the Assets (as defined below) available for sale, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Assets, the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, the receipt and negotiation of bids received, the conduct of any Auction (as defined below), and the Bankruptcy Court’s approval thereof (the “Bidding Process”).

Assets to be Sold

The Debtors are offering for sale, in one or more value maximizing transactions, those assets that comprise the Debtors’ specialty business segment that are described in the Stalking Horse Agreement (including the stock of certain non-Debtor subsidiaries that is owned by the Debtors (collectively, the “Assets”).

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Debtors’ Motion for (I) an Order Establishing Bidding Procedures and Granting Related Relief and (II) an Order or Orders Approving the Sale of the Specialty Business Assets* (the “Sale Motion”) or in the Stalking Horse Agreement, as applicable.

² The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: International Shipholding, Inc. (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.

Key Dates

These Bidding Procedures provide interested parties with the opportunity to complete diligence, to submit competing bids for all or a portion of the Assets, and to participate in an auction to be conducted by the Debtors (the “Auction”).

The key dates for the sale process are as follows:

December 8, 2016 at 5:00 p.m. (prevailing Eastern Time)	Bid Deadline
December 15, 2016 at 10:00 a.m. (prevailing Eastern Time)	Auction
December 20, 2016 at 10:00 a.m. (prevailing Eastern Time)	Sale Hearing

Access to Debtors’ Diligence Materials

To receive access to due diligence materials and to participate in the bidding process, an interested party must submit to the Debtors and their advisors (i) if one does not already exist between the parties, an executed confidentiality agreement in form and substance satisfactory to the Debtors (which, for the avoidance of doubt, may be substantially in the form attached hereto as **Exhibit 2**), (ii) sufficient information, as determined by the Debtors, that the interested party has, or can obtain, the financial wherewithal to consummate a sale transaction for the Assets, and (iv) a non-binding written indication of interest identifying the Assets the party is interested in purchasing.

A party that the Debtors determine, in their reasonable discretion, satisfies the requirements set forth in the immediately preceding sentence for receiving access to diligence materials shall be a “Diligence Party.” As promptly as practicable after the Debtors determine that a party is a Diligence Party, the Debtors will deliver to the Diligence Party access to the Debtors’ confidential electronic data room and/or such other access to diligence materials as the Debtors reasonably determine to be appropriate under the circumstances. The Debtors will afford any Diligence Party the time and opportunity to conduct due diligence before the Bid Deadline (as defined below). Notwithstanding the foregoing, the Debtors reserve the right, in an exercise of their fiduciary duties and to maximize value, to withhold any diligence materials that the Debtors determine are sensitive or otherwise not appropriate for disclosure to a Diligence Party who the Debtors determine is a competitor of the Debtors or is affiliated with any competitor of the Debtors. The Debtors and/or their representatives shall not be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Diligence Party. The Debtors shall update the Consultation Parties periodically regarding the identity of parties that have been designated as Diligence Parties and of any determination that an interested party is not a Diligence Party.

All due diligence requests must be directed to the Debtors’ investment banker, Blackhill Partners, LLC, attention: Matt Denny (dennym@bhpllc.com).

Each Diligence Party and Qualified Bidder (as defined below) shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their

advisors regarding such Bidder and its contemplated transaction. Failure by a Diligence Party to comply with requests for additional information and due diligence access may be a basis for the Debtors to determine, in consultation with the Consultation Parties, that such bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access may be a basis for the Debtors to determine, in consultation with the Consultation Parties, that a bid made by such Qualified Bidder is not a Qualified Bid. The Debtors reserve the right, in an exercise of their fiduciary duties and to maximize value, in consultation with the Consultation Parties, to permit a Diligence Party or Qualified Bidder to remedy any such failure to comply.

Auction Qualification Process

To be eligible to participate in the Auction, each offer or proposal (each, a “Bid”), and each party submitting such a Bid (each, a “Bidder”) must satisfy each of the conditions set forth below, as determined by the Debtors. A Bid will not be considered qualified for the Auction if such Bid does not satisfy each of the following conditions:

- (a) Good Faith Deposit: Except as set forth herein, each Bid for all or substantially all of the Assets must be accompanied by a deposit (a “Good Faith Deposit”) submitted by wire transfer of immediately available funds to an account identified by the Debtors. Each Good Faith Deposit must equal in the case of a Bid for all or substantially all of the Assets, the amount of ten percent (10%) of the purchase price contained in the Modified Stalking Horse Agreement (as defined below).
- (b) Bids for Portions of the Assets: A Bid must offer to purchase all or substantially all of the Assets.
- (c) Same or Better Terms: Each subsequent Bid for all or substantially all of the Assets must be on terms that, in the Debtors’ business judgment, in consultation with the Bid Consultation Parties (as defined below), are the same or better than the terms of the Stalking Horse Agreement.
- (d) Executed Agreement: Each Bid must be based on the Stalking Horse Agreement and must include executed transaction documents, including the revised Stalking Horse Agreement, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effectuate an Alternate Transaction (the “Modified Stalking Horse Agreement”), and a blackline copy of the applicable Modified Stalking Horse Agreement marked against the Stalking Horse Agreement to show all changes requested by the Bidder (including those related to purchase price).
- (e) Designation of Assigned Contracts and Leases, Payment of Cure Amounts: A Bid must identify any and all executory contracts and unexpired leases of the Debtors that the Bidder wishes to have assumed and assigned and, if applicable, non-Debtors to be assigned to it at closing and provide for the payment of all cure amounts payable with respect to such contracts and leases under the Bankruptcy Code.

- (f) Corporate Authority: A Bid must include written evidence reasonably acceptable to the Debtors, in their business judgment, demonstrating appropriate corporate authorization to consummate the proposed Alternate Transaction, *provided* that, if the Bidder is an entity specially formed for the purpose of effectuating the Alternate Transaction, then the Bidder must furnish written evidence reasonably acceptable to the Debtors of the approval of the Alternate Transaction by the equity holder(s) of such Bidder.
- (g) Disclosure of Identity of Bidder: A Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Assets or otherwise participating in connection with such Bid (including any equity holder or other financial backer if the Bidder is an entity specially formed for the purpose of effectuating the Alternate Transaction), and the complete terms of any such participation, including any binding agreements, arrangements, or understandings concerning a collaborative or joint bid or any other combination concerning the proposed Bid.
- (h) Proof of Financial Ability to Perform: A Bid must include written evidence that the Debtors reasonably conclude in their business judgment, in consultation with their advisors and the Bid Consultation Parties, demonstrates that the Bidder has the necessary financial ability to (i) close the Alternate Transaction and (ii) provide adequate assurance of future performance under all contracts to be assumed and assigned in such Alternate Transaction. Such information must include, *inter alia*, the following:
 - (1) contact names and numbers for verification of financing sources;
 - (2) evidence of the Bidder's internal resources and proof of unconditional debt funding commitments from a recognized financial institution and, if applicable, equity commitments in an aggregate amount equal to the cash portion of such Bid (including, if applicable, the Bidder's payment of cure amounts) or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Debtors in such amount, in each case, as are needed to close the Alternate Transaction;
 - (3) the Bidder's current financial statements (audited if they exist) or other similar financial information reasonably acceptable to the Debtors;
 - (4) a description of the Bidder's pro forma capital structure; and
 - (5) any such other form of financial disclosure or credit-quality support information or enhancement reasonably requested by the Debtors, in consultation with the Bid Consultation Parties, demonstrating that such Bidder has the ability and financial wherewithal to close the Alternate Transaction.
- (i) Regulatory and Third Party Approvals: A Bid must set forth each regulatory and third-party approval required for the Bidder to consummate the Alternate Transaction, if any, and the time period within which the Bidder expects to receive such regulatory and third-party approvals (and if receipt of any such regulatory or third-party approval is expected to take more than thirty (30) days

following execution and delivery of the Modified Stalking Horse Agreement, those actions the Bidder will take to ensure receipt of such approval(s) as promptly as possible).

- (j) Contingencies: Bids may not be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence.
- (k) Irrevocable: Bids must expressly provide that (1) the Bidder is prepared to consummate the transaction set forth in the Modified Stalking Horse Agreement promptly following entry of the Sale Order and satisfaction of the closing conditions (if any) set forth in the Modified Stalking Horse Agreement, and (2) the offer reflected in such Bid shall remain open and irrevocable until the conclusion of the Auction, *provided* that if such Bid is accepted as the Successful Bid or the Backup Bid (each as defined herein), such Bid shall continue to remain open and irrevocable as provided under “Closing the Auction; Successful Bidder” and “Backup Bidder” below.
- (l) Bid Deadline: Each Bid must be received by each of the following parties, in writing, on or before December 8, 2016 at 5:00 p.m. (prevailing Eastern Time) or such earlier date as may be designated by the Debtors in consultation with the Consultation Parties (the “Bid Deadline”): (1) the Debtors, International Shipholding Corporation, 601 Poydras Street, Pan American Building, Suite 1850, New Orleans, Louisiana 70130, Attn: Manny Estrada, CFO (estradm@intship.com); (2) counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, 1333 New Hampshire Avenue N.W., Washington, D.C. 20036, Attn: J. Robertson Clarke, Esq. (rclarke@akingump.com); (3) investment banker for the Debtors, Blackhill Partners, LLC, 2651 North Harwood Street, Suite 120, Dallas, Texas 75201, Attn: Matt Denny (dennym@bhpllc.com); (4) counsel for the official committee of unsecured creditors of the Debtors (the “Creditors’ Committee”), Pachulski Stang Ziehl & Jones LLP, 780 Third Avenue, 34th Floor, New York, New York 10017, Attn: Robert J. Feinstein, Esq. (rfeinstein@pszjlaw.com) and Bradford J. Sandler, Esq. (bsandler@pszjlaw.com); (5) counsel for the DIP Agent, Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, New York 10005, Attn: Evan R. Fleck, Esq. (EFleck@milbank.com) and Nelly Almeida, Esq. (NAlmeida@milbank.com); (6) counsel for DVB Bank SE, Seward & Kissel LLP, One Battery Park Plaza, New York, New York 10004, Attn: John R. Ashmead, Esq. (ashmead@sewkis.com) and Robert J. Gayda, Esq. (gayda@sewkis.com); (7) counsel for Regions Bank, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq. (sfuhrman@stblaw.com) and Moore & Van Allen PLLC, 100 North Tryon Street, Suite 4700, Charlotte, North Carolina 28202, Attn: David S. Walls, Esq. (davidwalls@mvalaw.com); (8) counsel for Capital One, National Association, McGlinchey Stafford, 112 West 34th Street, Suite 1515, New York, New York 10120, Attn: Deborah A. Reperowitz, Esq. (dreperowitz@mcglinchey.com) and McGlinchey Stafford, 301 Main Street, Suite 1400, Baton Rouge, Louisiana 70801, Attn: E. Stewart Spielman, Esq. (sspielman@mcglinchey.com); and (9) counsel for Citizens Asset Finance, Inc.,

Vedder Price, 1633 Broadway, 47th Floor, New York, New York 10019, Attn: Michael J. Edelman, Esq. (mjedelman@vedderprice.com) and Vedder Price, 222 North LaSalle Street, Chicago, Illinois 60601, Attn: Douglas J. Lipke, Esq. (dlipke@vedderprice.com) ((1)-(9), collectively, the “Bid Notice Parties”).

A Bid received from a Bidder on or before the Bid Deadline that the Debtors determine, in consultation with the Bid Consultation Parties, meets the requirements set forth above for the applicable Assets shall constitute a “Qualified Bid” for such Assets, and such Bidder shall constitute a “Qualified Bidder” for such Assets.

Highest or Otherwise Best Bid

Whenever these Bidding Procedures refer to the highest or otherwise best Qualified Bid, such determination shall take into account any factors the Debtors, in their business judgment and in consultation with the Bid Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the estates and may include, but are not limited to, the following: (i) the amount and nature of the consideration, including any Assumed Liabilities and Permitted Liens (each as defined in the Stalking Horse Agreement); (ii) the number, type, and nature of any changes to the Stalking Horse Agreement requested by each Qualified Bidder; (iii) the extent to which such modifications are likely to delay closing of the sale of the Assets and the cost to the Debtors of such modifications or delay; (iv) the likelihood of the Qualified Bidder being able to close the proposed transaction (including obtaining any required regulatory approvals) and the timing thereof; (v) any unfunded Pension Plan liabilities transferred to or assumed by the Bidder;³ (vi) the net benefit to the Debtors’ estates including, after taking into consideration any bidding protections; and (vii) any other facts that the Debtors may reasonably deem relevant (collectively, the “Bid Assessment Criteria”).

