



## REVERSE TENDER OFFER

BY

CIB MARINE BANCSHARES, INC.

Shares of its 7 Percent Fixed Rate Noncumulative Nonconvertible Perpetual Preferred Stock, Series A  
and 7 Percent Fixed Rate Noncumulative Convertible Perpetual Preferred Stock, Series B

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**THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE ON JUNE 8, 2018, AT 5:00 P.M. EASTERN STANDARD TIME, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH DATE, AS IT MAY BE EXTENDED, THE “EXPIRATION DATE”).**

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CIB Marine Bancshares, Inc., a Wisconsin corporation (“CIB Marine,” the “Company,” “we” or “us”), is inviting holders of shares of its 7 Percent Fixed Rate Noncumulative Nonconvertible Perpetual Preferred Stock, Series A (“Series A Preferred Shares”) and 7 Percent Fixed Rate Noncumulative Convertible Perpetual Preferred Stock, Series B (“Series B Preferred Shares” and, together with the Series A Preferred Shares, the “Shares”) to submit bids to the Company for sales of Shares (“Sale Offers”) back to us at prices to be determined by the selling shareholders, upon the terms and subject to the conditions described in this Reverse Tender Offer, the accompanying offer form (the “Offer Form,” which together, as may be amended or supplemented from time to time, constitute the “Solicitation”) and the other documents that constitute part of the Solicitation. There is no minimum or maximum number of Shares that we will purchase in this Solicitation. Rather, our Board of Directors will determine how many and which Shares it will purchase promptly after the Expiration Date, after assessing the number and price of Shares offered by shareholders pursuant to this Solicitation.

All Shares purchased in the Solicitation will be purchased at the specific price offered with respect to such Shares in the order of the lowest offer price to the highest offer price with respect to any single shareholder. As between shareholders, however, we will have sole discretion as to which shareholders’ Shares, if any, we will purchase.

Promptly following the Expiration Date, we will notify all registered holders who have submitted Sale Offers of our acceptance or rejection of each such Sale Offer. If we accept your Sale Offer, we will also send you a Letter of Transmittal to exchange your Shares for the purchase price specified in such Sale Offer.

WHILE OUR BOARD OF DIRECTORS HAS AUTHORIZED THE SOLICITATION, IT HAS NOT MADE AND IS NOT MAKING, AND NONE OF CIB MARINE, OUR OFFICERS, OUR AFFILIATES OR SUBSIDIARIES HAS MADE OR IS MAKING, ANY RECOMMENDATION TO YOU AS TO WHETHER TO SUBMIT SALES OFFERS OR REFRAIN FROM DOING SO, OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO OFFER TO SELL YOUR SHARES. WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO SUBMIT A SALES OFFER WITH RESPECT TO YOUR SHARES AND, IF SO, HOW MANY SHARES TO OFFER TO SELL AND THE PRICE OR PRICES AT WHICH YOU WILL SELL THEM. BEFORE TAKING ANY ACTION WITH RESPECT TO THE SOLICITATION, YOU SHOULD READ CAREFULLY THE INFORMATION IN THIS REVERSE TENDER OFFER, THE OFFER FORM AND THE OTHER DOCUMENTS THAT CONSTITUTE PART OF THE SOLICITATION, INCLUDING THE PURPOSES AND EFFECTS OF THE SOLICITATION.

**NEITHER THE SEC, ANY STATE SECURITIES COMMISSION, NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THIS TRANSACTION OR PASSED**

**UPON THE MERITS OR FAIRNESS OF SUCH TRANSACTION OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS REVERSE TENDER OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Solicitation does not constitute an offer to buy or the solicitation of an offer to sell securities in any jurisdiction in which such offer or solicitation would not be in compliance with the applicable laws of the jurisdiction.

If you have any questions regarding the Solicitation, please contact our Investor Relations Manager, Elizabeth Neighbors, at (262) 695-6010 or [elizabeth.neighbors@cibmarine.com](mailto:elizabeth.neighbors@cibmarine.com).

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## SUMMARY TERM SHEET

*We are providing this summary term sheet for your convenience. It highlights certain material information in this Reverse Tender Offer, but it does not describe all of the details of the Solicitation to the same extent described in this Reverse Tender Offer. We urge you to read carefully this entire Reverse Tender Offer, the Offer Form and the other documents that constitute part of the Solicitation because they contain the full details of the Solicitation.*

### **Who is soliciting bids to sell my Shares?**

The issuer of the Shares, CIB Marine Bancshares, Inc., a Wisconsin corporation, which we refer to as “**CIB Marine**,” the “**Company**,” “**we**” or “**us**,” is soliciting bids from preferred shareholders who are interested in selling their Shares.

### **What is the purpose of the Solicitation?**

The purpose of the Solicitation is to provide a liquidity opportunity to our preferred shareholders, who otherwise hold illiquid, noncumulative, perpetual securities. In addition, the Solicitation provides an opportunity for us to purchase Shares at a discount to their stated liquidation value, resulting in a transaction that is accretive to our common shareholders. We believe that the Solicitation may result in the purchase of Shares on terms that would be a prudent use of our financial resources and in the best interest of our shareholders.

We believe that the modified “Dutch auction” format described in this Reverse Tender Offer represents an efficient mechanism to provide our preferred shareholders with the opportunity to offer all or a portion of their Shares and, thereby, receive a return of some of their investment if they so elect. In addition, pursuant to the amendments to the rights and preferences of the Shares contained in the Second Amendment to our Amended and Restated Articles of Incorporation, if we purchase all of the Shares offered in the Offer constituting “Qualified Tenders,” the convertibility rights of any remaining outstanding Series B Preferred Shares will be terminated and those Series B Preferred Shares will have the same rights and preferences as the Series A Preferred Shares thereafter. For purposes of this Solicitation, the term “**Qualified Tenders**” means Sale Offers at or less than 85% of the stated liquidation value of such Shares (i.e. \$850.00 per Share or less).

### **How many Shares will we purchase in the Solicitation?**

There is no specific number of Shares that will be purchased in the Solicitation. The actual number of Shares to be purchased will be determined by our Board of Directors, in their sole discretion, after evaluating the number of shares offered to us in the Solicitation and the price at which such Shares are offered. While the Company has agreed to use its best efforts to purchase 20,000 Shares in the Solicitation, it is under no affirmative obligation to do so, or to purchase any Shares at all, if it determines that it is not in the best interest of all of its shareholders to do so. All Shares purchased in the Solicitation will be purchased at the specific price offered with respect to such Shares in the order of the lowest offer price to the highest offer price with respect to any single shareholder. As between shareholders, however, we will have sole discretion with respect to which shareholders’ Shares we will purchase, if any.

### **What will the purchase price for the Shares be and what will be the form of payment?**

We are conducting the Solicitation by means of a modified Dutch auction reverse tender soliciting preferred shareholders to submit bids to sell Shares back to us for sales price(s) specified by the offering shareholders, upon the terms and subject to the conditions described in this Reverse Tender Offer, the Offer Form and the other documents that constitute part of the Solicitation. Promptly after 5:00 p.m., Eastern Standard Time, on the Expiration Date we will, upon the terms and subject to the conditions of this Solicitation, determine which Shares that were properly offered and not properly withdrawn we will purchase, if any, taking into account the number of Shares offered and the prices specified by shareholders in their Sale Offers.

All Shares purchased in the Solicitation will be purchased at the specific price offered with respect to such Shares in the order of the lowest offer price to the highest offer price with respect to any single shareholder. As between shareholders, however, our Board of Directors will have sole discretion as to which shareholders' Shares, if any, we will purchase.

We will notify preferred shareholders promptly after the Expiration Date as to whether we will purchase any or all of their Shares offered in the Solicitation. We will pay the purchase price for the Shares properly offered (and not properly withdrawn) that we have elected to purchase in cash, without interest, subject to applicable withholding taxes.