Auction

If one or more Qualified Bids for Assets are received by the Bid Deadline, the Debtors will conduct the Auction to determine the highest or otherwise best Qualified Bid for the Assets. If only one (1) Qualified Bid is received by the Bid Deadline, the Debtors shall not conduct the Auction with respect to such Assets.

Procedures for Auction

The Auction shall take place on December 15, 2016 at 10:00 a.m. (prevailing Eastern Time) at the offices of counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, or such other place and time as the Debtors shall notify all Qualified Bidders and the Consultation Parties. The Auction shall be conducted according to the procedures set forth herein.

Only the Debtors, the Consultation Parties, the Stalking Horse Bidder, any other Qualified Bidders, and/or other party that the Debtors may determine to include in their

³ ISH sponsors the International Shipholding Corporation Retirement Plan (the “Pension Plan”), as defined in section 1301(a)(13) of the Employee Retirement Investment and Security Act of 1974. 29 U.S.C. § 1301- 1461 (2012 & Supp. II 2014).

discretion, in each case along with their representatives and advisors, shall be entitled to attend the Auction (such attendance to be in person) (collectively, the “Auction Participants”) and only Qualified Bidders will be entitled to make any Overbids (as defined below) at the Auction. If a party other than those listed above would like to attend the Auction, such party shall make a request to attend the Auction in writing (which writing may be in the form of an electronic mail) and serve such request on the Debtors no later than 12:00 p.m. (prevailing Eastern Time) two business days prior to the date of the Auction.

The Debtors Shall Conduct the Auction.

The Debtors and their advisors shall direct and preside over the Auction, which shall be transcribed. Other than as expressly set forth herein, the Debtors (in consultation with the Consultation Parties or, to the extent provided herein, the Bid Consultation Parties) may conduct the Auction in the manner they determine will result in the highest or otherwise best offer for any of the Assets. The Debtors shall use their best efforts to, at least twenty-four (24) hours prior to commencement of the Auction, provide the Consultation Parties and each Qualified Bidder participating in the Auction with a copy of the Modified Stalking Horse Agreement, as determined by the Debtors in consultation with the Bid Consultation Parties (such highest or otherwise best Qualified Bid, the “Auction Baseline Bid”). At the start of the Auction, each Qualified Bidder participating in the Auction must confirm that (a) it has not engaged in any collusion with respect to the bidding or sale of the Assets, (b) it has reviewed, understands, and accepts the Bidding Procedures, (c) it has consented to the core jurisdiction of the Bankruptcy Court (as described more fully below), and (d) its Qualified Bid is a good faith *bona fide* offer that it intends to consummate if selected as the Successful Bidder.

Credit Bidding.

The applicable Pre-petition Lenders and the DIP Lenders shall have the right, subject in all respects to the Bankruptcy Code and other applicable law, to credit bid all or any portion of their allowed claims secured by the Assets at the Auction pursuant to Bankruptcy Code section 363(k) or other applicable law, in accordance with the applicable provisions of the applicable debt documents. Such secured creditors shall each be a Qualified Bidder to the extent that such creditors otherwise comply with the requirements set forth herein and the Bankruptcy Code, *provided, however*, that the secured creditors shall not be required to submit a Good Faith Deposit as part of a credit bid.

Terms of Overbids.

An “Overbid” is any bid made at the Auction, in accordance with the requirements set forth herein, subsequent to the Debtors’ announcement of the respective Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

- (a) Minimum Overbid Increments: The initial Overbid for the Assets shall provide for total consideration for the Assets with a value that exceeds the value of the consideration under the Auction Baseline Bid an incremental amount that is not less than \$850,000. Each successive Overbid shall exceed the then-existing Overbid by an incremental amount that is not less than \$500,000 (the “Minimum

Overbid Increment”). The Debtors reserve the right, in consultation with the Bid Consultation Parties, to announce reductions or increases in any Minimum Overbid Increment at any time during the Auction. Additional consideration in excess of the amount set forth in the respective Auction Baseline Bid may include cash and/or non-cash consideration, *provided, however*, that the value for such non-cash consideration shall be determined by the Debtors in their business judgment and in consultation with the Bid Consultation Parties

- (b) Remaining Terms Are the Same as for Qualified Bids: Except as modified herein, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, *provided, however*, that the Bid Deadline shall not apply. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Bidder to the Stalking Horse Agreement, Modified Stalking Horse Agreement, as the case may be, in connection therewith. For the avoidance of doubt, any Overbid shall be irrevocable and shall remain open and binding on the Bidder in accordance with these Bidding Procedures and the conditions for a Qualified Bid.

At the Debtors’ discretion, to the extent not previously provided a Bidder submitting an Overbid at the Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors), as the Debtors, in their reasonable business judgment in consultation with the Bid Consultation Parties, may request, demonstrating such Bidder’s ability to consummate the Alternate Transaction proposed by such Overbid.

Announcement and Consideration of Overbids.

- (a) Announcement of Overbids: A Bidder submitting an Overbid at the Auction shall announce at the Auction the material terms of such Overbid, including the total amount and type of consideration offered in such Overbid.
- (b) Consideration of Overbids: The Debtors reserve the right, in their reasonable business judgment and in consultation with the Bid Consultation Parties, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Debtors and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; and give Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors, in their reasonable business judgment and in consultation with the Bid Consultation Parties, may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Alternate Transaction at the prevailing Overbid amount.

Additional Procedures.

The Debtors, in consultation with the Bid Consultation Parties, in the exercise of their fiduciary duties for the purpose of maximizing value for their estates from the sale process, may

make non-material modifications to the Bidding Procedures and implement additional procedural rules for conducting the Auction. Specifically, among other things, the Debtors, in consultation with the Bid Consultation Parties, may determine to select more than one Successful Bid and more than one Successful Bidder (and/or more than one Backup Bid and more than one Backup Bidder, in which event such Backup Bids may provide for groupings of Assets that are different from the groupings of Assets reflected in the Successful Bid(s)) for separate portions of the Assets.

Consent to Jurisdiction as Condition to Bidding.

All Qualified Bidders shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court to enter an order or orders, which shall be binding in all respects, in any way related to the Debtors, their chapter 11 cases, the Bidding Procedures, the Stalking Horse Agreement, the Auction, or the construction and enforcement of documents relating to any Alternate Transaction and waived any right to a jury trial in connection with any disputes relating to the Debtors, their chapter 11 cases, the Bidding Procedures, the Stalking Horse Agreement, the Auction, or the construction and enforcement of documents relating to any Alternate Transaction.

Sale Is As Is/Where Is.

Any of the Assets sold pursuant to the Bidding Procedures shall be sold free and clear of all liens, claims, and encumbrances as permitted by Bankruptcy Code section 363(f) other than any Assumed Liabilities and Permitted Liens and conveyed at Closing in their then-present condition, **“AS IS, WHERE IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED”**, and without surviving representations or warranties of any kind, nature, or description by the Debtors, their agents or estates, except to the extent set forth in the definitive agreement(s) for the Successful Bid(s), if applicable.

Closing the Auction; Successful Bidder.

The Auction shall continue until there is only one Qualified Bid for the Assets, which Qualified Bid the Debtors determine in their reasonable business judgment, in consultation with the Bid Consultation Parties, is the highest or otherwise best Qualified Bid at the Auction for the Assets. Thereafter, the Debtors shall select such Qualified Bid(s), in consultation with the Bid Consultation Parties, as the overall highest or otherwise best Qualified Bid for the Assets (such Bid, the “Successful Bid,” and the Bidder submitting such Successful Bid, the “Successful Bidder”).

The Auction shall close when the Successful Bidder(s) submits fully executed sale and transaction documents, memorializing the terms of the Successful Bid(s).

Promptly following the Debtors’ selection of the Successful Bid(s) and the conclusion of the Auction, the Debtors shall announce the Successful Bid(s) and Successful Bidder(s) and shall file with the Bankruptcy Court notice of the Successful Bid(s) and Successful Bidder(s).

The Debtors shall not consider any Bids submitted after the conclusion of the Auction. The Successful Bidder(s) shall be required to keep the Successful Bid(s) open and irrevocable until the closing of the transactions contemplated thereby.

Backup Bidder.

Notwithstanding anything in the Bidding Procedures to the contrary, the Qualified Bid for the Assets that the Debtors determine in their reasonable business judgment, in consultation with the Bid Consultation Parties, is the next highest or otherwise best Qualified Bid at the Auction for the Assets after the Successful Bid, will be designated as the “Backup Bid” and the Bidder submitting such Backup Bid, the “Backup Bidder.” The Backup Bidder shall be required to keep the Backup Bid open and irrevocable until the earlier of 5:00 p.m. (prevailing Eastern Time) on the date that is [_____] days after the date of entry of the Sale Order (the “Outside Backup Date”) or the closing of the transaction with the Successful Bidder (defined herein).

Following entry of a Sale Order, if a Successful Bidder for any business segment of the Assets fails to consummate its Successful Bid, the Debtors may, in consultation with the Bid Consultation Parties, designate the Backup Bid to be the new Successful Bid and the Backup Bidder to be the new Successful Bidder for the applicable business segment of the Assets, and the Debtors will be authorized, but not required, to consummate the transaction with the Backup Bidder without further order of the Bankruptcy Court. In such case of a breach or failure to perform on the part of the Successful Bidder, the defaulting Successful Bidder’s deposit shall be forfeited to the Debtors. The Debtors specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Backup Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures.

Return of Good Faith Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in escrow in one or more accounts, and shall not become property of the Debtors’ estates; *provided, however*, that the Good Faith Deposit of any Successful Bidder (including any Backup Bidder that becomes a Successful Bidder) may be forfeited to the Debtors or credited towards the purchase price set forth in the Successful Bid, in either case as provided in these Bidding Procedures. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than seven (7) days after the Sale Hearing. The Good Faith Deposit of the Backup Bidder, if any, shall be returned to the Backup Bidder not later than three (3) business days after (i) the closing of the transaction with the Successful Bidder (defined herein) for the Assets and (ii) the Outside Backup Date; *provided, however*, that if the Back-up Bid becomes the Successful Bid as provided herein, any subsequent breach or failure to perform by the Back-up Bidder may result in the forfeit of the Good Faith Deposit of the Back-up Bidder to the Debtors. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that may have accrued thereon. If the Successful Bidder consummates the Successful Bid, its Good Faith Deposit shall be credited towards the purchase price set forth in the Successful Bid.

The Consultation Parties

The Debtors will consult with the DIP Agent and the DIP Lenders, each as provided for under the Debtor-in-Possession Credit Agreement (as amended from time to time), the applicable pre-petition lenders secured by the Assets, and the Creditors’ Committee (collectively, the “Consultation Parties” and each, a “Consultation Party”) as explicitly provided for in these

Bidding Procedures; *provided, however*, that, in certain circumstances as set forth in these Bidding Procedures, the Debtors shall consult only with the Bid Consultation Parties (as defined below). The “Bid Consultation Parties” shall be all Consultation Parties (and their advisors) other than any Consultation Party (and its advisors) that submits a Bid or has a Bid submitted on its behalf for so long as such Bid remains open. For the avoidance of doubt, the Debtors’ obligation to consult with the Consultation Parties may, in the Debtors’ discretion and in an exercise of their reasonable business judgment, be met by (i) consultation solely with the respective advisors to each of the Consultation Parties, as set forth in “Auction Qualification Process – Bid Deadline” above (collectively, the “Consultation Party Advisors”); or (ii) consultation with each of the Consultation Parties and their Consultation Party Advisors at the same time or in separate communications; for the further avoidance of doubt, nothing contained herein shall be construed to alter or diminish the Asset Sale consent rights provided for under section 8.9 of the Debtor-in-Possession Credit Agreement (as amended from time to time); *provided, however*, that to the extent the lenders under the Debtor-in-Possession Credit Agreement becomes a Bidder, such lender shall not have the right to exercise such consent rights.