**How long do I have to submit my Sale Offers for my Shares?**

You may submit your Sale Offers for your Shares until the Solicitation expires at 5:00 p.m., Eastern Standard Time, on the Expiration Date.

**Can the Solicitation be extended or terminated, and if so, under what circumstances?**

We can extend the Solicitation in our sole discretion at any time, subject to applicable law. We may, however, decide not to extend the Solicitation. If we were to extend the Solicitation, we cannot indicate at this time the length of any extension that we may provide. If we extend the Solicitation, we will delay the acceptance of any Shares that have been offered to us pursuant to Sale Offers. We can also amend or terminate the Solicitation, subject to applicable law. If we materially change the terms of the Solicitation or the information concerning the Solicitation, or if we waive a material condition of the Solicitation, we will promptly notify preferred shareholders of such changes or waivers.

**How will I be notified if you extend the Solicitation or amend the terms of the Solicitation?**

If the Solicitation is amended or extended, we will send a notice, by first class mail, to our preferred shareholders announcing the extension and the new Expiration Date no later than 9:00 a.m., Eastern Standard Time, on the first business day after the previously scheduled Expiration Date. Subject to applicable law, amendments to the Solicitation may be made at any time and from time to time by notice to the preferred shareholders of such amendments.

**Are there any conditions to the Solicitation?**

Our obligation to accept Sales Offers and purchase and pay for the Shares offered to us in the Solicitation depends upon a number of conditions that must be satisfied or waived by us on or prior to the Expiration Date, including that:

- we are able to distribute enough capital from our wholly-owned subsidiary, CIBM Bank (the “**Capital Distribution**”), and to raise sufficient capital in a limited offering of our common stock through a Regulation D private placement offering to certain institutional and other larger investors immediately following the Expiration Date (the “**Reg D Offering**”) on terms that the Board of Directors determines are in the best interest of our shareholders as a whole, to be able to effect the purchases of Shares pursuant to the Solicitation;
- the Board has determined, based upon the number of Shares offered to us, the mix of Series A Preferred Shares and Series B Preferred Shares and the price at which such Shares were offered, that the purchase of the Shares is fair and in the best interest of our shareholders;
- the Board has determined that the purchase of the Shares will not create a change in control event under Section 382 of the Internal Revenue Code (the “**Code**”) that would result in a material reduction in the value of our deferred tax asset;



- no action, suit, proceeding or application by any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency, or tribunal or arbitrator or arbitration panel shall have been instituted or shall be pending, nor shall we have received notice of any such action, that directly or indirectly (1) challenges or seeks to challenge, restrain, prohibit, delay or otherwise affect the making of the Solicitation, the acquisition by us of some or all of the Shares pursuant to the Solicitation or otherwise relates in any material manner to the Solicitation or seeks to obtain material damages in respect of the Solicitation or (2) seeks to make the purchase of, or payment for, some or all of the Shares to be purchased in the Solicitation illegal or may result in a delay in our ability to accept for payment or pay for some or all of the Shares;
- our acceptance for payment, purchase or payment for any Shares offered to us in the Solicitation shall not violate or conflict with, or otherwise be contrary to, any applicable law, statute, rule, regulation, decree or order;
- no action shall have been taken nor any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) shall have been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Solicitation or us or any of our subsidiaries by any court, government or governmental agency or other regulatory or administrative authority, whether in the United States or elsewhere, that (1) indicates that any approval not previously obtained or other action of any such court, agency or authority may be required in connection with the Solicitation or the purchase of Shares thereunder or (2) is reasonably likely to make the purchase of, or payment for, some or all of the Shares pursuant to the Solicitation illegal or to prohibit, restrict or delay consummation of the Solicitation;
- no tender or exchange offer for any or all of our issued and outstanding Shares (other than the Solicitation), or any merger amalgamation, acquisition, business combination, scheme of arrangement or other similar transaction with or involving us or any of our subsidiaries shall have been proposed, announced or made by any person or entity or shall have been publicly disclosed, nor shall we have entered into a definitive agreement or any agreement in principle with any person with respect to a merger, amalgamation, acquisition, business combination, scheme of arrangement or other similar transaction; and
- no material adverse change in our or our subsidiaries' or affiliates' business, condition (financial or otherwise), properties, assets, income, operations or prospects shall have occurred during the Solicitation.

The Solicitation is subject to these conditions, all of which are described in greater detail in Section 6 of this Reverse Tender Offer. Each of the conditions is for our sole benefit and may be asserted or waived by us, in whole or in part, in our sole discretion prior to consummation of any purchases pursuant to the Solicitation.

### **How do I offer my Shares in the Solicitation?**

If you want to submit Sale Offers for all or any portion of your Shares, you must, prior to the Expiration Date, complete and sign the Offer Form attached as an exhibit hereto according to its instructions and deliver it to Computershare Trust Company, N.A., the Depository for the Solicitation, at one of the addresses set forth in this Reverse Tender Offer.

We are not making the Solicitation to, and will not accept any Sale Offers for Shares from, shareholders in any state where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make the Solicitation to shareholders in any such state.

**Should I send in the Shares that I am offering in the Solicitation with my Offer Form?**

No. You should only return your Offer Form at this time. Promptly after the Expiration Date, we will make a determination as to how many and which Sale Offers we will accept in the Solicitation and will mail to the registered holder an acceptance letter, along with a letter of transmittal (“**Letter of Transmittal**”) that you may use to submit your Shares to the Depository for payment of the purchase price.

**Can I conditionally offer my Shares for sale to the Company?**

No. If you submit a Sale Offer for your Shares pursuant to the Solicitation, we may elect to purchase all, some or none of your Shares in our sole discretion; *provided, however*, that we must purchase you Share in the order from the lowest bid price to the highest bid price.

**Once I have offered Shares for sale in the Solicitation, may I withdraw my offer?**

Yes. You may withdraw your Sale Offer at any time prior to the Expiration Date.

**How do I withdraw Sale Offer previously submitted to the Company?**

To properly withdraw Sale Offers, you must deliver, on a timely basis, a written notice of your withdrawal to the Depository, at one of its addresses appearing in this Reverse Tender Offer while you still have the right to withdraw your Sale Offers.

**In what order will you accept Sale Offers?**

The Board reserves the right to exercise its discretion, consistent with its fiduciary duties, to determine which Sale Offers we will purchase in the Solicitation. Notwithstanding the foregoing, however, we are obligated to purchase Shares from any one shareholder in the order from the lowest offer price to the highest offer price. It is possible that we will not purchase all of the Shares that you offer to sell to us pursuant to Sale Offers.

**What is the position of CIB Marine’s Board of Director on the Reverse Tender Offer?**

While the Board of Directors has authorized the Reverse Tender Offer, it has not, nor has the Company or the Depository made, and is not making, any recommendation to you as to whether you should offer or refrain from offering to sell your Shares to us or as to the price or prices at which you may offer to sell your Shares. You must make your own decisions as to whether to offer to sell your Shares and, if so, how many Shares to offer and the price or prices at which you will offer to sell them. In doing so, you should read carefully the information in this Reverse Tender Offer, the Offer Form and the other documents that constitute part of the Solicitation, including our reasons for making the Solicitation. You are urged to discuss your decisions with your own tax advisors, financial advisors, attorneys or brokers.

**What will happen if I do not offer to sell my Shares in the Solicitation?**

According to the Second Amendment to our Amended and Restated Articles of Incorporation approved by both our common and preferred shareholders, if we purchase all Shares that are offered for sale to us in the Solicitation constituting Qualified Tenders, the convertibility rights of the Series B Preferred Shares will lapse and any Series B Preferred Shares remaining outstanding after the Solicitation will be converted into 7 percent fixed rate, noncumulative, nonconvertible perpetual preferred stock with identical rights and preferences as the Series A Preferred Shares. If, however, we elect not to purchase all of the Shares that are offered for sale to us constituting Qualified Tenders, any Series B Preferred Shares remaining outstanding after the Solicitation, as well as those Series B Preferred Shares that were offered for sale to us in the Solicitation but not purchased, will continue to have the same rights and preferences as they did prior to the Solicitation (including the limited convertibility rights upon the consummation of a transaction in which we are not the surviving entity).