Reservation of Rights of the Debtors

Except as otherwise provided in the Stalking Horse Agreement, these Bidding Procedures or the Bidding Procedures Order, the Debtors further reserve the right, in their reasonable business judgment in consultation with the Consultation Parties or, to the extent provided herein, the Bid Consultation Parties to: (i) determine which bidders are Qualified Bidders; (ii) determine which Bids are Qualified Bids; (iii) determine which Qualified Bid is the highest or otherwise best proposal and which is the next highest or otherwise best proposal in accordance with the Bid Assessment Criteria; (iv) reject, at any time prior to the closing of the Auction or, if no Auction is held, at any time prior to entry of the Sale Order, any Bid that is (a) inadequate or insufficient, (b) not in conformity with the requirements of these Bidding Procedures or the requirements of the Bankruptcy Code, or (c) contrary to the best interests of the Debtors and their estates; (v) waive terms and conditions set forth herein with respect to all potential bidders; (vi) impose additional terms and conditions; (vii) extend the deadlines set forth herein; (viii) continue or cancel the Auction and/or Sale Hearing in open court, or by filing a notice on the docket of the Debtors’ chapter 11 cases, without further notice; (ix) include any other party as a Consultation Party and attendee at the Auction; and (x) modify the Bidding Procedures and implement additional procedural rules for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bankruptcy Code, if applicable, the Bidding Procedures Order, or any other order of the Court.

Exhibit 1

Stalking Horse Agreement

Exhibit 2

Confidentiality Agreement

To be filed prior to hearing on Bidding Procedures

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into effective as of this 28th day of October 2016 (the "Effective Date"), by and among INTERNATIONAL SHIPHOLDING CORPORATION, a Delaware corporation ("ISH"), LCI SHIPHOLDINGS, INC., GULF SOUTH SHIPPING PTE LTD., MARCO SHIPPING Company (PTE) LTD., N.W. JOHNSEN & CO., Inc. (collectively, the "Debtor Sellers") and MPV NETHERLANDS C.V., MPV NETHERLANDS COÖPERATIEF U.A., and MPV NETHERLANDS V.B. (collectively, the "Non-Debtor Sellers" and collectively with Debtor Sellers, "Sellers"), and J LINE CORPORATION, a Marshall Islands corporation, or its assigns ("Buyer").¹ Buyer and Sellers may be referred to herein individually as a "Party" and collectively as the "Parties". For purposes of this Agreement, the term "Affiliates" shall mean with respect to either Party hereto, any other company or legal entity which is controlled by, controls such Party, or is under common control of such Party, and the terms "control," "controls," "controlled" and words or phrases of similar import mean the power to direct the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

WHEREAS, Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, pursuant to the terms and conditions of this Agreement, certain Acquired Assets (as defined below);

WHEREAS, on July 31, 2016 (the "Petition Date"), Debtor Sellers and certain of their Affiliates (collectively, the "Debtors") each filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code styled *In re: International Shipholding Corporation, et. al.*, Chapter 11 Case No 16-12220 (the "Bankruptcy Cases"), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, the Parties intend to effectuate the transactions contemplated by this Agreement through a sale of the Acquired Assets free and clear of all liens and encumbrances, other than Permitted Liens (as defined below), pursuant to Sections 105, 362, 363 and 365 of Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"); and

WHEREAS, Sellers' ability to consummate the transactions contemplated by this Agreement is subject to, among other things, the entry of an order by the Bankruptcy Court (the "Sale Order").

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements contained herein, Buyer and Sellers hereby agree as follows:



¹ Buyer anticipates using multiple affiliated entities to take title to assets. Identity of such affiliates will be determined prior to the Closing Date.

ARTICLE I

SALE AND PURCHASE

Section 1.1 Acquired Assets. Subject to the entry of the Sale Order by the Bankruptcy Court and Section 1.2, and in accordance with the terms and conditions of this Agreement, Sellers agree to sell and assign to Buyer, and Buyer agrees to purchase and acquire from Seller, all of Seller's right, title and interest in and to the following (collectively, the "Acquired Assets"), as more specifically described in Exhibits A and B attached hereto:

(a) all of Sellers' rights under each of the contracts, agreements or arrangements, written or oral (each, a "Contract") set forth on Exhibit A hereto (collectively, the "Assigned Contracts");²

(b) all of Sellers' rights, title and interest in and to the assets set forth on Exhibit B;³

(c) to the extent transferable using commercially reasonable efforts, all rights of Sellers under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers and contractors to the extent relating to products sold, or services provided, to Sellers in respect of the Acquired Assets other than any warranties, representations and guarantees pertaining to any Excluded Assets; and

(d) all goodwill of, and other intangible rights of Sellers in, the Acquired Assets.

Section 1.2 Excluded Assets. Notwithstanding the foregoing, the term "Acquired Assets" shall not include any assets of Sellers, other than the Acquired Assets, including the following (collectively, the "Excluded Assets");

(a) any equipment, tools, supplies or spare parts owned by a third party;

(b) any asset of Sellers that would otherwise constitute an Acquired Asset but for the fact that it is consumed, conveyed, leased or otherwise disposed of, in the ordinary course of Sellers' business prior to the Closing Date (as defined below) not in violation of this Agreement;

(c) the certificates of incorporation or, as applicable, formation, qualifications to conduct business as a foreign corporation or, as applicable, limited liability company, taxpayer and other identification numbers, seals, stock transfer books, blank stock certificates, corporate books and records of internal corporate or limited liability company proceedings, tax and accounting records, work papers and other records relating to the organization or maintenance of

² Assigned Contracts listed on Exhibit A hereto that are related to the Seller's Specialty business may be added or deleted at any time prior to the Closing Date (as defined herein).

³ Additional assets listed on Exhibit B hereto that are related to the Seller's Specialty business may be added or deleted at any time prior to the Closing Date (as defined herein).

corporate or limited liability company existence of Sellers and any other records that Sellers are required by law to retain; provided, however, that copies of the foregoing items shall be provided by Sellers to Buyer following the Closing Date upon Buyer's request at Buyer's sole expense;

(d) the rights of Sellers under this Agreement and all consideration payable or deliverable to Sellers under this Agreement;

(e) the capital stock or other equity interests of any Seller;

(f) any Contract not used solely in the operation or ownership of the Acquired Assets (collectively, the "Excluded Contracts");

(g) any Contract that terminates or expires prior to the Closing Date in accordance with its terms or in the ordinary course of business of Sellers;

(h) all rights (including rights under insurance policies), claims or causes of action with respect to or arising in connection with Excluded Assets;

(i) all rights (including rights under insurance policies), claims or causes of action arising from or related to facts or circumstances occurring or existing on or prior to the Closing Date;

(j) all rights, recoveries, refunds and rights of set-off against third parties arising from or related to facts or circumstances occurring or existing on or prior to the Closing Date;

(k) all deposits (including, with respect to the Excluded Assets, customer deposits and security deposits (whether maintained in escrow or otherwise) for rent, electricity, telephone or otherwise) and prepaid charges and expenses of Sellers that relate exclusively to the Excluded Assets;

(l) any other tangible or intangible assets not used exclusively in connection with the ownership or operation of the Acquired Assets; and

(m) the assets set forth on Schedule 1.2(m).

Section 1.3 Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, Buyer agrees, effective at the Effective Time, to assume, pay, perform and discharge the following Liabilities (as defined below) (such Liabilities, the "Assumed Liabilities"):

(a) any and all amounts due and owing in order to cure any defaults under the Assigned Contracts that are required to be cured under the Bankruptcy Code (such amounts, the "Cure Amounts") due and owing under the Assigned Contracts;

(b) all of Sellers' Liabilities under the Assigned Contracts;

(c) all Liabilities relating to amounts required to be paid by Buyer hereunder;

(d) all Transfer Taxes (as defined below) and all Liabilities relating to Taxes (as defined below) imposed on the Acquired Assets that are attributable to any Tax period or year, or portion thereof, that begins on or after the Closing Date (each, a "Post-Closing Tax Period"); and

(e) all Liabilities relating to or arising from Buyer's ownership, possession or use of the Acquired Assets from and after the Closing Date.

As used herein, the term "Liability" or "Liabilities" means all liabilities and obligations of any kind and nature, whether known or unknown, express or implied, primarily or secondarily, direct or indirect, absolute, accrued, contingent or otherwise and whether due or to become due.

Section 1.4 Excluded Liabilities. Except as specifically set forth in Section 1.3, Buyer shall not assume or be liable for any of the Liabilities of Sellers (except to the extent they constitute Assumed Liabilities) set forth below (collectively, the "Excluded Liabilities");

(a) all Liabilities of Sellers that relate to any of the Excluded Assets (including under any Excluded Contracts);

(b) all Liabilities of Sellers for Taxes, other than Transfer Taxes, for any Tax period or year, or portion thereof, that ends before the Closing Date (each, a "Pre-Closing Tax Period");

(c) all Liabilities for any legal, accounting, investment banking, brokerage or similar fees or expenses incurred by any Seller or any predecessor of any Seller in connection with, resulting from or attributable to the Bankruptcy Cases or the transactions contemplated by this Agreement or otherwise;

(d) all indebtedness of any Seller;

(e) all Liabilities of Sellers related to the right to or issuance of any capital stock or other equity interest of any Seller, including any stock options or warrants;

(f) all Liabilities of Sellers resulting from, caused by or arising out of, or which relate to, directly or indirectly, the conduct of any person or ownership, lease or license of any properties or assets or any properties or assets previously used by Sellers at any time, or other actions, omissions or events occurring prior to the Closing (as defined below) and which (A) constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of any rule, regulation, treaty or other similar authority or (B) relate to any and all claims, disputes, demands, actions, Liabilities, damages, suits in equity or at law, administrative, regulatory or quasi-judicial proceedings, accounts, costs, expenses, setoffs, contributions, attorneys' fees or causes of action of whatever kind or character ("Proceeding") against Sellers, whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued, pending or threatened;

(g) any Liability arising out of any proceeding commenced against Sellers after the Closing and arising out of, or relating to, any occurrence or event happening prior to, on or after the Closing (except that Purchaser shall be liable for all Cure Amounts);

(h) all accounts payable of Sellers arising prior to the Closing Date (except that Buyer shall be liable for all Cure Amounts);

(i) any Liability under any Excluded Contract; and

(j) any Liability of Sellers under this Agreement or any related agreement executed in connection herewith.

ARTICLE II

CONSIDERATION

Section 2.1 Sale Price. Subject to the terms and conditions hereof, the purchase price for the Acquired Assets is EIGHTEEN MILLION DOLLARS (\$18,000,000.00) (the "Purchase Price"), which shall be paid as provided in Section 2.2 and Section 2.3.

Section 2.2 Deposit. Upon execution of this Agreement and simultaneously therewith, the execution and delivery of the Addendum to the Escrow Agreement (as defined below), on the Effective Date, Buyer shall pay into the escrow account at The Bank of New York Mellon, a New York banking corporation (the "Escrow Agent" and such account, the "Escrow Account"), a deposit equal to 10% of the Purchase Price (such amount, together with all interest earned thereon, the "Deposit") amounting to ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000.00). The Deposit shall be held pursuant to the terms of the escrow agreement (the "Escrow Agreement") and the addendum thereto to be entered into by Buyer, Sellers and the Escrow Agent (the "Addendum to the Escrow Agreement"), each substantially in the form attached hereto as Exhibit D. The Parties shall equally share the costs related with the Escrow Account.

Section 2.3 Closing.

(a) The closing of the purchase and sale of the Acquired Assets (the "Closing") shall occur following entry of the Sale Order by the Bankruptcy Court approving the sale as provided in this Agreement and satisfaction or waiver (in respect of any conditions that are subject to waiver) of the other conditions to Closing set forth in Section 9.1, Section 9.2 and Section 9.3 (the "Closing Date"). The Closing shall take place at the offices of Akin Gump Strauss Hauer & Feld LLP, located at One Bryant Park, New York, New York or at another location to be agreed upon by the Parties. If the Closing has not occurred by March 31, 2017 (the "Outside Closing Date"), as a result of delays or a material breach by Buyer under this Agreement, Sellers shall have the right to terminate this Agreement pursuant to Section 12.1 and (a) may market the Acquired Assets and enter into a purchase agreement with a third party and (b) retain the Deposit. In such case, Buyer relinquishes all its rights to the Deposit. As used herein, the term "Business Day" means a day on which National Association banks are required to be open for business in the United States.

(b) At the Closing, Buyer shall pay directly to Sellers an amount equal to the Purchase Price (i) less the Deposit and (ii) adjusted upward or downward, as appropriate, in an amount to be agreed between the Buyer and Sellers prior to Closing, to take into account any expenses prepaid by Sellers related to the Acquired Assets and any accrued expenses related to the Acquired Assets such as amounts accrued to cover regulatory dry docking expenses (the "Closing Payment") and Buyer and ISH shall direct the Escrow Agent to release the full amount of the Deposit to Sellers. If Sellers are ready, willing and able to proceed with the Closing and Buyer does not pay the Closing Payment, as required herein, Sellers shall have no obligation to close the sale of the Acquired Assets to Buyer as contemplated hereunder and Sellers may terminate this Agreement as provided in Section 12.1(d), market the Acquired Assets and enter into a purchase agreement with a third party and retain the Deposit. In such case, Buyer relinquishes all rights to the Deposit.