### **What will happen if my Shares are not selected for purchase in the Solicitation?**

The Depositary will promptly notify the registered holder that their Sale Offer was not accepted by CIB Marine.

### **When and how will you pay me for the Shares I offer?**

We will pay the purchase price in cash, less any applicable withholding taxes and without interest, for the Shares we purchase by depositing the aggregate purchase price with the Depositary promptly after the Expiration Date and completion of any Reg D Offering, but not later than June 30, 2018. The Depositary will act as your agent and will transmit to you the payment for all of your Shares accepted for purchase pursuant to the Solicitation.

### **Will I have to pay stock transfer tax if you purchase my Shares?**

If we notify you that we have accepted your Sale Offer(s) and you instruct the Depositary in the Letter of Transmittal to make the payment for the Shares to the registered holder, you will not incur any stock transfer tax.

### **Are there any governmental or regulatory approvals, consents or filings to be made or obtained in connection with the Solicitation?**

Pursuant to Section 217.20(c)(1)(vi) of Federal Reserve Regulation Q, we are required to obtain the approval of the Board of Governors of the Federal Reserve prior to redeeming any “additional tier 1 capital” instrument, such as the Shares. Furthermore, Sections 5.4(g) and 5.5(g) of our Amended and Restated Articles of Incorporation, as amended, require that any redemption of the Shares is subject to the consent or approval of the appropriate federal banking agency. In anticipation of this Solicitation, we have been in communication with the Federal Reserve Bank of Chicago to inform them of our intent to conduct the Solicitation and to discuss the timing of the application process.

In addition to any capital we raise in any Reg D Offering, we expect to make a distribution of capital from CIBM Bank to CIB Marine for use in the purchase of Shares in the Solicitation, which requires the prior approval of the Illinois Department of Financial and Professional Regulation (“**IDFPR**”) as well as the Federal Deposit Insurance Corporation (“**FDIC**”). We expect to receive all requisite regulatory approvals for the capital distribution prior to the Expiration Date.

### **What are the U.S. federal income tax consequences if I sell my Shares in the Solicitation?**

If you are a U.S. Holder (as defined in Section 10), your receipt of cash from us in exchange for the Shares you sell will be a taxable transaction for U.S. federal income tax purposes. The cash you receive for your Shares generally will be treated for U.S. federal income tax purposes either as (i) consideration received in respect of a sale or exchange of the Shares or (ii) a distribution from us in respect of the Shares.

If you are a Non-U.S. Holder (as defined in Section 10), you will be subject to U.S. federal withholding tax at a rate of 30% on the gross payments you receive pursuant to the Offer, unless you establish your entitlement to a lower or zero withholding rate by timely filing the applicable Internal Revenue Service (“**IRS**”) form W-8 and/or Section 302 Certification to the applicable withholding agent.

We urge you to consult with your own tax advisor as to the particular tax consequences to you of the Solicitation.

### **Who should I contact with questions about the Solicitation?**

You may direct any questions you have about the Solicitation to our Investor Relations Manager, Elizabeth Neighbors, at (262) 695-6010 or [elizabeth.neighbors@cibmarine.com](mailto:elizabeth.neighbors@cibmarine.com).

## FORWARD-LOOKING STATEMENTS

This Reverse Tender Offer contains forward-looking statements. Generally, forward-looking statements are not based on historical facts but instead represent only our current beliefs regarding future events. All forward-looking statements are, by their nature, subject to risks, uncertainties and other factors. Holders are cautioned not to place undue reliance on these forward-looking statements. Such statements may be identified by words such as “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans,” “may increase,” “may fluctuate” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could”. Forward-looking statements may include, among others, statements concerning the following:

- our ability, or willingness, to complete the Solicitation;
- the price and time at which we may make any additional Share purchases following completion of the Solicitation, the number of Shares acquired in such purchases and the terms, timing, costs and interest rate on any indebtedness incurred to fund such purchases;
- our expectations as to the number or price of Shares we will actually purchase in the Solicitation;
- the method, amounts and timing of any capital returns to shareholders;
- our expectations of the impacts of regulatory changes on our business; and
- our assessment of legal and regulatory proceedings and the associated impact on our financial statements.

Actual results, performance or achievements may differ materially from those expressed or implied in forward-looking statements due to a variety of factors.

Forward-looking statements speak only as of the date on which they are made. Factors and assumptions discussed above, and other factors not identified above, may have an impact on the continued accuracy of any forward-looking statements that we make. We undertake no obligation to disclose any revisions to any forward-looking statements.



## INTRODUCTION

To the Preferred Shareholders of CIB Marine Bancshares, Inc.

We invite our preferred shareholders to offer to sell their Shares to us. Upon the terms and subject to the conditions of this Reverse Tender Offer, the Offer Form and the other documents that constitute part of the Solicitation, we are soliciting Sale Offers from preferred shareholders at prices and in amounts to be determined by the selling shareholders. If we elect to accept any such Sale Offers, we will pay the specific price offered net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions described in this Reverse Tender Offer, the Offer Form and the other documents that constitute part of the Solicitation.

The Solicitation will expire on June 8, 2018, at 5:00 p.m., Eastern Standard Time, unless it is extended or withdrawn. Promptly after the Expiration Date, we will, upon the terms and subject to the conditions of the Solicitation, determine which Shares, if any, we will purchase, taking into account the number of Shares offered pursuant to the Solicitation and the price at which they are offered.

We retain sole discretion as to which Shares, if any, we will purchase in the Solicitation; *provided, however*, as to any one shareholder, we are obligated to purchase from the lowest offer price to the highest offer price. Notwithstanding the foregoing, however, we may purchase Shares from any shareholder vis-à-vis any other shareholder at our sole discretion, regardless of the Sale Offer price offered.

Shareholders should complete, among other items, the section of the Offer Form relating to the price at which they are offering Shares. Shareholders who wish to offer different Shares at different prices should specify the price offered for each block of Shares on a separate line on the Offer Form. The same Shares cannot be offered at more than one price, unless such Shares have been previously and properly withdrawn. Accordingly, the total of each class of Shares specified on the Offer Form must not exceed the total number of Shares of the respective class owned by such shareholder.

THE PURCHASE OF SHARES PURSUANT TO THIS SOLICITATION IS CONDITIONED UPON A NUMBER OF TERMS AND CONDITIONS, AS DESCRIBED IN MORE DETAIL IN THIS REVERSE TENDER OFFER.

OUR BOARD OF DIRECTORS HAS APPROVED THE SOLICITATION, HOWEVER, NEITHER WE NOR ANY MEMBER OF OUR BOARD OF DIRECTORS OR THE DEPOSITARY MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER YOU SHOULD OFFER TO SELL OR REFRAIN FROM OFFERING TO SELL YOUR SHARES OR AS TO THE SALE OFFER PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO OFFER TO SELL YOUR SHARES. NEITHER WE NOR ANY MEMBER OF OUR BOARD OF DIRECTORS OR THE DEPOSITARY HAS AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION WITH RESPECT TO THE OFFER. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO OFFER TO SELL YOUR SHARES AND, IF SO, HOW MANY SHARES TO OFFER AND THE SALE OFFER PRICE OR PRICES AT WHICH YOU WILL OFFER TO SELL THEM. IN DOING SO, YOU SHOULD CONSULT YOUR OWN FINANCIAL AND TAX ADVISORS, AND READ CAREFULLY AND EVALUATE THE INFORMATION IN THIS REVERSE TENDER OFFER AND IN THE RELATED OFFER FORM, INCLUDING OUR REASONS FOR MAKING THE SOLICITATION.