(c) Delivery of the Acquired Assets shall be at their respective locations or at other locations at the time of Closing to be agreed upon by the Parties.

(d) If the Parties are not able to close by the Closing Date for any reason other than Buyer's material breach of this Agreement, upon the termination of this Agreement in accordance with its terms, Buyer and ISH shall direct the Escrow Agent to return the Deposit to Buyer and, in addition, shall pay the reasonable, documented out-of-pocket costs and expenses actually incurred by Buyer (including reasonable, documented out-of-pocket attorney's fees) in connection with the negotiation, preparation and performance of this Agreement and the transaction contemplated hereby in an amount not to exceed \$500,000 (the "Expense Reimbursement").

Section 2.4 Wire Instructions. All payments to Sellers hereunder are to be made in US Dollars in immediately available funds wired in accordance with instructions provided by Sellers.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1 THE SALE OF THE ACQUIRED ASSETS IS MADE "AS IS, WHERE IS AND WITH ALL FAULTS" AND EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTION 3.4(F), SELLERS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER (EXPRESS, IMPLIED, STATUTORY OR OTHERWISE) CONCERNING CLASSIFICATION, VALUE, DESIGN, OPERATION, MERCHANTABILITY, QUALITY, CONDITION OR SEAWORTHINESS OF THE ACQUIRED ASSETS OR THE FITNESS OF THE ACQUIRED ASSETS FOR ANY INTENDED PURPOSE OR USE.

Section 3.2 BUYER MAKES A FULL WAIVER OF WARRANTY AS TO THE SEAWORTHNESS, REDHIBITION AND CONDITION OF THE ACQUIRED ASSETS (ENVIRONMENTAL AND OTHERWISE), AND ACKNOWLEDGES AND AGREES THAT THIS SALE IS BEING MADE ON AN "AS IS, WHERE IS AND WITH ALL FAULTS" BASIS EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTION 3.4(F).

BUYER ACKNOWLEDGES AND AGREES THAT BUYER IS RELYING SOLELY ON ITS OWN INSPECTION OF THE ACQUIRED ASSETS AND NOT ON ANY WARRANTIES AND REPRESENTATIONS (VERBAL OR WRITTEN) FROM OR ON BEHALF OF SELLERS AT ANY TIME AS TO THE CONDITION OF THE ACQUIRED ASSETS IN ANY RESPECT, AND THE PURCHASE PRICE TAKES INTO CONSIDERATION THE CONDITION OF THE ACQUIRED ASSETS. BUYER WAIVES ALL WARRANTIES OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONDITION OR SEAWORTHNESS OF THE ACQUIRED ASSETS, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES AS TO THE PHYSICAL OR ENVIRONMENTAL CONDITION THEREOF, OR AS TO THE ABSENCE OF REDHIBITORY OR LATENT DEFECTS OR ANY VICES (WHETHER APPARENT, EASILY DISCOVERABLE OR HIDDEN, KNOWN OR UNKNOWN), OR AS TO FITNESS FOR ORDINARY USE OR A PARTICULAR PURPOSE OR ITS SUITABILITY OR CAPACITY, AND BUYER HEREBY RELEASES SELLERS FROM ANY LIABILITY THEREFOR, AND PARTICULARLY FOR ANY CLAIM OR CAUSE OF ACTION FOR REDHIBITION OR FOR REDUCTION OF PURCHASE PRICE. BUYER ACKNOWLEDGES THAT THE FOREGOING WAIVERS HAVE BEEN CALLED TO BUYER'S ATTENTION AND READ AND EXPLAINED TO BUYER AND THAT SAID WAIVERS ARE A MATERIAL AND INTEGRAL CONSIDERATION FOR THIS SALE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER HEREBY SPECIFICALLY ACKNOWLEDGES AND AGREES THAT UPON AND AFTER EXECUTION OF THE SALE CONTEMPLATED BY THIS AGREEMENT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BUYER SHALL HAVE NO RECOURSE WHATSOEVER AGAINST SELLERS FOR ANY DEFECTS IN THE ACQUIRED ASSETS, WHETHER SUCH DEFECTS ARE LATENT, VISIBLE OR HIDDEN.

Section 3.3 Buyer hereby represents, warrants and covenants to Sellers the following as of the date hereof and as of the Closing Date:

(a) Buyer is duly incorporated and validly existing under the laws of the Republic of the Marshall Islands and has full legal right, power and authority to enter into this Agreement and to perform its obligations hereunder.

(b) All necessary corporate action with respect to Buyer has been taken to duly authorize the transactions contemplated by, and to execute and deliver the documents provided under, this Agreement;

(c) This Agreement and the documents contemplated hereby have been duly executed and delivered by Buyer, and assuming the due authorization, execution and delivery by Sellers thereto, are valid and binding agreements of Buyer, enforceable against Buyer in accordance with their terms, except as such enforcement is subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting creditors' rights (collectively, the "Enforceability Exceptions");

(d) The execution and delivery of this Agreement, and completion of all transactions herein contemplated, does not:



(i) except as set forth on Schedule 3.3(d) (the “Required Consents”), conflict with, violate, result in a breach or right of termination or acceleration, constitute a default or require any consent or authorization under any other terms, conditions or provisions of any mortgage, indenture, agreement, loan, guarantee, note, bond, permit, license, lease, grant, patent or other undertaking or authorization, written or oral, to or by which Buyer is a party or is bound;

(ii) conflict with, result in a breach of or require any consent under any of the terms, conditions or provisions of Buyer’s certificate of incorporation, bylaws or equivalent governing documents; or

(iii) result in a violation by Buyer of any law, judgment, order (including executive order), award, writ, injunction or decree applicable to, or binding upon, Buyer;

(e) Buyer has sufficient funds readily available, or written commitments from financing sources to make the necessary funds readily available, to pay the Purchase Price and consummate the transactions contemplated by this Agreement; and

Section 3.4 Sellers hereby represent, warrant and covenant to Buyer the following as of the date hereof and as of the Closing Date:

(a) Sellers are duly incorporated and validly existing under the laws of the respective jurisdictions indicated in the Preamble, and have full legal right, power and authority to enter into this Agreement, and to perform their obligations hereunder, subject to entry of the Sale Order by the Bankruptcy Court;

(b) All necessary corporate or limited liability company action, as applicable, has been taken to duly authorize the transactions contemplated by, and to execute and deliver the documents provided under, this Agreement;

(c) This Agreement and the documents contemplated hereby have been duly executed and delivered by Sellers, and assuming the due authorization, execution and delivery by Buyer thereto, and subject to the Bankruptcy Court entering the Sale Order, are valid and binding agreements of Sellers, enforceable against Sellers in accordance with their terms, except as such enforcement is subject to the Enforceability Exceptions;

(d) The execution and delivery of this Agreement, and completion of all transactions herein contemplated, does not:

(i) conflict with, result in a breach of or require any consent under any of the terms, conditions or provisions of Sellers’ certificates of incorporation, bylaws or equivalent governing documents; or

(ii) result in a violation by Sellers of any law, judgment, order (including executive order), award, writ, injunction or decree applicable to, or binding upon, Sellers; and

(e) Sellers (i) are the legal and beneficial owners of, and have good and marketable title to, the owned Acquired Assets and (ii) hold a valid leasehold interest in the leased Acquired Assets, and, as of the Closing Date, the Acquired Assets will be free and clear of all liens and any other encumbrances, claims, security interests, mortgages or pledges (collectively, "Liens"), except for Permitted Liens (as defined below), that may affect legal transfer of title to Buyer at the Closing.

As used herein, "Permitted Liens" means (a) mechanics', carriers', workers', repairers' and similar statutory liens arising or incurred in the ordinary course of business; (b) liens for Taxes, assessments, or governmental charges or levies not yet due and payable; (c) Liens securing indebtedness and (d) the Liens set forth on Schedule 3.4(e).

ARTICLE IV

PRE-CLOSING COVENANTS

Section 4.1 Conduct of Business.

(a) Except as may be required by the Bankruptcy Court and the Chapter 11 Cases, from the date hereof until the Closing Date, Sellers shall use commercially reasonable efforts to maintain the Acquired Assets at their current respective locations (or in the case of the Vessels, shall use commercially reasonable efforts to continue to operate the Vessels in the ordinary course).

(b) Except as may be required by the Bankruptcy Court and the Chapter 11 Cases or otherwise in the ordinary course, from the date hereof until the Closing Date, Sellers shall not sell, lease, or otherwise dispose of, or incur any Liens, other than Permitted Liens, on, any of the Acquired Assets or agree or commit to do any of the foregoing.

Section 4.2 Government Approvals. Buyers and Sellers shall cooperate and use commercially reasonable efforts to obtain the consents, approvals or authorizations of the applicable Governmental Authorities (as defined below) set forth on Schedule 4.2 (the "Required Governmental Approvals"). From and after the date hereof through the Closing Date, each Party shall take such actions necessary to preserve, and refrain from taking any actions that would reasonably be expected to jeopardize, the ability of the Required Governmental Approvals to be obtained.

Section 4.3 Access to Records and Properties; Confidentiality. Intentionally omitted.

Section 4.4 Public Announcements. The Parties agree to consult with each other before issuing any press release or making any public statement with respect to this Agreement or the transaction contemplated hereby, provided, however, that the Sellers may file any applications, motions or other pleadings in the Bankruptcy Cases they deem necessary or appropriate, and except for any press releases and public statements the making of which may be required by applicable law or any listing agreement with any national securities exchange (including any applications, motions or other pleadings deemed necessary or appropriate by the Sellers to be filed in the Bankruptcy Cases), will not issue any press release or make any such public statement prior to such consultation.

Section 4.5 Notice of Certain Events. Sellers shall promptly notify Buyer of:

(a) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement;

(b) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; and

(c) any actions, suits, claims, investigations or proceedings commenced relating to the Acquired Assets.

Section 4.6 Sufficient Funds. Buyer shall ensure that on the Closing Date, Buyer will have access to sufficient funds to pay (i) all Cure Amounts with respect to the Assigned Contracts, (ii) the Closing Payment and (iii) all other cash payment obligations of Buyer contained in this Agreement.

Section 4.7 Consents. Sellers will use commercially reasonable efforts to receive the Required Consents.

Section 4.8 Insurance. Sellers will use commercially reasonable efforts to keep their current insurance coverage for the Acquired Assets until the Closing. Without limiting Sellers' obligations under Section 6.1, Buyer understands and agrees that from and after the Closing, no insurance coverage under any insurance policy issued to Sellers or any of their Affiliates shall be made available to or cover Buyer.

Section 4.9 Alternate Transactions. Nothing in this Agreement shall restrict Sellers' right to pursue one or more Alternate Transactions (as defined below), including marketing Sellers' assets (including the Acquired Assets) or providing due diligence materials, solely to the extent permitted by an order, in substantially the form attached hereto as Exhibit E, with such changes as may be reasonably acceptable to the Parties, issued by the Bankruptcy Court (the "Bidding Procedures Order") that, among other things, establishes procedures for an auction process to solicit competing bids.

ARTICLE V

POST-CLOSING COVENANTS

Section 5.1 Sellers' Marks. As promptly as practicable following the Closing, but in any event no later than 30 days thereafter, Buyer shall remove, or cause to be removed any markings bearing any trademarks, trade names or logos of Sellers or any of their Affiliates or any predecessor entities of Sellers (including any variations or derivations thereof) that are not Acquired Assets, including those set forth on Schedule 5.1.