We may not purchase all, or any, of the Shares that our preferred shareholders offer pursuant to the Solicitation. The actual number of Shares to be purchased will be determined by our Board of Directors, in their sole discretion, after evaluating the number of Shares offered to us in the Solicitation and the price at which such Shares are offered. While the Company has agreed to use its best efforts to purchase 20,000 Shares in the Solicitation, it is under no affirmative obligation to do so, or to purchase any Shares at all, if it determines that it is not in the best interest of all of its shareholders to do so.

## Corporate Information

CIB Marine was incorporated in 1999 as a Wisconsin corporation. Our corporate headquarters is located at 1930 West Bluemound Road, Suite D, Waukesha, Wisconsin 53186-8756, and our telephone number is (262) 695-6010. The internet address for our website is [www.cibmarine.com](http://www.cibmarine.com).

## THE SOLICITATION

### 1. Number of Shares; Purchase Price.

*General.* Promptly after the Expiration Date, we will make a determination as to how many and which Shares we will purchase in the Solicitation. Our Board of Directors will make such determination after considering the total number of Shares offered, the type of Shares offered (Series A or Series B), the Sales Offer prices at which they were offered, and whether the purchases are in the best interests of all of our shareholders. Any Shares that we elect to purchase will be purchased at the specific Sale Offer price offered for such Shares.

Shares offered for sale pursuant to the solicitation must be offered free and clear of all liens, charges, encumbrances, security interest, claims, restrictions and equities whatsoever, together with all rights and benefits arising from therefrom.

The purchase of Shares pursuant to the Solicitation is conditioned upon a number of terms and conditions, discussed in Section 6 of this Reverse Tender Offer.

This Reverse Tender Offer, the Offer Form and the other documents that constitute part of the Solicitation will be mailed to record holders of the Shares and will be furnished to brokers, dealers, commercial banks, trust companies and other nominee shareholders and similar persons whose names, or the names of whose nominees, appear on our shareholder list.

*Order of Purchases.* We retain sole discretion as to which shareholders' Shares we will purchase, or whether we will purchase any Shares, in the Solicitation. Notwithstanding the foregoing, however, we will purchase Shares offered by any one shareholder in the order of the lowest offer price to the highest offer price. As a result of the foregoing, we may not purchase all, or any, of the Shares you offer pursuant to the Solicitation.

### 2. Purpose of the Solicitation; Certain Effects of the Solicitation.

*Purpose of the Solicitation.* The purpose of the Solicitation is to provide a liquidity opportunity to our preferred shareholders, who otherwise hold illiquid, noncumulative, perpetual securities. In addition, the Solicitation provides an opportunity for us to purchase Shares at a discount to their stated liquidation value, resulting in a transaction that is accretive to our common shareholders. We believe that the Solicitation may result in the purchase of Shares on terms that would be a prudent use of our financial resources and in the best interest of our shareholders.

We believe that the modified "Dutch auction" format described in this Reverse Tender Offer represents an efficient mechanism to provide our preferred shareholders with the opportunity to offer all or a portion of their Shares and, thereby, receive a return of some of their investment if they so elect. The Solicitation provides shareholders with an opportunity to potentially obtain liquidity with respect to all or a portion of their Shares.

OUR BOARD OF DIRECTORS HAS APPROVED THE SOLICITATION, HOWEVER, NEITHER WE NOR ANY MEMBER OF OUR BOARD OF DIRECTORS OR THE DEPOSITARY MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER YOU SHOULD OFFER TO SELL OR REFRAIN FROM OFFERING TO SELL YOUR SHARES OR AS TO THE SALE OFFER PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO OFFER TO SELL YOUR SHARES. NEITHER WE NOR ANY MEMBER OF OUR BOARD OF DIRECTORS OR THE DEPOSITARY HAS AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION WITH RESPECT TO THE SOLICITATION. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO OFFER TO SELL YOUR SHARES AND, IF SO, HOW MANY SHARES TO



OFFER AND THE SALE OFFER PRICE OR PRICES AT WHICH YOU WILL OFFER TO SELL THEM. IN DOING SO, YOU SHOULD CONSULT YOUR OWN FINANCIAL AND TAX ADVISORS, AND READ CAREFULLY AND EVALUATE THE INFORMATION IN THIS REVERSE TENDER OFFER AND IN THE RELATED OFFER FORM, INCLUDING OUR REASONS FOR MAKING THE SOLICITATION.

*Certain Effects of the Solicitation.* Pursuant to the amendments to the rights and preferences of the Shares contained in the Second Amendment to our Amended and Restated Articles of Incorporation, if we purchase all of the Shares offered in the Solicitation constituting Qualified Tenders, the convertibility rights of any remaining outstanding Series B Preferred Shares will be terminated and those Series B Preferred Shares will have the same rights and preferences as the Series A Preferred Shares thereafter, which event may have a significant accretive effect for our common shareholders.

Further pursuant to the Second Amendment to our Amended and Restated Articles of Incorporation, if we do not purchase all Shares constituting Qualified Tenders in this Solicitation we will be required to engage in a similar solicitation prior to June 30, 2019. However, our obligation to conduct future solicitations for Shares will terminate if we purchase all Shares that constitute Qualified Tenders in any solicitation, as defined in the Second Amendment to our Amended and Restated Articles of Incorporation.

Shares we acquire pursuant to the Solicitation will cease to be outstanding and will be returned to the state of authorized but unissued Shares.

Except as otherwise set forth in this Reverse Tender Offer, neither we nor our executive officers, directors or affiliates (including executive officers and directors of our affiliates) have any plans, proposals or negotiations underway that would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation of CIB Marine or any of our subsidiaries;
- any purchase, sale or transfer of a material amount of assets of CIB Marine or any of our subsidiaries;
- any material change in the present dividend policy, or indebtedness or capitalization of CIB Marine;
- any change in the present Board of Directors or management of CIB Marine, including, but not limited to, any plans or proposals to change the number or the term of directors or to fill any existing vacancies on the Board of Directors or to change any material term of employment contract of any executive officer;
- any other material change in CIB Marine's corporate structure or business;
- any registration of any class of equity securities of CIB Marine with the Securities and Exchange Commission ("SEC");
- the acquisition by any person of additional securities of CIB Marine, other than pursuant to the Reg D Offering, or the disposition by any person of securities of CIB Marine; or
- any changes in CIB Marine's Articles of Incorporation or Bylaws, in each case as currently in effect (including the Second Amendment and the Third Amendment to our Amended and Restated Articles of Incorporation), or other governing instruments or other actions that could impede the acquisition of control of CIB Marine.

### 3. Procedures for Offering Shares.

*Proper Offer of Shares.* For Shares to be offered pursuant to the Solicitation, a properly completed and duly executed Offer Form and any other documents required by the Offer Form, must be received before 5:00 p.m., Eastern Standard Time, on June 8, 2018, by the Depository at one of its addresses set forth in this Reverse Tender Offer.

In accordance with the instructions to the Offer Form, each shareholder desiring to offer Shares in the Solicitation should indicate the price at which Shares are being offered in the indicated place on the Offer Form. Shareholders who desire to offer Shares at more than one price must indicate on a separate line on the Offer Form the price at which each block of Shares is being offered, provided that the same Shares cannot be offered (unless previously properly withdrawn) at more than one price.

Absent a notice of withdrawal, subsequent Offer Forms submitted by a shareholder do not revoke prior Offer Forms. Shareholders may contact the Depository for additional instructions.

If you hold Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company or other nominee, you must contact your broker, dealer, commercial bank, trust company or such other nominee in order to offer your Shares.

*Signature Guarantees and Method of Delivery.* If a certificate for Shares is registered in the name of a person other than the person who will be executing a Letter of Transmittal if the offer is accepted, or if payment is to be made, or residual Shares not purchased or offered are to be issued, to a person other than the registered holder of the certificate to be surrendered, then transmittal of the offered certificate after notification from us that offer has been accepted must be endorsed or accompanied by an appropriate stock power, signed in either case exactly as the name of the registered holder appears on the certificate, with the signature guaranteed by an Eligible Institution.