Section 5.2 Access to Records and Properties after Closing. Following the Closing, Buyer and Sellers agree to permit their respective representatives to have access, at reasonable times and in a manner so as not to unreasonably interfere with their normal business operations, to the books and records acquired pursuant to this Agreement (or, in the case of Buyer, books

and records relating to the Excluded Assets) so as to enable Buyer and Sellers to prepare Tax, financial or court filings or reports, to respond to court orders, subpoenas or inquiries, investigations, audits or other proceedings of Governmental Authorities, to reconcile and resolve claims, to facilitate the wind-down of Sellers' estates, if applicable, and the Bankruptcy Cases, and to prosecute and defend legal actions or for other similar purposes (other than any such actions that are between or among the Parties). If either Party desires to dispose of any such records, such Party shall, prior to such disposition, provide the other Party with a reasonable opportunity to remove such of the records to be disposed of at the removing Party's expense. The Parties hereto shall cooperate with one another in the collection of historical invoices, preparation of Tax filings and similar accounting functions following Closing. Buyer and its subsidiaries shall, and shall cause any of their assignees of the rights and obligations hereunder to, (A) permit Sellers and any successors or assigns (including a plan administrator or trustee of a liquidating trust), their counsel, financial and tax advisors, consultants and other representatives reasonable access during normal business hours and after reasonable prior written request therefor to the financial and other books and records relating to Acquired Assets (whether in documentary or data form); (B) provide information reasonably requested in connection with the preparation of any Tax returns, amended Tax returns or claims for refund by Sellers' estate; (C) provide information reasonably requested related to the prosecution, reconciliation, investigation or resolution of any pending or potential claims or causes of action, including avoidance actions by Sellers' estate; and (D) provide information reasonably requested related to the resolution or reconciliation of claims filed against Sellers' bankruptcy estates.

ARTICLE VI

CERTAIN ADDITIONAL COVENANTS

Section 6.1 Transfer of Acquired Assets. Buyer shall obtain title to and assume the risk of loss for the Acquired Assets immediately upon the Closing. Other than as expressly set forth elsewhere in this Agreement, any costs associated with the Acquired Assets incurred before the Closing shall be for the account of Sellers, and any costs associated with the Acquired Assets incurred after the Closing shall be for the account of Buyer, including the cost, if any, to store the Acquired Assets where the Acquired Assets are currently located or to transport the Acquired Assets to the delivery point as mutually agreed by the Parties.

Section 6.2 Assigned Contracts.

(a) Notwithstanding anything herein to the contrary, this Agreement shall not constitute an agreement to assign any Assigned Contract if, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, an attempted assignment thereof, without the consent of any other person party thereto, would constitute a breach thereof (unless the restrictions on assignment would be rendered ineffective pursuant to Sections 9-406 through 9-409, inclusive, of the Uniform Commercial Code, as amended). If, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, such consent or approval is required but not obtained, neither Sellers nor Buyer shall be in breach of this Agreement nor shall the Purchase Price be adjusted or the Closing delayed; provided that Sellers shall cooperate with Buyer without further consideration, in any reasonable arrangement designed to provide Buyer with all of the benefits of or under any such Assigned Contract, including but not limited to

enforcement for the benefit of Buyer of any and all rights of Sellers against any person party to the Assigned Contract arising out of the breach or cancellation thereof by such person; provided, however, that after Closing, Buyer shall be responsible for all payment and other obligations under, and for all costs of enforcing rights under, such Assigned Contract to the same extent as if such Assigned Contract had been assigned. Any assignment to Buyer of any Assigned Contract that shall, notwithstanding the provisions of Sections 363 and 365 of the Bankruptcy Code, require the consent or approval of any person for such assignment as aforesaid shall be made subject to such consent or approval being obtained.

(b) Buyer shall, on or prior to the Closing, cure any and all defaults under the Assigned Contracts that are required to be cured under the Bankruptcy Code. Sellers shall provide Purchaser with a schedule of proposed Cure Amounts at least three (3) Business Days prior to giving notice thereof to parties required to receive notice under the Bankruptcy Code and Bankruptcy Rules.

(c) With respect to each Assigned Contract, Buyer shall provide adequate assurance of the future performance of such Assigned Contract by Buyer. Buyer shall take such actions as may be reasonably requested by Sellers to assist Sellers in obtaining the Bankruptcy Court's entry of the Sale Order and any other order of the Bankruptcy Court reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 6.3 DNB Singapore Account. At or prior to Closing, ISH and P.T. Amas will cause the signatories on the DNB Singapore Account to be changed as instructed by Buyer.

Section 6.4 Personally Identifiable Information. Buyer shall honor and observe, in connection with the transactions contemplated by this Agreement, any and all policies of Sellers in effect on the Petition Date prohibiting the transfer of personally identifiable information about individuals and otherwise comply with the requirements of Section 363(b)(1)(A) of the Bankruptcy Code.

Section 6.5 Further Assurances.

(a) At the request and the sole expense of the requesting party, Buyer or Sellers, as applicable, shall execute and deliver, or cause to be executed and delivered, such documents as Buyer or Sellers, as applicable, or their respective counsel may reasonably request to effectuate the purposes of this Agreement and transactions contemplated hereby.

(b) Each party shall use commercially reasonable efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated hereby.

ARTICLE VII

EMPLOYEE MATTERS

Section 7.1 Employees. Buyer shall be neither obligated to nor prohibited from offering employment to any employee of Sellers from and after Closing.

ARTICLE VIII

BANKRUPTCY COURT MATTERS

Section 8.1 Motions. Sellers shall promptly file with the Bankruptcy Court a motion or motions (the "Motion") seeking the Bankruptcy Court's approval of the Bidding Procedures Order and the Sale Order, in form determined by Sellers and reasonably acceptable to Buyer. Sellers shall affix or submit to the Bankruptcy Court a true, correct and complete copy of this Agreement as an exhibit to the Motion filed with the Bankruptcy Court. Sellers and Buyer acknowledge that this Agreement and the sale of the Acquired Assets are subject to higher or otherwise better bids at the auction to be conducted by the Sellers in accordance with the Bidding Procedures Order and Bankruptcy Court approval. Sellers and Buyer acknowledge that to obtain Bankruptcy Court approval of this Agreement and the transactions contemplated hereby, (i) Sellers must demonstrate that they have taken reasonable steps to obtain the highest or otherwise best offer available for the Acquired Assets, and that such demonstration shall include giving notice of the transactions contemplated by this Agreement to creditors and other interested parties as required by the local rules of the Bankruptcy Court and Bidding Procedures Order, (ii) subject to receipt by Sellers of one or more higher or otherwise better bids, Sellers shall have conducted the auction in accordance with the Bidding Procedures Order, and (iii) with respect to the Assigned Contracts, Buyer must provide adequate assurance of future performance under such agreements.

Section 8.2 Procedure. Subject to their obligations as debtors-in-possession, Sellers shall promptly make any filings, take all actions and use all commercially reasonable efforts to obtain any and all relief from the Bankruptcy Court that is necessary or appropriate to consummate the transactions contemplated by this Agreement. Sellers agree to use commercially reasonable efforts to prosecute the entry of the Bidding Procedures Order and the Sale Order. In the event the entry of the Bidding Procedures Order or the Sale Order shall be appealed (or if any petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to the Bidding Procedures Order, Sale Order or other such order), Sellers and Buyer shall cooperate and use their respective reasonable efforts to defend and obtain an expedited resolution of any such appeal, petition or motion.

ARTICLE IX

CONDITIONS PRECEDENT

Section 9.1 Mutual Conditions Precedent. The obligations of Buyer and Sellers to consummate the transactions to be performed in connection with the Closing are, in all material respects, subject to satisfaction or waiver by Buyer and Sellers of the following conditions precedent (provided that the condition in Section 9.1(a) shall not be subject to waiver):

(a) the Sale Order shall have been entered by the Bankruptcy Court and shall not be subject to a stay pending appeal;

(b) no preliminary or permanent injunction or other order of any court or any foreign, federal, state, local or other governmental, administrative or regulatory authority, body, agency, court, tribunal or similar entity having competent jurisdiction (a "Governmental Authority") (other than the Bankruptcy Court) issues an order or law that prevents the consummation of the transactions contemplated hereby shall be in effect;

(c) the Required Governmental Approvals shall have been obtained;

(d) all waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 applicable to this Agreement shall have expired or been terminated; and

(e) Subject to Section 6.2(a), the Assigned Contracts designated hereunder as Assigned Contracts shall be so assumed, sold and assigned to Buyer by order of the Bankruptcy Court reasonably satisfactory to the Parties.

Section 9.2 Buyer's Conditions Precedent. The obligations of Buyer to consummate the transactions to be performed by it in connection with the Closing are, in all material respects, subject to satisfaction by Sellers or waiver by Buyer of the following conditions precedent:

(a) The representations and warranties of Sellers set forth in Section 3.4 shall be true and correct in all respects at the Closing except where the failure of such representations and warranties to be true and correct in all respects does not have a material adverse effect with respect to the Acquired Assets;

(b) Sellers shall have performed or complied in all material respects with all covenants and agreements they are required to perform or comply with hereunder at or prior to the Closing;

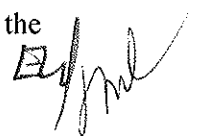
(c) Sellers shall have obtained any other authorization, license or approval under applicable law for Sellers to consummate the transactions contemplated by this Agreement;

(d) Sellers shall have obtained the Required Consents.

Section 9.3 Sellers' Conditions Precedent. The obligations of Sellers to consummate the transactions to be performed by it in connection with the Closing are, in all material respects, subject to satisfaction by Buyer or waiver by Sellers of the following conditions precedent:

(a) The representations and warranties of Buyer set forth in Section 3.3 shall be true and correct in all material respects at the Closing except where the failure of such representations and warranties to be true and correct in all respects does not have a material adverse effect on the ability of Buyer to satisfy its obligations hereunder and consummate the transactions contemplated hereby;

(b) Buyer shall have performed or complied in all material respects with all covenants and agreements it is required to perform or comply with hereunder at or prior to the Closing; and



(c) Buyer shall have obtained any other authorization, license or approval under applicable law for Buyer to consummate the transactions contemplated by this Agreement.

ARTICLE X

CLOSING DELIVERABLES

Section 10.1 Documents to be Delivered by Sellers and Buyer. On the Closing Date, representatives of Sellers and Buyer shall meet as contemplated above for the purpose of completing the sale and purchase of the Acquired Assets.

(a) Sellers' Deliverables. Simultaneously with the delivery of the Closing Payment and delivery of the items described in Section 10.1(b) below, Sellers shall deliver to Buyer:

(i) joint escrow instructions to the Escrow Agent releasing the Deposit to Sellers; and

(ii) the instruction contemplated by Section 6.3.

(b) Buyer's Deliverables. At the Closing Date, Buyer shall deliver to Sellers:

(i) joint escrow instructions to the Escrow Agent releasing the Deposit to Sellers;

(ii) the Closing Payment; and

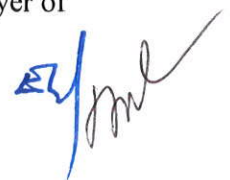
(iii) A certified copy of the resolution of the board of directors of Buyer authorizing the execution of this Agreement and the purchase of the Acquired Assets.

ARTICLE XI

INDEMNIFICATION

Section 11.1 The (a) representations and warranties of Sellers and (b) covenants and agreements of Sellers that by their terms are to be performed prior to Closing, contained in this Agreement, the MOAs or any other certificate or other writing delivered in connection herewith, shall not survive the Closing. The covenants and agreements contained herein that by their terms are to be performed after Closing shall survive indefinitely.

Section 11.2 From and after the Closing, Buyer will defend, indemnify, and hold Sellers, their Affiliates and each of their respective officers, directors, managers, partners, employees, equityholders, agents and other representatives (the "Sellers Indemnified Parties") harmless from and pay any and all Damages (as defined below), directly or indirectly, resulting from, relating to, arising out of, or attributable to any of the following: (i) breach of any representation or warranty by Buyer under Section 3.3 of this Agreement, (ii) breach by Buyer of any covenant or obligation of Buyer in this Agreement, and (iii) any Assumed Liability.



Section 11.3 For the avoidance of doubt, and except as required elsewhere in this Agreement, Buyer will protect, defend, forever discharge, release, waive, indemnify and hold Sellers Indemnified Parties harmless from and against Damages and causes of actions for personal injuries, death, or property Damages of any kind and nature sustained by or purported to be sustained or brought by any person, entity or vessel, whomsoever made and howsoever arising directly or indirectly in connection with or related to this Agreement or the Acquired Assets, after the Closing Date.

Section 11.4 ALL OF THE INDEMNITIES AND ALLOCATIONS OF RISK CONTAINED IN THIS ARTICLE XI OR ELSEWHERE IN THIS AGREEMENT SHALL APPLY (TO THE EXTENT PERMITTED BY LAW), NOTWITHSTANDING THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY PERSON OR PARTY, STRICT LIABILITY, UNSEAWORTHNESS, LIABILITY IMPOSED BY STATUTE, OR ANY OTHER BREACH OF OBLIGATION OF ANY PERSON OR ANY OTHER EVENT OR CONDITION.

Section 11.5 For purposes of this Agreement, "Damages" means all damages, losses, Liabilities, payments, amounts paid in settlement, obligations, fines, penalties, costs, and expenses (including reasonable fees and expenses of legal counsel) of any kind or nature whatsoever.

ARTICLE XII

TERMINATION

Section 12.1 Subject to Section 12.2, this Agreement may be terminated (except for the provisions referenced in Section 12.2) at any time prior to the Closing upon the occurrence of any one or more of the following:

- (a) by the mutual written agreement of the Parties;
- (b) by either Party, if (i) any law or order becomes final and effective that prohibits and makes illegal the consummation of the transactions contemplated by this Agreement, upon notification to the non-terminating Party by the terminating Party, (ii) any Governmental Authority (other than the Bankruptcy Court) issues an order, decree or ruling prohibiting the transactions contemplated by this Agreement and the MOAs, or (iii) if the Closing has not occurred by the Outside Closing Date;
- (c) by Buyer, (i) if Sellers shall have breached or failed to perform in any material respect any of their representations, warranties, covenants or other agreements contained in this Agreement the result of which causes a failure of the conditions set forth in Section 9.1 and Section 9.2 to be satisfied, or (ii) if all of the conditions set forth in Section 9.1 and Section 9.2 have been satisfied or waived, as applicable, and Sellers nevertheless refuse or fail to Close the transactions contemplated in this Agreement; provided, Sellers shall first be entitled to ten (10) days' prior notice and the opportunity to cure, and provided furthermore that Buyer shall not be in breach in any material respect of this Agreement at such time;



(d) by Sellers, (i) if Buyer shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement the result of which causes a failure of the conditions set forth in Section 9.1 and Section 9.3 to be satisfied, or (ii) if all of the conditions set forth in Section 9.1 and Section 9.3 have been satisfied or waived, as applicable, and Buyer nevertheless refuses or fails to Close the transactions contemplated in this Agreement; provided, Buyer shall first be entitled to ten (10) days' prior notice and the opportunity to cure, and provided furthermore that Buyer shall not be in breach in any material respect of this Agreement at such time;

(e) by Sellers if Sellers execute a definitive agreement with a third party for the acquisition of all or substantially all of the Acquired Assets (an "Alternate Transaction"); or

(f) by Sellers, if Sellers determine for any reason to terminate the sale of the Acquired Assets.

The Party exercising its rights to terminate pursuant to Section 12.1 shall give notice of such termination to the other Parties.

Section 12.2 Effect of Termination.

(a) If a Party is entitled to terminate this Agreement in accordance with Section 12.1 then the Party so entitled to terminate this Agreement shall be entitled to the remedy for such Party set forth in Section 2.3, as such Party's sole and exclusive remedy hereunder.

(b) If the Agreement is terminated by a Party pursuant to Section 12.1, then except for the provisions of Section 2.3, ARTICLE XI, this Section 12.2, ARTICLE XIV, ARTICLE XV, ARTICLE XVI and ARTICLE XVII, which provisions shall survive any such termination, the Parties shall have no further Liability or obligation hereunder.

ARTICLE XIII

TAXES; BULK SALES LAWS

Section 13.1 Cooperation. Buyer and Sellers agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Acquired Assets (including access to books and records and Tax returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, state or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Acquired Assets are located; provided, however, that neither Buyer nor any Seller shall be required to disclose the contents of its income Tax returns to any Person other than the Parties. Any expenses incurred in furnishing such information or assistance pursuant to this Section 13.3 shall be borne by the Party requesting it. For purposes of this Agreement, "Tax" or "Taxes" means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property,

personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not.

Section 13.2 Waiver of Bulk Sales Laws. To the greatest extent permitted by applicable law, Buyer and Sellers hereby waive compliance by Buyer and Sellers with the terms of any bulk sales or similar laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement. Buyer shall indemnify Sellers from and hold Sellers harmless from and against any Damages (including reasonable attorneys' fees) resulting from or arising out of (i) the Parties' failure to comply with any such bulk sales laws in respect of the transactions contemplated by this Agreement or (ii) any action brought or levy made as a result thereof. The Sale Order shall exempt Sellers and Buyer from compliance with any such laws.

ARTICLE XIV

BROKERAGE

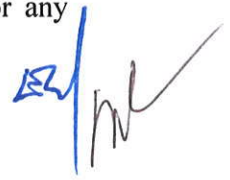
Section 14.1 Sellers shall have no Liability whatsoever for the payment of any commission or brokerage fee to any broker or agent for which Buyer could become liable. Buyer agrees to indemnify and hold harmless Sellers from and against all loss, cost, damage, or expense arising out of claims for any other fees or commissions of brokers or agents employed or alleged to have been employed by Buyer in connection with the sale and purchase provided for herein.

Section 14.2 Buyer shall have no Liability whatsoever for the payment of any commission or brokerage fee to any broker or agent for which Sellers could become liable. Sellers agree to jointly and severally indemnify and hold harmless Buyer from and against all loss, cost, damage, or expense arising out of claims for any other fees or commissions of brokers or agents employed or alleged to have been employed by Sellers in connection with the sale and purchase provided for herein.

ARTICLE XV

COST OF THE TRANSACTION

Whether or not the transactions contemplated hereby shall be consummated, except as otherwise expressly provided herein, the Parties agree that each Party will pay the fees, expenses and disbursements of such Party and its agents, representatives, and counsel incurred in connection with the subject matter of this Agreement. Without limiting the generality of the foregoing, Buyer shall bear the costs incurred by it in carrying out any of its inspections, and for any expenses and fees arising from the registration of the Vessels under Buyer's flag.



ARTICLE XVI

NOTICES

Any notice, demand or communication required, permitted or desired to be given hereunder must be given in writing and shall be deemed effectively given upon receipt and shall be personally delivered, telecopied, e-mailed or delivered by express international courier, addressed as follows:

Sellers:

International Shipholding Corporation
601 Poydras Street, Suite 1850
New Orleans, Louisiana 70130
Attn: Manny Estrada
Fax: +1-251-706-6919

with a copy (which shall not constitute notice) to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
Bank of America Tower
New York, New York 10036-6745
Attn: David Botter, Stephen B. Kuhn and Patrick Rice
Fax: +1-212-872-1002
Email: dbotter@akingump.com, skuhn@akingump.com and
price@akingump.com

and

Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue
Suite 4100
Dallas, Texas 75201
Fax: +1-214-969-4343
Attn: Sarah Link Schultz
E-mail: sschultz@akingump.com

Buyer:

J Line Corporation
c/o Mr. Martin Sosland
Butler Snow LLP
5430 LBJ Freeway, Suite 1200
Dallas, Texas 75240
Fax: +1-469-680-5501
Email: martin.sosland@butlersnow.com

with a copy (which shall not constitute notice) to:

Butler Snow LLP
5430 LBJ Freeway, Suite 1200
Dallas, Texas 75240
Attn: Martin A. Sosland
Fax: +1-469-680-5501
Email: martin.sosland@butlersnow.com

or to such other address, and to the attention of such other person or officer, as any Party may designate by notice.

ARTICLE XVII

GENERAL

Section 17.1 Entire Agreement. This Agreement supersedes all previous agreements, and, together with the Sale Order and the Bidding Procedures Order, constitutes the entire agreement of whatsoever kind or nature existing between or among the Parties respecting the subject matter of this Agreement. As between or among the Parties, no oral statements, prior correspondence (including any email correspondence), schedules, lists, brochures, drawings or written material of any kind not specifically incorporated herein shall be of any force and effect, and shall not be relied upon by the other Party. All prior representations or agreements, whether written or verbal, not expressly incorporated herein, are superseded.

Section 17.2 Waiver of Consequential Damages. In no event shall either Party be liable to the other Party for, and each Party expressly waives against the other Party, any claim for consequential, punitive, incidental, special or indirect loss or damages, including but not limited to loss of revenue, loss of profit or use in any way arising out, incident to or in connection with this Agreement.

Section 17.3 Exclusive Remedy. Except as specifically set forth in this Agreement or the MOAs, effective as of the Closing, Buyer hereby waives any rights and claims Buyer may have against Sellers or their Affiliates, whether in law or equity, relating to (i) any breach of representation, warranty, covenant or agreement contained herein occurring on or prior to the Closing, (ii) the Acquired Assets or (iii) the Assumed Liabilities. Buyer and Sellers acknowledge and agree that if this Agreement is terminated for any reason, the provisions of Section 2.3 and Section 12.2 shall be the sole and exclusive remedies of Buyer for any breach of the representations, warranties, covenants or agreements contained herein.

Section 17.4 Choice of Law. The Parties agree that this Agreement shall be governed by and construed in accordance with the United States Bankruptcy Code, United States Maritime Law (and New York law to the extent not covered by the United States Bankruptcy Code or United States Maritime Law). The Bankruptcy Court shall have jurisdiction over the sale or any dispute with respect thereto.

Section 17.5 Jurisdiction; Venue.

(a) Prior to the closing of the Chapter 11 Cases, except as otherwise expressly provided in this Agreement, the Parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought exclusively in the Bankruptcy Court, and each of the parties hereby irrevocably consents to the jurisdiction of the Bankruptcy Court (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in the Bankruptcy Court or that any such suit, action or proceeding which is brought in the Bankruptcy Court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of the Bankruptcy Court. Without limiting the foregoing, each Party agrees that service of process on such party as provided in ARTICLE XVI shall be deemed effective service of process on such party.

(b) Upon the closing of the Chapter 11 Cases, except as otherwise expressly provided in this Agreement, the Parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the Southern District of New York or any New York State court sitting in New York City, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of New York, and each of the Parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in ARTICLE XVI shall be deemed effective service of process on such Party.

Section 17.6 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 17.7 Headings. The headings contained in this Agreement are included for purposes of convenience only, and do not affect the meaning or interpretation of this Agreement.

Section 17.8 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement must be construed as if drafted jointly by the Parties and no presumption or burden of proof must arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The word "including" shall mean including without

limitation. Any reference to the singular in this Agreement shall also include the plural and vice versa.

Section 17.9 Amendments; Waivers. No amendment, modification, replacement, termination or cancellation of any provision of this Agreement will be valid, unless the same shall be in writing and signed by Buyer and Sellers. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence.

Section 17.10 Assignment. Neither this Agreement, nor any of its rights, interests, or obligations hereunder, may be assigned by any Party without the prior written consent of the other Party, except that Buyer may assign its rights and obligations hereunder to an Affiliate upon providing notice to Sellers; provided, however, that no such assignment by Buyer shall relieve Buyer of its obligations under this Agreement.

Section 17.11 Binding Effect; Third Party Beneficiaries. This Agreement shall become effective when each Party hereto shall have received a counterpart hereof signed by the other party hereto. All of the terms and provisions of this Agreement are binding upon, and inure to the benefit of and are enforceable by, the Parties and their respective successors and permitted assigns. Except for Seller Indemnified Parties, no provision of this Agreement is intended to confer upon any person other than the Parties hereto any rights or remedies hereunder.

Section 17.12 Severability. The invalidity, illegality or unenforceability of any provision or any part of any provision of this Agreement shall not affect the continuation in force of such other part or the remainder of this Agreement.

Section 17.13 Counterparts. This Agreement may be executed in any number of counterparts by the Parties hereto on separate counterparts, each of which when executed and delivered shall constitute an original, but all of which shall together constitute one and the same instrument. Any document or signature delivered by facsimile or electronic transmission (including .pdf) shall be deemed an original executed document for all purposes.

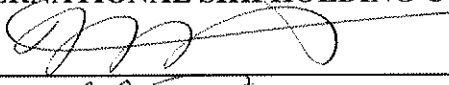
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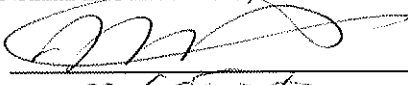
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in multiple originals by their duly authorized officers, all as of the day and year first above written.

SELLERS:

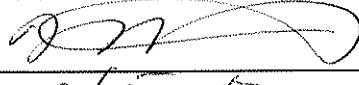
INTERNATIONAL SHIPHOLDING CORPORATION

By: 
Name: M. Espartero
Title: CFO

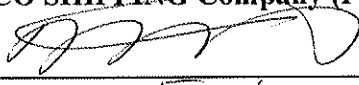
LCI SHIPHOLDINGS, INC.

By: 
Name: M. Espartero
Title:


GULF SOUTH SHIPPING PTE LTD.

By: 
Name: M. Espartero
Title:

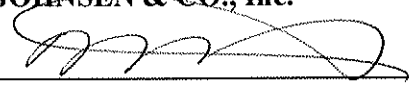
MARCO SHIPPING Company (PTE) LTD.