In all cases, payment for Shares offered and accepted by us for payment pursuant to the Solicitation will be made only after timely receipt by the Depository of:

- the certificate for such Shares;
- a properly completed and duly executed Letter of Transmittal, including any required signature guarantees; and
- any other documents required by the Letter of Transmittal.

**The method of delivery of all documents, including the Offer Form, certificates for Shares accepted for purchase by us, the Letter of Transmittal and any other required documents, is at the sole election and risk of the offering shareholder. Offer Forms and the subsequent delivery of Shares accepted for purchase will be deemed delivered only when actually received by the Depository. If delivery of certificates for Shares is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.**

**All deliveries in connection with the Solicitation, including the Offer Form and subsequent delivery of any Letter of Transmittal and certificates for Shares, must be made to the Depository and not us. ANY DOCUMENTS DELIVERED TO US WILL NOT BE FORWARDED TO THE DEPOSITARY AND WILL NOT BE DEEMED TO BE PROPERLY OFFERED.**

*Return of Unpurchased Shares.* If fewer than all Shares evidenced by a shareholder's certificate are offered or accepted for purchase by us, certificates for unpurchased Shares will be returned promptly after the expiration or termination of the Solicitation without expense to the shareholder.



*Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects.* All questions as to the number of Shares to be purchased and the validity, form, eligibility (including time of receipt of any Shares offered) and acceptance for payment of any offered Shares will be determined by us, in our sole discretion, and our determination will be final and binding on all parties, subject to a holder challenging our determination in a court of competent jurisdiction and such court issuing a final judgment to the contrary. We reserve the absolute right to reject any or all offers of any Shares that we determine are not in proper form or the acceptance for payment of or payment for Shares that may, in the opinion of counsel, be unlawful. Any such rejected Shares shall not be considered in determining whether we have satisfied the Qualified Tender requirements. We also reserve the absolute right to waive any of the conditions of the Solicitation on or prior to the Expiration Date, or any defect or irregularity in any offer with respect to any particular Shares or any particular shareholder (whether or not we waive similar defects or irregularities in the case of other shareholders), and our interpretation of the terms of the Solicitation will be final and binding on all parties subject to a holder challenging our determination in a court of competent jurisdiction and such court issuing a judgment to the contrary. No offer of Shares will be deemed to have been properly made until all defects or irregularities have been cured by the offering shareholder or waived by us. We will not be liable for failure to waive any condition of the Solicitation, or any defect or irregularity in any offer of Shares. Neither we nor the Depositary or any other person will be obligated to give notice of any defects or irregularities in offers, nor will any of the foregoing incur any liabilities for failure to give any such notification.

*Offering Shareholder's Representation and Warranty; Our Acceptance Constitutes an Agreement.* An offer of Shares will constitute the offering shareholder's acceptance of the terms and conditions of the Solicitation, as well as the offering shareholder's representation and warranty to us that the offering shareholder has full power and authority to offer, sell, assign and transfer the Shares offered, and that, when the same are accepted for purchase by us, we will acquire good, marketable and unencumbered title thereto, free and clear of all security interests, liens, restrictions, claims, encumbrances and other obligations relating to the sale or transfer of the Shares, and the same will not be subject to any adverse claim or right. Any such offering shareholder will, on request by the Depositary or us, execute and deliver any additional documents deemed by the Depositary or us to be necessary or desirable to complete the sale, assignment and transfer of Shares offered, all in accordance with the terms of the Solicitation.

All authority conferred or agreed to be conferred by the delivery of the Offer Letter or subsequent Letter of Transmittal shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the offering shareholder and shall not be affected by, and shall survive, the death or incapacity of such offering shareholder.

*Lost or Destroyed Certificates.* Shareholders whose Sale Offer has been accepted, but whose certificates for part or all of their Shares have been lost, destroyed or stolen may contact the Depositary after they receive a Letter of Transmittal for instructions to obtain a replacement certificate. That certificate will then be required to be submitted together with the Letter of Transmittal in order to receive payment for Shares that are accepted for purchase. A bond may be required to be posted by the shareholder to secure against the risk that the certificates may be subsequently recirculated. The Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed. Shareholders are requested to contact the Depositary promptly after their receipt of a Letter of Transmittal in order to permit timely processing of this documentation. Certificates for Shares, together with a properly completed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be delivered to the Depositary and not us. Any certificates delivered to us will not be forwarded to the Depositary and will not be deemed to be properly transmitted.

*U.S. Federal Backup Withholding Tax.* Under the U.S. federal backup withholding tax rules, unless an exemption applies under the applicable law and regulations, a portion of the gross proceeds payable to an offering shareholder or other payee who is a U.S. Holder (as defined in Section 10 – U.S. Federal Income Tax Considerations) pursuant to the Solicitation must be withheld and remitted to the IRS, unless the offering shareholder or other payee provides its taxpayer identification number (employer identification number or social security number) to the Depositary or other applicable withholding agent (as payor) and certifies under penalties of perjury, among other things, that the number is correct. Therefore, each offering shareholder who holds Shares directly and who is a U.S. Holder should complete and sign the IRS Form W-9 included as part of the Letter of Transmittal so as to provide the information and certification necessary to avoid U.S. federal backup withholding

tax, unless the shareholder otherwise establishes to the satisfaction of the Depositary that the shareholder is not subject to such backup withholding tax. If a U.S. Holder does not provide the Depositary or other applicable withholding agent with the correct taxpayer identification number, the U.S. Holder may be subject to penalties imposed by the IRS. If U.S. federal backup withholding tax results in an overpayment of taxes, a refund may be obtained from the IRS in accordance with its refund procedures. Certain “exempt recipients” (including, among others, all C corporations and certain Non-U.S. Holders (as defined in Section 10 – U.S. Federal Income Tax Considerations)), are not subject to U.S. federal backup withholding tax.

Information reported to the IRS may also apply to proceeds from the Solicitation.

**Shareholders are urged to consult with their own tax advisors regarding qualifications for exemptions from backup withholding tax and the procedure for obtaining any applicable redemption.**

For a discussion of U.S. federal income tax consequences to offering shareholders and additional certification requirements for Non-U.S. Holders, see Section 10.

#### **4. Withdrawal Rights.**

Shares offered in the Solicitation may be withdrawn at any time prior the Expiration Date. Except as otherwise provided in this Section 4, offers of Shares pursuant to the Solicitation are irrevocable. For a withdrawal to be effective, a written notice of withdrawals must be received in a timely manner by the Depositary at one of its addresses set forth in this Reverse Tender Offer, and any notice of withdrawal must specify the name of the offering shareholder, the number of Shares to be withdrawn, the name of the registered holder of the Shares to be withdrawn, if different from the person who offered the Shares, and the price at which the Shares were offered. A shareholder who has offered Shares at more than one price must complete and deliver a separate notice of withdrawal for Shares offered at each price.

All questions as to the form and validity, including the time of receipt, of any notice of withdrawal will be determined by us in our sole discretion and will be final and binding on all parties, absent a finding to the contrary by a court of competent jurisdiction. We reserve the absolute right to waive any defect or irregularity in the notice of withdrawal or method of withdrawal of Shares by any shareholders, whether or not we waive similar defects or irregularities in the case of any other shareholder. None of CIB Marine, the Depositary or any other person will be obligated to give notice of any defects or irregularities in any notice of withdrawal, nor will any of them incur liability for failure to give any such notice.

Withdrawals may not be rescinded, and any Shares properly withdrawn will be deemed not properly offered for purposes of the Solicitation. However, properly withdrawn Shares may be re-offered prior to the Expiration Date by again following the procedures described in Section 3.

#### **5. Purchase of Shares and Payment of Purchase Price.**

Upon the terms and subject to the conditions of the Solicitation, promptly following the Expiration Date, we will:

- determine how many and which Shares that were properly offered and not properly withdrawn we will purchase, taking into account the number of Shares so offered and the prices specified by offering shareholders; and
- accept for payment and pay the purchase price specified by each shareholder whose shares were properly offered and not properly withdrawn prior to the Expiration Date that we have elected to purchase.

Upon the terms and subject to the conditions of the Solicitation, we will accept for payment and pay the purchase price per Share for all Shares accepted for payment pursuant to the Solicitation promptly after the



Expiration Date and completion of the Reg D Offering. In all cases, payment for Shares offered and accepted for payment pursuant to the Solicitation will be made promptly, taking into account the time necessary to complete the Reg D Offering, but only after timely receipt by the Depositary of (1) certificates for Shares, (2) a properly completed and duly executed Letter of Transmittal, including any required signature guarantees, and (3) any other required documents.

We will pay for Shares purchased pursuant to the Solicitation by depositing the aggregate purchase price for the Shares with the Depositary, which will act as agent for offering shareholders for purpose of receiving payment from us and transmitting payment to the offering shareholders.

**Under no circumstances will we pay interest on the purchase price, even if there is a delay in making payment.**

We will pay all stock transfer taxes, if any, payable on the purchase by us of Shares pursuant to the Solicitation. If, however, payment of the purchase price is to be made to or (in the circumstances permitted by the Solicitation) if residual unpurchased Shares are to be registered in the name of, any person other than the registered holder, or if offered certificates are registered in the name of any person other than the person will signing the Letter of Transmittal, satisfactory evidence of the payment of or exemption from any stock transfer taxes (whether imposed on the registered holder or the other person), must be submitted with the Letter of Transmittal.

## **6. Conditions of the Solicitation**

Our obligation to accept Sales Offers and purchase and pay for the Shares offered to us in the Solicitation depends upon a number of conditions that must be satisfied or waived by us on or prior to the Expiration Date, as described below.

*Reg D Offering and Capital Distribution.* We must be able to distribute enough capital from our wholly-owned banking subsidiary, CIBM Bank, in the Capital Distribution and raise sufficient capital in Reg D Offering on terms that the Board of Directors determines are in the best interest of our shareholders as a whole to be able to effect any purchases we elect to make pursuant to the Solicitation. We expect to receive approvals to effect the Capital Distribution prior to the Expiration Date. In addition, we have retained Stifel, Nicolaus & Company to act as placement agent for the Reg D Offering. The number of shares of our common stock we will need to sell will be determined once the Board of Directors determines how many Shares are to be purchased, if any, in the Solicitation.

*Purchases in the Best Interests of All Shareholders.* Our Board must make a determination, based upon the number of Shares offered to us and the price at which such Shares were offered, that the purchase of the Shares is fair and in the best interest of our shareholders. The Board has committed to our common shareholders that it will not overpay to purchase the Shares and has resolved not to engage in any transactions that are dilutive to common book value. As such, we will only elect to purchase Shares in the Solicitation to the extent that the Board can conclude, consistent with its fiduciary duties, that the purchases are fair to and in the best interest of all of our shareholders.

*Section 382 Considerations.* As of the date of this Solicitation, we have a deferred tax asset on our balance sheet totaling approximately \$23 million. Under Section 382 of the Code, certain transactions in our equity securities that constitute “changes in control” under that section would result in a material diminution in the value of our deferred tax asset. Prior to determining how many and which Shares we will purchase in the Solicitation, we will need to confirm that any such purchases will not cause a change in control event to have occurred that would result in a material devaluation of our deferred tax asset.

*Absence of any Legal or Regulatory Proceedings.* No action, suit, proceeding or application by any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency, or tribunal or arbitrator or arbitration panel shall have been instituted or shall be pending, nor shall we have received notice of any such action, that directly or indirectly (1) challenges or seeks to challenge, restrain, prohibit, delay or otherwise affect the making of the

Solicitation, the acquisition by us of some or all of the Shares pursuant to the Solicitation or otherwise relates in any material manner to the Solicitation or seeks to obtain material damages in respect of the Solicitation or (2) seeks to make the purchase of, or payment for, some or all of the Shares to be purchased in the Solicitation illegal or may result in a delay in our ability to accept for payment or pay for some or all of the Shares;

*Compliance with Applicable Law and Regulations.* Our acceptance for payment, purchase or payment for any Shares offered to us in the Solicitation shall not violate or conflict with, or otherwise be contrary to, any applicable law, statute, rule, regulation, decree or order;

*Absence of Injunctions or Decrees.* No action shall have been taken nor any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) shall have been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Solicitation or us or any of our subsidiaries by any court, government or governmental agency or other regulatory or administrative authority, whether in the United States or elsewhere, that (1) indicates that any approval not previously obtained or other action of any such court, agency or authority may be required in connection with the Solicitation or the purchase of Shares thereunder or (2) is reasonably likely to make the purchase of, or payment for, some or all of the Shares pursuant to the Solicitation illegal or to prohibit, restrict or delay consummation of the Solicitation;

*No Other Corporate Transactions.* No tender or exchange offer for any or all of our issued and outstanding Shares (other than the Solicitation), or any merger amalgamation, acquisition, business combination, scheme of arrangement or other similar transaction with or involving us or any of our subsidiaries shall have been proposed, announced or made by any person or entity or shall have been publicly disclosed, nor shall we have entered into a definitive agreement or any agreement in principle with any person with respect to a merger, amalgamation, acquisition, business combination, scheme of arrangement or other similar transaction.

*No Material Adverse Changes.* No material adverse change in our or our subsidiaries' or affiliates' business, condition (financial or otherwise), properties, assets, income, operations or prospects shall have occurred during the Solicitation.

Each of the conditions referred to above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition and may be waived by us, in whole or in part, prior to consummation of any purchases pursuant to the Solicitation in our sole discretion. The right to assert a condition will be deemed an ongoing right that may be asserted by us at any time prior to consummation of any purchase. Any determination by us concerning the events described above will be final and binding on all parties, subject to a holder challenging our determination in a court of competent jurisdiction and such court issuing a judgment to the contrary.

## **7. Source of Funds.**

We intend to fund any purchase of Shares pursuant to the Solicitation, including related fees and expenses, with cash derived from the following sources: (1) cash on hand currently available at CIB Marine; (2) a return of capital distribution from our wholly-owned bank subsidiary, CIBM Bank; and (3) capital raised in the Reg D Offering. The amount of funding attributable to each of the foregoing sources will ultimately be dependent upon the number of Shares we elect to purchase in the Solicitation and the offer price for such Shares. Our purchase of Shares pursuant to the Solicitation is conditioned upon our ability to distribute sufficient capital from CIBM Bank in the Capital Distribution and to raise sufficient capital in the Reg D Offering to be able to effect such purchases. While we do not know with certainty how much cash will be needed to fund the purchase of Shares pursuant to the Solicitation, we expect to upstream approximately \$5 million in the Capital Distribution will raise any additional funds necessary in the Reg D Offering.



## **8. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares.**

Charles Mires, one of our directors, currently owns both Series A Preferred Shares and Series B Preferred Shares, both directly and as an investor in a fund that holds Shares. Mr. Mires intends to offer Shares under his control for sale in the Solicitation. None of our other executive officers or directors own any Shares as of the date of this Reverse Tender Offer.

## **9. Certain Legal Matters; Regulatory Approvals.**

In order to effect the purchase of Shares pursuant to the Solicitation, we will need to obtain a number of regulatory approvals. Pursuant to Section 217.20(c)(1)(vi) of Federal Reserve Regulation Q, we are required to obtain the approval of the Board of Governors of the Federal Reserve prior to redeeming any “additional tier 1 capital” instrument, such as the Shares. Furthermore, Sections 5.4(g) and 5.5(g) of our Amended and Restated Articles of Incorporation, as amended, require that any redemption of the Shares is subject to the consent or approval of the appropriate federal banking agency. In anticipation of this Solicitation, we have been in communication with the Federal Reserve Bank of Chicago to inform them of our intent to conduct the Solicitation and to discuss the timing of the application process. In addition to effect the Capital Distribution, we are required to obtain the prior approval of both the IDFPF as well as the FDIC.

While we cannot assure you that we will be able to obtain either approval, we are not aware of any reasons why such approvals would not be received by us prior to the Expiration Date.

## **10. Certain U.S. Federal Income Tax Consequences.**

The following summary describes the U.S. federal income tax consequences generally applicable to U.S. Holders (as defined below) whose Shares are properly offered and accepted for payment pursuant to the Solicitation. This summary is based on the Code, Treasury Regulations promulgated under the Code, published rulings, administrative pronouncement, and judicial decisions, all as in effect on the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary addresses only shareholders who hold the Shares as capital assets within the meaning of the Code and does not address all of the tax consequences that may be relevant to shareholders in light of their particular circumstances or to certain types of shareholders subject to special treatment under the Code, including pass-through entities (including partnerships and S corporations for U.S. federal income tax purposes) and investors in such entities, certain financial institutions, brokers, dealers or traders in securities, insurance companies, expatriates, mutual funds, real estate investment trusts, cooperatives, tax-exempt organizations, persons who are subject to the alternative minimum tax, persons who hold their Shares as part of a straddle, hedge, conversion, constructive sale, synthetic security, integrated investment, or other risk-reduction transaction for U.S. federal income tax purposes, and shareholders that have a functional currency other than the U.S. dollar. This summary does not address any U.S. federal estate, gift, or other non-income tax consequences, the effects of the 3.8% federal Medicare contribution tax on net investment income, or any state, local, or foreign tax consequences.

**Shareholders are urged to consult their tax advisors to determine the particular tax consequences to them of participating in the Solicitation in light of their particular circumstances.**

For purposes of this discussion, a “U.S. Holder” is a beneficial holder of Shares that, for U.S. federal income tax purposes, is (i) a citizen or individual resident of the United States, (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes that is created or organized in or under the laws of the United States or any State or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if it (A) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person. A “Non-U.S. Holder” is a beneficial holder of Shares that is neither a U.S. Holder nor a partnership, or other entity treated as a partnership, for U.S. federal income tax purposes.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) participates in the Solicitation, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding Shares should consult its tax advisor regarding the tax consequences of participating in the Solicitation.

*U.S. Holders.* An exchange of Shares for cash by a U.S. Holder pursuant to the Solicitation will be a taxable transaction for U.S. federal income tax purposes. The U.S. federal income tax consequences to a U.S. Holder may vary depending upon the U.S. Holder's particular facts and circumstances. If, as described below, an exchange of Shares for cash by a U.S. Holder pursuant to the Solicitation is treated as a sale or exchange of such Shares for U.S. federal income tax purposes, the U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the U.S. Holder's adjusted tax basis in the Shares at the time of the exchange. The deductibility of capital losses by a U.S. Holder is subject to limitations under the Code.

Under Section 302 of the Code, an exchange of Shares for cash pursuant to the Solicitation will be treated as a sale or exchange for U.S. federal income tax purposes if the exchange (i) is "not essentially equivalent to a dividend" with respect to the U.S. Holder, (ii) is a "substantially disproportionate" redemption with respect to the U.S. Holder, or (iii) results in a "complete termination" of the U.S. Holder's stock interest in the Company (the "**Section 302 Tests**"). In determining whether any of the Section 302 Tests has been met, a U.S. Holder generally must take into account not only the Shares that it actually owns, but also Shares that it constructively owns as determined under Section 318 of the Code (including Shares that may be acquired by the U.S. Holder through the exercise of options, Shares held by certain members of the U.S. Holder's family and Shares held by trusts or other entities having certain relationships with the U.S. Holder). In addition, U.S. Holders should be aware that other acquisitions or dispositions of Shares by a U.S. Holder (or person whose ownership of Shares is attributed to the U.S. Holder pursuant to the constructive ownership rules described above) as part of a plan that includes the U.S. Holder's exchange of Shares for cash pursuant to the Solicitation may be taken into account in determining whether any of the Section 302 Tests are satisfied.

An exchange of Shares for cash pursuant to the Solicitation will be treated as "not essentially equivalent to a dividend" if, taking into account the applicable constructive ownership rules, it results in a "meaningful reduction" in the U.S. Holder's stock interest in the Company. Whether such a meaningful reduction of the U.S. Holder's stock interest in the Company results will depend on the U.S. Holder's particular facts and circumstances. If, as a result of an exchange of Shares for cash pursuant to the Solicitation, a U.S. Holder whose relative stock interest in the Company is minimal (for example, less than 1%) and who exercises no control over the corporate affairs of the Company suffers any reduction in its proportionate stock interest in the Company (including Shares constructively owned), the U.S. Holder should generally be regarded as having suffered a meaningful reduction in its stock interest in the Company. In the event that other shareholders exchange a greater percentage of their Shares pursuant to the Solicitation than a particular U.S. Holder, the U.S. Holder's proportionate stock interest in the Company may increase immediately following the Solicitation even if the U.S. Holder exchanges Shares for cash pursuant to the Solicitation and does not actually or constructively acquire any other Shares with the likely result that the U.S. Holder will not have suffered any reduction in its proportionate stock interest.

An exchange of Shares for cash pursuant to the Solicitation will satisfy the "substantially disproportionate" test if (i) the percentage of the outstanding voting stock actually and constructively owned by the U.S. Holder immediately after the exchange is less than 80% of the percentage of the outstanding voting stock actually and constructively owned by the U.S. Holder immediately before the exchange, and (ii) immediately after the exchange, the U.S. Holder actually and constructively owns less than 50% of the total combined voting power of the Company. The redemption of non-voting stock, or stock that only votes upon the occurrence of an event (such as the Shares), cannot qualify as a substantially proportionate redemption.

An exchange of Shares for cash pursuant to the Solicitation will result in a "complete termination" of a U.S. Holder's stock interest in the Company if either (i) all of the Shares actually and constructively owned by the U.S. Holder are exchanged for cash pursuant to the Solicitation, or (ii) if the U.S. Holder is treated as constructively owning Shares held by certain related individuals, all of the Shares actually and constructively owned by the U.S. Holder (other than constructively owned Shares held by such related individuals) are exchanged for cash pursuant to



the Solicitation and the U.S. Holder timely and properly waives the attribution of constructively owned Shares held by such related individuals in accordance with the procedures described in Section 302(c)(2) of the Code and the Treasury Regulations promulgated thereunder.

The application of Section 302 of the Code is complex. U.S. Holders intending to rely on any of the Section 302 Tests should consult their tax advisors to determine the application of these rules to their particular circumstances.

If a U.S. Holder's exchange of Shares for cash pursuant to the Solicitation does not satisfy any of the Section 302 Tests, the receipt of cash by the U.S. Holder pursuant to the Solicitation will be treated as a distribution by the Company for U.S. federal income tax purposes. The distribution will be treated as a dividend to the extent of the Company's current and accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of the distribution exceeds the Company's current and accumulated earnings and profits, the excess will first be treated as a non-taxable return of capital that will reduce the U.S. Holder's adjusted tax basis in its Shares, and any remaining portion will be taxable as capital gain. Any remaining tax basis in the Shares surrendered will generally be transferred to any remaining Shares held by the U.S. Holder. Provided that certain minimum holding period and other requirements are met, dividend income with respect to non-corporate U.S. Holders (including individuals) is currently eligible for a reduced rate of U.S. federal income taxation. If a corporate U.S. Holder's exchange of Shares for cash pursuant to the Solicitation is treated as a dividend, the U.S. Holder may be (i) eligible for a dividends received deduction (subject to applicable exceptions and limitations) and (ii) subject to the "extraordinary dividend" provisions of Section 1059 of the Code. Corporate U.S. Holders should consult their tax advisors regarding the availability of a dividends received deduction and the application of Section 1059 of the Code in connection with the Solicitation.

We cannot predict the number of Shares that will be purchased from any U.S. Holder. Therefore, a U.S. Holder can be given no assurance that a sufficient number of the U.S. Holder's Shares will be purchased pursuant to the Solicitation to ensure that such purchase will be treated as a sale or exchange, rather than a dividend, for U.S. federal income tax purposes pursuant to the rules discussed above.

*Non-U.S. Holders.* U.S. federal income tax will be withheld in an amount equal to 30% of the gross payments payable to a Non-U.S. Holder or its agent unless the Depository or other applicable withholding agent determines that a reduced rate of withholding is available pursuant to a tax treaty, or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or because the Non-U.S. Holder meets one of the Section 302 Tests.

In order to obtain an exemption from withholding on the grounds that the Non-U.S. Holder meets one of the Section 302 Tests, the Non-U.S. Holder must provide certification to an applicable withholding agent that it is not a U.S. person and that it satisfies one or more of the Section 302 Tests (the "**Section 302 Certification**"). If a Non-U.S. Holder holds shares through a U.S. broker or custodian, the Non-U.S. Holder should consult that broker or custodian to determine whether the broker or custodian offers a Section 302 Certification. If so, and the Non-U.S. Holder certifies that it satisfies one or more of the Section 302 Tests, then the Non-U.S. Holder should not be subject to withholding tax on payments in respect of Shares, although receipt of the full payment may be delayed until the certification is provided. **The Depository will not provide a Section 302 Certification. Accordingly, if a Non-U.S. Holder tenders Shares held in its own name, the Depository will withhold 30% of the gross proceeds regardless of whether the Non-U.S. Holder satisfies the Section 302 Tests, unless one of the rules described below applies.**

In order to obtain a reduced rate of withholding pursuant to a tax treaty, a Non-U.S. Holder must deliver to the Depository or other applicable withholding agent, before the payment is made, a properly completed and executed IRS Form W-8BEN (for individuals) or Form W-8BEN-E (for entities) establishing the Non-U.S. Holder's entitlement to a reduced rate of withholding pursuant to an applicable tax treaty. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Solicitation are effectively connected with the conduct of a trade or business within the United States, a Non-U.S. Holder must deliver to the Depository or

other applicable withholding agent a properly completed and executed IRS Form W-8ECI. If such gross proceeds are effectively connected with the Non-U.S. Holder's trade or business, however, the Non-U.S. Holder will be required to file a U.S. income tax return and will be subject to the same treatment as U.S. Holders with respect to such proceeds, except that a holder that is a foreign corporation may be subject to an additional 30% branch profits tax.

A Non-U.S. Holder that is subject to withholding may be eligible to obtain a refund of all or a portion of any U.S. federal income tax withheld if (i) the holder is entitled to a reduced or zero rate of withholding pursuant to any of the rules described above or (ii) satisfies one of the Section 302 Tests. A Non-U.S. Holder will be required to file a U.S. federal income tax return in order to seek a refund from the IRS.

In addition, a Non-U.S. Holder that is a "financial institution" within the meaning of applicable Treasury Regulations may be subject to a 30% withholding tax pursuant to the Foreign Account Tax Compliance Act ("FATCA") on gross proceeds payable pursuant to the Solicitation if the Non-U.S. Holder fails to properly establish an exemption from FATCA withholding on an IRS Form W-8BEN-E or other applicable form provided to the Depository or other withholding agent. If the Depository or other withholding agent withholds tax under FACTA, it will not also withhold the 30% withholding tax described above.

*Consequences of the Solicitation to Holders that Do Not Sell Shares in the Solicitation.* The Solicitation will have no U.S. federal income tax consequences to our shareholders that do not sell Shares in the Solicitation.

**THE TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE SOLICITATION, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.**

#### **11. Extension of the Solicitation; Termination; Amendment.**

We expressly reserve the right, in our sole discretion and subject to applicable law, at any time and from time to time to extend the period of time the Solicitation is open and delay acceptance for payment of, and payment for, any Shares by giving written notice of such extension to the Depository and the preferred shareholders. During any such extension, all Shares previously offered and not properly withdrawn will remain subject to the Solicitation and to the rights of an offering shareholder to withdraw such shareholder's Shares.

We also reserve the right, in our sole discretion, not to accept for payment and not pay for any Shares not previously accepted for payment or paid for, subject to applicable law, to postpone payment for Share or terminate the Solicitation upon the occurrence of any of the conditions specified in Section 6 by giving written notice of the termination or postponement to the Depository and the preferred shareholders.

Subject to compliance with applicable law, we further reserve the right, in our sole discretion, to amend the Solicitation in any respect. Amendments to the Solicitation may be made at any time and from time to time by providing written notice to the Depository and the preferred shareholders of such amendment. In the case of extension, the notice of amendment shall be issued no later than 9:00 a.m., Eastern Standard Time, on the next business day after the previously scheduled or announced Expiration Date.

#### **12. Fees and Expenses.**

We have retained Computershare Trust Company, N.A. to act as Depository in connection with the Solicitation. Computershare Trust Company, N.A., in its capacity as Depository, will receive reasonable and customary compensation for its services, will be reimbursed by us for reasonable out-of-pocket expenses incurred in connection with the Solicitation and will be indemnified against certain liabilities in connection with the Solicitation, including certain liabilities under the federal securities laws.



Directors, officers and regular employees of us and/or our affiliates (who will not be specifically compensated for such services) may contact shareholders by mail, telephone, or facsimile regarding the Solicitation and may request brokers, dealers, commercial banks, trust companies and other nominees to forward this Reverse Tender Offer and related materials to beneficial owners of Shares.

We will not pay any fees or commissions to brokers, dealers or other persons (other than fees to the Depository described above) for soliciting offers of Shares pursuant to the Solicitation. Shareholders holding Shares through brokers, dealers or other nominee shareholders are urged to consult the brokers, dealers or other nominee shareholders to determine whether transaction costs may apply if shareholders offer Shares through the brokers, dealers or other nominee shareholders and not directly to the Depository. We will, however, upon request, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by them in forwarding the Solicitation and related materials to the beneficial owners of Shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as our agent, or the agent of the Depository, for purposes of the Solicitation. We will pay or cause to be paid all stock transfer taxes, if any, on our purchase of Shares, except as otherwise provided in Section 3 hereof.

**13. Miscellaneous.**

We are not aware of any state where the making of the Solicitation is not in compliance with applicable law. If we become aware of any state where the making of the Solicitation is not in compliance with the laws of such state, we will make a good faith effort to comply with the applicable state law. If, after good faith effort, we cannot comply with the applicable state law, we will not make the Solicitation to, nor will we accept offers from or on behalf of, the holders of Shares residing in that state.

After completing the Solicitation, other than the other two annual similar solicitations we have committed to undertake, we may consider various forms of share repurchases, including privately negotiated transactions after taking into account our results of operations, financial position and capital requirements, general business conditions, legal, tax and regulatory constraints or restrictions and other factors we deem relevant.

**WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER YOU SHOULD OFFER OR NOT OFFER YOUR SHARES IN THE SOLICITATION. WE HAVE NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE SOLICITATION OTHER THAN THOSE CONTAINED IN THIS DOCUMENT, THE OFFER FORM OR IN THE LETTER OF TRANSMITTAL. ANY RECOMMENDATIONS OR ANY OTHER INFORMATION OR REPRESENTATION MADE BY ANYONE ELSE MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY CIB MARINE OR THE DEPOSITARY.**

The Offer Form and any other required documents should be sent or delivered by each shareholder of the Company or his or her broker, dealer, commercial bank, trust company or other nominee to the Depository as follows:

**COMPUTERSHARE**

*By Mail:*  
 Computershare Trust Company, N.A.  
 Attn: Corporate Actions  
 P.O. Box 43011  
 Providence, Rhode Island 02940-3011

*By Overnight Courier:*  
 Computershare Trust Company, N.A.  
 Attn: Corporate Actions  
 250 Royall St.  
 Suite V  
 Canton, Massachusetts 02021

May 4, 2018