By: 
Name: M. Espartero
Title:

LCI SHIPHOLDINGS, INC.

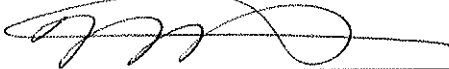
By: 
Name: M. Espartero
Title:

N.W. JOHNSON & CO., Inc.

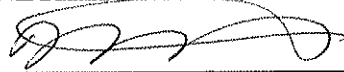
By: 
Name:
Title:

SELLERS (CONT.)

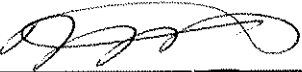
MPV NETHERLANDS C.V.

By: 
Name: M. Esmael
Title:

MPV NETHERLANDS COÖPERATIEF U.A.

By: 
Name: M. Esmael
Title:

MPV NETHERLANDS V.B.

By: 
Name: M. Esmael
Title:

BUYER:

J LINE CORPORATION

By: 

Name: Erik L. Johnsen

Title: President

EXHIBIT A

[see attached]

Exhibit A

EXHIBIT B

[see attached]

Exhibit B

SCHEDULE 1.2(m) – Excluded Assets

SCHEDULE 3.3(d) – Required Consents

SCHEDULE 3.4(e) – Permitted Liens

SCHEDULE 4.2 – Required Governmental Approvals

SCHEDULE 5.5 – Sellers’ Marks

Confidentiality and Non-Disclosure Agreement

This Confidentiality and Non-Disclosure Agreement (this “Agreement”), effective as of [*], 2016 (the “Effective Date”), is entered into by International Shipholding Corporation (“ISH” and, together with its direct and indirect subsidiaries, the “Company”) and [*] (the “Recipient” and, together with the Company, each a “Party” and collectively, the “Parties”).

WHEREAS, on July 31, 2016, ISH and certain of its direct and indirect subsidiaries (the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), and the Debtors’ chapter 11 cases are being jointly administered under Case No. 16-12220 (SMB).

WHEREAS, on October 28, 2016, the Debtors filed the *Debtors’ Motion for (I) an Order Establishing Bidding Procedures and Granting Related Relief and (II) an Order or Orders Approving the Sale of the Debtors’ Assets in the Specialty Business Segment* [ECF No. 301] (the “Sale Motion”), pursuant to which the Debtors have requested an order from the Bankruptcy Court establishing certain procedures regarding the sale of certain assets.

WHEREAS, on [*] the Bankruptcy Court entered the *Order Establishing Bidding Procedures Relating to the Sale of the Debtors’ Assets in the Specialty Business Segment* [ECF No. [*] (the “Bidding Procedures Order”) approving the Bidding Procedures as defined therein and requested in the Sale Motion.

WHEREAS, under the terms of the Bidding Procedures Order, to receive access to due diligence materials and to participate in the bidding process, an interested party must submit to the Debtors and their advisors an executed confidentiality agreement in form and substance satisfactory to the Debtors.

WHEREAS, in connection with the Parties discussion, and Recipient’s consideration, of making a bid for those assets described in the asset purchase agreement, pursuant to the Bidding Procedures Order (the “Transaction”), the Company is prepared, subject to the terms and conditions of this Agreement, to make available to Recipient certain Confidential Information (as defined below).

WHEREAS, each Party wishes to protect and preserve such Confidential Information, it being understood that the Company would be significantly harmed by the disclosure of any such Confidential Information.

NOW, THEREFORE, in consideration of the Company furnishing Recipient the Confidential Information, the mutual promises contained herein and the benefits to be derived by each Party hereunder, the Parties agree as follows:

1. Certain Definitions. As used in this Agreement:

(a) “Affiliate” means, with respect to any specified Person (as defined below), any other Person that directly or indirectly controls, is controlled by, or is under common control with such specified Person. The term “control,” when used with respect to any specified

Person, means the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have correlative meanings.

(b) “Confidential Information” means any information or data concerning the Transaction, the Company or any of its subsidiaries, whether in oral, visual, written, electronic or other form, that is or was disclosed to or learned by Recipient or its Representatives (as defined below) on or after the Effective Date, including, without limitation, (i) information pertaining to the Company and its past, present or future business operations, business concepts and strategies, models, pricing methods, historical and projected financial information, forecasts, budgets, cost structure, products, services, relationships with third parties and other third party information, customer and vendor information, potential customers, employees, vendors or suppliers, intellectual property, trade secrets, technical data, programs, techniques, processes, know-how, and marketing plans, (ii) the terms, conditions or other information pertaining to the Transaction and any discussion in connection therewith, and (iii) all notes, memoranda, summaries, analyses, compilations and other writings related thereto and any information derived, summarized or extracted from any of the information described in this Section 1(b), including without limitation, all portions of reports, analyses, compilations, studies, interpretations, records, notes or other materials prepared by Recipient or its Representatives or otherwise on Recipient’s behalf that contain, are based on, or otherwise reflect or are generated in whole or in part from such information, including that stored on any computer, word processor, similar device or any copies, electronic or otherwise, and reproductions thereof. Notwithstanding the foregoing, “Confidential Information” does not include information or data that Recipient can clearly establish by written documentation: (a) was independently developed by Recipient or its Representatives without the benefit of the Confidential Information, (b) is or becomes generally available to the public, other than as a result of a disclosure by Recipient or its Representatives in breach of this Agreement, or (c) is or becomes available to Recipient on a non-confidential basis from a source other than the Company or any of its Representatives, so long as that source is not prohibited by a contractual, legal, or fiduciary obligation of confidentiality owed to the Company or other Person from disclosing such information or data to Recipient.

(c) “including” means “including, without limitation.”

(d) “Person” means any natural person, business, corporation, company, association, limited liability company, partnership, limited partnership, limited liability partnership, joint venture, business enterprise, trust, governmental authority or other legal entity.

(e) “Representatives” means a Party’s Affiliates and a Party’s and its Affiliates’ respective directors, officers, employees, managers, agents and advisors (including attorneys, accountants, investment bankers, trustees, financing sources, lenders and co-investors), consultants and other representatives, and representatives of any of the foregoing. Notwithstanding anything else herein to the contrary, it is understood and agreed that the term “Representatives” shall not include, (a) any of Recipient’s and its Affiliates’ Representatives that are not involved in consideration of the Transaction or that do not reasonably need to know the applicable Confidential Information for the purpose of evaluating the Transaction, and (b) without the Company’s prior written consent, any member or prospective member of a “group”

(within the meaning of Rule 13d-5(b) under the Securities Exchange Act of 1934, as amended) or other arrangement formed or to be formed to negotiate or participate in the Transaction.

2. Confidentiality, Use and Disclosure of Confidential Information.

(a) Confidentiality and Use of Confidential Information. The Parties agree that all Confidential Information shall be: (i) used by Recipient and its Representatives solely for the purpose of evaluating and possibly consummating the Transaction and for no other purpose, (ii) kept confidential under the terms and conditions of this Agreement, and (iii) provided by Recipient only to its Representatives to whom disclosure is reasonably needed in order to facilitate the evaluation of the Transaction and possibly consummate the same. All Confidential Information is and shall remain the property of the Company and shall not be used by Recipient or its Representatives for any purpose other than evaluating the Transaction. Before providing access to any Confidential Information to any of its Representatives, Recipient shall inform each such Representative of the provisions of this Agreement and instruct each such Representative to comply with the provisions hereof. Recipient shall be liable for any breaches of this Agreement by any of its Representatives.

(b) Compulsory Disclosure of Confidential Information. In the event that Recipient, or any of its Representatives, are requested or required to disclose any Confidential Information pursuant to any applicable law, judicial, regulatory, administrative civil investigative demand or other governmental body or pursuant to an audit or examination by a regulator, bank examiner or self-regulatory organization, including any stock exchange (by oral questions, interrogatories, requests for information or documents, subpoena, or other similar process), or make any Public Statement (as defined below) and, in the case of Representatives that are accounting firms, the applicable professional standards of the American Institute of Certified Public Accountants, Public Company Accounting Oversight Board or state boards of accountancy or obligations thereunder, Recipient or such Representative shall provide the Company with prompt written notice thereof (if not legally prohibited) so that the Company may (i) seek an appropriate protective order or other remedy protecting the Confidential Information from disclosure (and Recipient and its Representatives shall consult and cooperate with the Company to the fullest extent permitted by law with respect to obtaining such protective order or other remedy), and/or (ii) waive, in its sole discretion, Recipient's and its Representatives' compliance with the provisions of this Agreement; and Recipient shall consult and cooperate with the Company to the fullest extent permitted by law with respect to taking steps to resist or narrow the scope of such request or legal process. If, in the absence of such a protective order or other remedy or waiver, Recipient or its Representatives are, upon the advice of counsel, required to disclose any Confidential Information or make a Public Statement, then Recipient or its Representative may disclose such portion of the Confidential Information as is so required to be disclosed or make such Public Statement without liability under this Agreement so long as Recipient (A) furnishes only that portion of the Confidential Information that Recipient is advised by counsel is legally required, (B) uses commercially reasonable efforts to obtain assurances that such disclosed Confidential Information will be afforded confidential treatment, and (C) provides, to the extent permitted by applicable law, the Company written notice of the information to be disclosed, and in the case of a Public Statement, provide, to extent permitted by applicable law, the Company with the text of such Public Statement, in each case as far in advance of its disclosure or Public Statement as is practicable and permitted by law and consults

and cooperates with the Company to the fullest extent permitted by law with respect to taking steps to resist or narrow the scope of such disclosure or Public Statement. Notwithstanding the foregoing, in the event that access to or delivery of any Confidential Information is requested of Recipient or its Representatives by a regulatory authority or governmental agency in connection with routine, ordinary course inspections, examinations or inquiries that are consistent with past practices and that are not targeted specifically towards the Company and its Affiliates, Recipient and its Representatives shall be permitted to disclose the Confidential Information without any notice to the Company.

3. Other Disclosure. Without the Company's prior written consent, or except as required by legal process or applicable law (subject to compliance with Section 2(b)), Recipient and its Representatives shall not: (a) make any disclosure to any other Person of (i) the fact that discussions, negotiations or investigations are taking or have taken place concerning the Transaction; (ii) the existence or contents of this Agreement; (iii) the fact that Recipient or its Representatives have requested or received Confidential Information; or (iv) any of the terms, conditions or facts relating to the Transaction, including the status thereof, or (b) subject to Section 2(b), make any public statement concerning the Transaction (any disclosure or statement described in clauses (a) or (b) being a "Public Statement").

4. The Company's right to disclose. The Parties acknowledge and agree that the Company may in its sole discretion disclose (i) the fact that discussions, negotiations or investigations are taking or have taken place concerning the Transaction, (ii) the existence or contents of this Agreement, (iii) the fact that Recipient or its Representatives have requested or received Confidential Information, or (iv) any of the terms, conditions or facts relating to the Transaction, including the status thereof, to any Person involved in discussions with the Company or its Affiliates regarding the Transaction, or with any of its creditors and their Representatives.

5. Standstill; Non-Solicitation.

(a) Recipient acknowledges that the Company is incurring and will continue to incur substantial costs and expenses in connection with its continued evaluation of whether to pursue the Transaction with Recipient. Recipient agrees that, except as expressly provided in this Agreement, for a period of twenty-four months from the date of this Agreement, unless such action shall have been specifically invited in writing by the Board of Directors of the Company (it being understood that execution of this Agreement by the Company does not constitute such an invitation), neither Recipient nor any of its Representatives on its behalf will in any manner, including but not limited to entering into communications, or discussions, with the record or beneficial stockholders of the Company, to directly or indirectly,

(i) effect or seek, offer or propose (whether publicly or otherwise) to effect or seek, cause or in any way assist any other Person to effect or seek, or offer or propose (whether publicly or otherwise) to effect or seek, or otherwise participate in (i) any acquisition of any outstanding shares of any class of securities (or beneficial ownership thereof) or rights or options to acquire any such securities (or beneficial ownership thereof) or any of the assets, indebtedness or businesses of the Company or any of its Affiliates, (ii) any tender or exchange offer or merger or other business combination involving the Company or any of its

Affiliates, or assets of the Company or any of its Affiliates constituting a significant portion of the consolidated assets of the Company and its Affiliates, or (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company or any of its Affiliates,

(ii) make, or become a participant in, any “solicitation” of “proxies” (as such terms are defined in Regulation 14A promulgated by the Securities and Exchange Commission) or consents to vote any voting securities of the Company or any of its Affiliates, or otherwise advise any Person with respect to the voting of any voting securities of the Company or any of its Affiliates,

(iii) form, join, become a member or in any way participate in a “group” (within the meaning of Rule 13d-5(b) under the Securities Exchange Act of 1934, as amended) with respect to the securities of the Company or any of its Affiliates,

(iv) otherwise act, alone or in concert with others, to seek to control or influence the management, Board of Directors, stockholders, or policies of The Company or any of its Affiliates, or take any action to prevent or challenge any transaction to which the Company or any of its Affiliates is a party,

(v) take any action, or make or permit its Representatives to take any action, which might force the Company or any of its Affiliates to make a public announcement or other public disclosure regarding any of the types of matters set forth in (i), (ii), (iii), or (iv) above, or

(vi) advise, assist, arrange, or otherwise enter into any discussions or arrangements with any third party with respect to any of the foregoing prohibited conduct.

Recipient also agrees during such period not to request the Company (or any of its directors, officers, employees or other representatives), directly or indirectly, to amend or waive any provision of this Section 5 (including this sentence).

(b) Recipient agrees that, without the Company’s prior written consent, neither Recipient nor any of its Representatives acting on its behalf will for a period of twenty-four months from the date of this Agreement directly or indirectly (a) divert or attempt to divert any business or customer of the Company or any of its Affiliates other than through normal commercial activities conducted in the ordinary course of business; or (b) solicit any employee at or above the level of officer of the Company or any of its Affiliates (i) for employment by Recipient or by any of its Affiliates, or (ii) to provide consulting or other services to or on behalf of Recipient or any of its Affiliates; *provided, however*, that Recipient shall not be prohibited from employing any such person who responds to a published general solicitation not specifically targeted at such person, in either case without any direct or indirect solicitation by Recipient or any of its Affiliates or Representatives.

(c) Recipient represents that other than as disclosed to the Company in writing, neither Recipient nor any of its Affiliates or Representatives has entered into, directly or

indirectly, any agreements or understandings with any Person (other than any of Recipient's Representatives) with respect to a possible Transaction. Recipient agrees that without the prior written consent of the Company neither Recipient, its Affiliates nor its Representatives will enter into, directly or indirectly, any discussions, negotiations, agreements or understandings with any Person (other than the Company and their representatives or any of Recipient's Representatives), with respect to a possible Transaction.

6. Disclosure; No Representations or Warranties of the Company. The Company shall have the right, in its sole discretion, to determine what information to make available to Recipient. Recipient acknowledges that neither the Company, its subsidiaries nor any of its respective officers, directors, employees, Affiliates, stockholders, agents, representatives or controlling Persons is under any obligation to make any particular information available to Recipient, or to supplement or update any Confidential Information previously furnished. Recipient acknowledges and agrees that: (a) neither the Company nor any of its Representatives have made or is making, and Recipient is not relying on, any representation or warranty, express or implied, as to the accuracy or completeness of any Confidential Information, including without limitation any projections, estimates, budgets or information relating to the assets, liabilities, results of operations, condition (financial or otherwise), customers, suppliers or employees of the Company, except to the extent set forth in a Definitive Transaction Agreement (as defined below), and (b) Recipient shall be entitled to rely only on those representations and warranties, if any, that may be made in such definitive written agreement relating to the Transaction that is executed and delivered by both Recipient and the Company or their Affiliates (a "Definitive Transaction Agreement"). Neither the Company nor any of its Representatives shall have any liability to Recipient or any of its Representatives on account of the use of any Confidential Information by Recipient or any of its Representatives or any inaccuracy therein or omission therefrom.

7. Return, Destruction or Erasure of Confidential Information. Upon the Company's request, Recipient shall promptly, at Recipient's option, return, destroy or erase all Confidential Information in Recipient's and its Representatives' possession or control (including that stored in any computer, word processor, or similar device) including, without limitation, any copies, summaries, analyses, compilations, reports, extracts or other reproductions, in whole or in part, of such written, electronic or other tangible material or any other materials in written, electronic or other tangible format based on, reflecting or containing Confidential Information prepared by Recipient or its Representatives (and, in the case of destruction or erasure, certify such destruction or erasure to the Company in writing). Notwithstanding the return or destruction of the Confidential Information, Recipient and its Representatives will continue to be bound by all confidentiality obligations hereunder with respect to all such information. Notwithstanding the foregoing, the Recipient and its Representatives (i) may keep such copies of any document requested to be returned, erased or destroyed for bona fide record-keeping purposes, as required by applicable law, as required by the Recipient's and/or its Representatives' internal policies or to the extent such copies are "backed-up" on the Recipient's and its Representatives' computer system, which shall be held subject to the terms of this Agreement for so long as it is retained or, to the extent such period is shorter than the term of this Agreement, until the expiration of this Agreement

8. Remedies. Recipient acknowledges and agrees that the Company may be damaged irreparably if any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Each Party agrees that money damages may not be a sufficient remedy for a breach or a threatened breach of this Agreement and that each Party shall be entitled to seek specific performance and injunctive or other equitable relief without the posting of a bond or other security as a remedy for any such breach or threatened breach, including injunctive relief and specific performance, in the Company's favor, without proof of actual damages, in addition to all other remedies available at law or in equity. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder. Except as expressly provided herein, nothing herein shall be considered an election of remedies.

9. No Waiver of Privilege. To the extent that any Confidential Information includes materials subject to the attorney work-product doctrine or attorney-client privilege, the Company is not waiving and shall not be deemed to have waived or diminished its attorney work-product protections, attorney-client privileges or similar protections and privileges as a result of disclosing any Confidential Information (including Confidential Information related to pending or threatened litigation) to Recipient, and the Parties agree that they have a commonality of interest with respect to such matters. All Confidential Information that is entitled to protection under the work-product doctrine, attorney-client privilege or other applicable privilege shall remain entitled to such protection under these privileges, this Agreement and the joint-defense-doctrine.

10. Term. This Agreement shall expire twenty-four months from the Effective Date.

11. Indemnification. Recipient hereby agrees to indemnify, defend and hold harmless the Company, its Affiliates, its and their stockholders, directors, officers, employees, agents, advisors, representatives and controlling Persons (the "Company Group"), from and against any damages, losses, costs, liabilities and expenses (including, without limitation, attorneys' fees and the cost of enforcing this indemnity) incurred by the Company Group arising out of or resulting from (a) any unauthorized use or disclosure of Confidential Information by Recipient or any of its Representatives, (b) the use of the Confidential Information by other recipients to whom Recipient has disclosed such Confidential Information, and (c) any breach of this Agreement by Recipient or any of its Representatives.

12. Miscellaneous.

(a) Representations and Warranties of Recipient. Recipient hereby represents and warrants to the Company that (i) it is duly formed and validly existing and in good standing under the laws of its state or jurisdiction of formation, with power and authority to carry on the business in which it is engaged, (ii) the execution and delivery of this Agreement have been duly authorized and approved by all requisite corporate, limited liability company, partnership or similar action, and Recipient has the power and authority to perform its obligations hereunder, (iii) the execution and delivery of this Agreement do not, and Recipient's performance of its obligations contained herein will not, violate any of the provisions of its organizational documents, any applicable laws, or any order by a governmental authority having

jurisdiction over Recipient or its property, and (iv) this Agreement is valid, binding and enforceable against it in accordance with its terms, subject to bankruptcy, moratorium, insolvency, and other laws generally affecting creditors' rights and general principles of equity (whether applied in a proceeding in a court of law or equity).

(b) Entire Agreement. This Agreement contains the sole and entire agreement between the Parties with respect to the matters set forth herein and supersedes all prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

(c) No License. The Parties acknowledge and agree that neither the Company nor any of its Representatives grants any license or other property right or interest in, by implication or otherwise, any copyright, patent, trademark, mask work, database or other intellectual or intangible property or proprietary information disclosed, embodied, fixed, comprised or contained in any Confidential Information.

(d) Assignment; Successors. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any Party without the prior written consent of the non-assigning Party; *provided, however*, that a Party may assign its rights hereunder, including the right to enforce the terms hereof, to any Person with which it may enter into a definitive agreement to effect the Transaction. Any purported assignment without such consent shall be void and unenforceable. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective successors and permitted assigns.

(e) Third Party Beneficiaries. The provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

(f) Amendment and Waiver. This Agreement may be amended, modified or waived only by a separate written instrument duly signed and delivered by or on behalf of both Parties.

(g) Severability. The invalidity or unenforceability of any provision of this Agreement shall not impair or affect the validity or enforceability of any other provision of this Agreement, unless the enforcement of such other provision in such circumstances would be inequitable.

(h) No Obligation to Complete the Transaction. This Agreement is not intended to, and does not, constitute an agreement or impose any obligation on either Party: (i) to consummate the Transaction; (ii) to conduct or continue discussions or negotiations concerning the Transaction; or (iii) to enter into a Definitive Transaction Agreement. Neither Party nor any of their Representatives shall have any rights or obligations of any kind whatsoever with respect to the Transaction by virtue of this Agreement or any other written or oral expression by the Parties' respective Representatives unless and until a Definitive Transaction Agreement is executed and delivered by both Parties. The Company reserves the right to provide or not to provide Confidential Information to, and to request the return of

Confidential Information from, Recipient or its Representatives. Each Party reserves the right (A) to reject any proposals made by the other Party or any of its Representatives; and (B) to terminate discussions or negotiations with the other Party or any of its Representatives, in each case in the rejecting or terminating Party's sole discretion, without notice to the other Party at any time and for any reason or no reason. Neither Party shall have any claim or cause of action against the other Party or any of its Representatives in respect of the foregoing, including claims for reimbursement for any cost, fee or expense (including but not limited to any due diligence expenses or costs) incurred by any Party in connection with pursuing or consummating the Transaction, other than pursuant to a Definitive Transaction Agreement executed and delivered by both Parties. Recipient understands that (a) the Company shall conduct the process for the Transaction as it, in its sole discretion, shall determine (including without limitation negotiating with one or more prospective buyers and entering into definitive agreements with another party without prior notice to Recipient or any other Person) and (b) any procedures relating to the Transaction may be changed at any time without notice to Recipient or any other Person,

(i) Notices. Unless otherwise specified herein, all notices permitted or required hereunder shall be in writing and delivered personally or sent by overnight express mail or courier or sent by facsimile to the other Party at the address or facsimile number below (or at such other address or facsimile number as a party shall designate in writing to the other Party in the manner specified herein) and shall be effective at the earlier of the date received or, if by facsimile, upon sender's receipt of electronic confirmation of receipt if within normal business hours at the place notice was sent or, if thereafter, on the following business day.

If intended for the Company:

International Shipholding Corporation
601 Poydras Street, Suite 1850
New Orleans, LA 70130
Attn: _____
E-mail: _____

with a copy (which shall not constitute notice) to:

Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue, Suite 4100
Dallas, TX 75201
Attn: Sarah Link Schultz
E-mail: sschultz@akingump.com

and

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
Bank of America Tower
New York, NY 10036
Attn: David H. Botter
E-mail: dbotter@akingump.com

If intended for Recipient:

[Name]

Attn: _____

E-mail: _____

(j) Governing Law; Forum; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to the principles of conflicts of laws in any jurisdiction. The courts of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby. Any and all claims relating to the foregoing shall be filed and maintained only in the courts of the State of New York sitting in New York County or of the United States District Court for the Southern District of New York, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of those courts and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or legal proceeding; *provided, however*, that, if the Company or any of its Affiliates commence reorganization or liquidation proceedings under of Title 11 of the United States Code (the “Bankruptcy Proceedings”), all actions and legal proceedings arising out of or relating to this Agreement shall be heard and determined in the United States Bankruptcy Court where the Bankruptcy Proceedings are maintained and the Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or legal proceeding. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION RELATING TO THIS AGREEMENT. In the event of any legal proceeding arising from this Agreement, the reasonable costs and attorneys’ fees to the prevailing Party shall be reimbursed by the non-prevailing Party as determined by a final, non-appealable decision/order of a court having competent jurisdiction.

(k) Counterparts. This Agreement may be signed in any number of counterparts (including by fax and PDF) with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement. This Agreement shall become effective when, and only when, each Party hereto shall have received a counterpart hereof signed by the other Party hereto.

(l) Data Room. It is understood that the terms of access by Recipient or its Representatives to Confidential Information contained in any data room or website provided or arranged by the Company or on the Company’s behalf in connection with the Transaction shall be superseded by the understandings and agreements contained herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

[Recipient]

By: _____
Name:
Title:

International Shipholding Corporation

By: _____
Name:
Title: