IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
NAUTICAL SOLUTIONS, L.L.C., *et al.*,[1]	)	**IMPORTANT**: No chapter 11 case has been commenced as of the date of distribution of this notice.
Debtors.	)	

DEBTORS' DISCLOSURE STATEMENT FOR THE JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION

THIS CHAPTER 11 PLAN IS BEING SOLICITED FOR ACCEPTANCE OR REJECTION IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND WITHIN THE MEANING OF BANKRUPTCY CODE SECTION 1126. THIS CHAPTER 11 PLAN WILL BE SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL FOLLOWING SOLICITATION AND THE DEBTORS' FILING FOR CHAPTER 11 BANKRUPTCY.

JACKSON WALKER LLP
Matthew D. Cavenaugh (TX Bar No. 24062656)
Jennifer F. Wertz (TX Bar No. 24072822)
Victoria Argeroplos (TX Bar No. 24105799)
Javier Gonzalez (TX Bar No. 24119697)
1401 McKinney Street, Suite 1900
Houston, TX 77010
Telephone: (713) 752-4200
Facsimile: (713) 752-4221
Email: mcavenaugh@jw.com
jwertz@jw.com
vargeroplos@jw.com
jgonzalez@jw.com

Proposed Co-Counsel to the Debtors and Debtors in Possession

KIRKLAND & ELLIS LLP
KIRKLAND & ELLIS INTERNATIONAL LLP
Patrick J. Nash, Jr., P.C. (*pro hac vice* pending)
John R. Luze (*pro hac vice* pending)
Jeffrey T. Michalik (*pro hac vice* pending)
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: patrick.nash@kirkland.com
john.luze@kirkland.com
jeff.michalik@kirkland.com

Proposed Co-Counsel to the Debtors and Debtors in Possession

[1] The Debtors in these chapter 11 cases are: Nautical Solutions, L.L.C. and Nautical Solutions (Texas), LLC. The location of Debtor Nautical Solution L.L.C.'s principal place of business and the Debtors' service address in these chapter 11 cases is 16201 East Main Street, Cut Off, Louisiana 70345.

THIS IS A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND WITHIN THE MEANING OF BANKRUPTCY CODE SECTION 1126, 11 U.S.C. §§ 1125, 1126. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE DEBTORS INTEND TO SUBMIT THIS DISCLOSURE STATEMENT TO THE BANKRUPTCY COURT FOR APPROVAL FOLLOWING COMMENCEMENT OF SOLICITATION AND THE DEBTORS' FILING FOR RELIEF UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

SOLICITATION OF VOTES ON THE JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION OF NAUTICAL SOLUTIONS, L.L.C. AND ITS DEBTOR AFFILIATE PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE FROM THE HOLDERS OF OUTSTANDING:

VOTING CLASS	NAME OF CLASS UNDER THE PLAN
3	FIRST LIEN CLAIMS

IF YOU ARE IN CLASS 3 YOU ARE RECEIVING THIS DOCUMENT AND THE ACCOMPANYING MATERIALS BECAUSE YOU ARE ENTITLED TO VOTE ON THE PLAN.

DELIVERY OF BALLOTS FOR CLASS 3

CLASS 3 BALLOTS MUST BE RETURNED BY EMAIL TO NAUTICALSOLUTIONSINFO@KCCLLC.COM OR BY MAIL TO NAUTICAL BALLOT PROCESSING, C/O KCC, 222 N PACIFIC COAST HIGHWAY, SUITE 300, EL SEGUNDO, CA 90245, AND MUST BE ACTUALLY RECEIVED BY THE CLAIMS AND NOTICING AGENT BY THE VOTING DEADLINE, WHICH IS 5:00 P.M. (PREVAILING CENTRAL TIME) ON JANUARY 6, 2023.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURE FOR VOTING ON THE PLAN, PLEASE CONTACT THE CLAIMS AND NOTICING AGENT AT:

BY E-MAIL TO:

NAUTICALSOLUTIONSINFO@KCCLLC.COM
WITH A REFERENCE TO "NAUTICAL SOLUTIONS" IN THE SUBJECT LINE

BY TELEPHONE:
(866) 523-2941 (TOLL FREE) OR (781) 575-2044 (INTERNATIONAL)
AND REQUEST TO SPEAK WITH A MEMBER OF THE SOLICITATION TEAM

RECOMMENDATION BY THE DEBTORS

EACH DEBTOR'S MEMBERS OR MANAGER, AS APPLICABLE, HAS APPROVED THE TRANSACTIONS CONTEMPLATED BY THE PLAN AND DESCRIBED IN THIS DISCLOSURE STATEMENT, AND THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF EACH OF THE DEBTOR'S ESTATES, AND PROVIDE THE BEST POSSIBLE RECOVERY TO STAKEHOLDERS. AT THIS TIME, EACH DEBTOR BELIEVES THAT THE PLAN AND RELATED TRANSACTIONS REPRESENT THE BEST ALTERNATIVE FOR ACCOMPLISHING THE DEBTORS' OVERALL RESTRUCTURING OBJECTIVES. EACH OF THE DEBTORS THEREFORE STRONGLY RECOMMENDS THAT ALL HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED SUBMIT BALLOTS TO ACCEPT THE PLAN BY RETURNING THEIR BALLOTS SO AS TO BE ACTUALLY RECEIVED BY THE CLAIMS AND NOTICING AGENT NO LATER THAN JANUARY 6, 2023 AT 5:00 P.M. (PREVAILING CENTRAL TIME) PURSUANT TO THE INSTRUCTIONS SET FORTH HEREIN AND ON THE BALLOTS.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT[2]

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLASS 3 CLAIMS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION OF NAUTICAL SOLUTIONS, L.L.C. AND ITS DEBTOR AFFILIATE PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE IX HEREIN.

THE DEBTORS AND CERTAIN HOLDERS OF CLAIMS AND INTERESTS SUPPORT THE PLAN, INCLUDING 68% OF THE FIRST LIEN CLAIMS. THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST POSSIBLE RECOVERY TO STAKEHOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

THE DEBTORS URGE EACH HOLDER OF A CLASS 3 CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN ANTICIPATED EVENTS IN THE EVENT THE DEBTORS COMMENCE CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND

---

[2] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the Plan.

OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN AND THE RESTRUCTURING SUPPORT AGREEMENT.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE XI OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY, INCLUDING ARTICLE IX OF THIS DISCLOSURE STATEMENT, ENTITLED "RISK FACTORS" BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS ANNEXED TO THIS DISCLOSURE STATEMENT OR OTHERWISE INCORPORATED HEREIN BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. THE STATEMENTS CONTAINED IN

THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN ACCORDANCE WITH APPLICABLE LAW, THE DEBTORS ARE UNDER NO DUTY TO UPDATE OR SUPPLEMENT THIS DISCLOSURE STATEMENT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING VOTES FOR THE ACCEPTANCE AND CONFIRMATION OF THE PLAN AND MAY NOT BE RELIED ON FOR ANY OTHER PURPOSE. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE DISCLOSURE STATEMENT AND THE PLAN, THE RELEVANT PROVISIONS OF THE PLAN WILL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE HEREIN.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS, INCLUDING THE FOLLOWING, TO BE FORWARD-LOOKING STATEMENTS:

- **BUSINESS STRATEGY;**
- **FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **FINANCIAL STRATEGY, BUDGET, PROJECTIONS, AND OPERATING FORECASTS;**
- **OIL AND NATURAL GAS PRICES AND THE OVERALL HEALTH OF THE OIL AND NATURAL GAS INDUSTRY;**
- **AVAILABILITY AND TERMS OF CAPITAL;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **COSTS OF CONDUCTING THE DEBTORS' OTHER OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**
- **EFFECTIVENESS OF THE DEBTORS' RISK MANAGEMENT ACTIVITIES;**

- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **GOVERNMENTAL REGULATION AND TAXATION OF THE OIL AND NATURAL GAS INDUSTRY;**
- **DEVELOPMENTS IN OIL-PRODUCING AND NATURAL GAS-PRODUCING COUNTRIES;**
- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATING RESULTS;**
- **PLANS, OBJECTIVES, AND EXPECTATIONS;**
- **THE ADEQUACY OF THE DEBTORS' CAPITAL RESOURCES AND LIQUIDITY;**
- **THE POTENTIAL ADOPTION OF NEW GOVERNMENTAL REGULATIONS; AND**
- **THE DEBTORS' ABILITY TO SATISFY FUTURE CASH OBLIGATIONS.**

STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE REORGANIZED DEBTORS' FUTURE PERFORMANCE. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE REORGANIZED DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE DIFFERENT FROM THOSE THEY MAY PROJECT, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE THE PROJECTIONS MADE HEREIN. THESE RISKS, UNCERTAINTIES, AND FACTORS MAY INCLUDE THE FOLLOWING: THE DEBTORS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN; THE POTENTIAL THAT THE DEBTORS MAY NEED TO PURSUE AN ALTERNATIVE TRANSACTION IF THE PLAN IS NOT CONFIRMED; THE DEBTORS' ABILITY TO REDUCE THEIR OVERALL FINANCIAL LEVERAGE; THE POTENTIAL ADVERSE IMPACT OF THE CHAPTER 11 CASES ON THE DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; THE RISKS ASSOCIATED WITH OPERATING THE DEBTORS' BUSINESSES DURING THE CHAPTER 11 CASES; CUSTOMER RESPONSES TO THE CHAPTER 11 CASES; THE DEBTORS' INABILITY TO DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES; GENERAL ECONOMIC, BUSINESS, AND MARKET CONDITIONS; CURRENCY FLUCTUATIONS; INTEREST RATE FLUCTUATIONS; PRICE INCREASES; EXPOSURE TO LITIGATION; A DECLINE IN THE DEBTORS' MARKET SHARE DUE TO COMPETITION; THE DEBTORS' ABILITY TO IMPLEMENT COST REDUCTION INITIATIVES IN A TIMELY MANNER; THE DEBTORS' ABILITY TO DIVEST EXISTING BUSINESSES; FINANCIAL CONDITIONS OF THE DEBTORS' CUSTOMERS; ADVERSE TAX CHANGES; LIMITED ACCESS TO CAPITAL RESOURCES; CHANGES IN DOMESTIC AND FOREIGN LAWS AND REGULATIONS; TRADE BALANCE; NATURAL DISASTERS; GEOPOLITICAL INSTABILITY; THE IMPACT OF THE COVID-19 PANDEMIC AND GOVERNMENT RESPONSES THERETO; AND THE EFFECTS OF GOVERNMENTAL REGULATION ON THE DEBTORS' BUSINESSES.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

Neither this Disclosure Statement nor the Plan has been filed with the SEC or any state authority. The Plan has not been approved or disapproved by the SEC or any state securities commission, and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this Disclosure Statement or the merits of the Plan. Any representation to the contrary is a criminal offense.

This Disclosure Statement has been prepared pursuant to sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3016(b). The Securities to be issued on or after the Effective Date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act"), or any securities regulatory authority of any state under applicable state securities law (collectively, the "Blue Sky Laws"). The Debtors will rely on section 1145 of the Bankruptcy Code to exempt the offer, issuance, and distribution of Securities of the Reorganized Debtors in connection with the Plan from registration under the Securities Act and the Blue Sky Laws. This Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy securities.

This Disclosure Statement contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that any forward-looking statements in this Disclosure Statement are based on assumptions that are believed to be reasonable, but are subject to a wide range of risks, including risks associated with the following: (a) future financial results and liquidity, including the ability to finance operations in the ordinary course of business; (b) the relationships with and payment terms provided by trade creditors; (c) additional post-restructuring financing requirements; (d) future dispositions and acquisitions; (e) the effect of competitive products, services, or procuring by competitors; (f) changes to the costs of commodities and raw materials; (g) the proposed restructuring and costs associated therewith; (h) the effect of conditions in the local, national, and global economy on the Debtors; (i) the ability to obtain relief from the bankruptcy court to facilitate the smooth operation of the Debtors' businesses under chapter 11; (j) the confirmation and consummation of the Plan; (k) the terms and conditions of the New Senior Secured Notes and New Nautical Equity to be entered into, or issued, as the case may be, pursuant to the Plan; and (l) each of the other risks identified in this Disclosure Statement. Due to these uncertainties, readers cannot be assured that any forward-looking statements will prove to be correct. The Debtors are under no obligation to (and expressly disclaim any obligation to) update or alter any forward-looking statements whether as a result of new information, future events, or otherwise, unless instructed to do so by the Bankruptcy Court.

You are cautioned that all forward-looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. The liquidation analysis, financial projections, and other projections and forward-looking information contained herein and attached hereto are only estimates, and the timing and amount of actual distributions to holders of Allowed Claims and Interests, among other things, may be affected by many factors that cannot be predicted. Any analyses, estimates, or recovery projections may or may not turn out to be accurate.

TABLE OF CONTENTS

EXHIBITS[3]

EXHIBIT A Plan of Reorganization

EXHIBIT B Restructuring Support Agreement

EXHIBIT C New Senior Secured Notes Exchange Agreement

EXHIBIT D Liquidation Analysis

EXHIBIT E Financial Projections

EXHIBIT F Assumed Executory Contract and Unexpired Lease List

EXHIBIT G Rejected Executory Contract and Unexpired Lease List

EXHIBIT H Restructuring Steps Memorandum

[3] Each Exhibit is incorporated herein by reference.

I. INTRODUCTION

Nautical Solutions, L.L.C. ("Nautical Solutions") and its debtor affiliate, as debtors and debtors in possession (collectively, the "Debtors"), submit this disclosure statement (this "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtors in connection with the solicitation of votes for acceptance of the *Joint Prepackaged Plan of Reorganization of Nautical Solutions, L.L.C. and its Debtor Affiliate Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"). A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

As explained more fully in Article IV.A of this Disclosure Statement, concurrently with the delivery of this Disclosure Statement and the solicitation of votes to accept or reject the Plan, the Debtors, with the support of the Consenting Creditors and the Consenting Members, are soliciting support from the holders of First Lien Claims for the Out-of-Court Exchange Transaction (defined below). Pursuant to the terms of the Restructuring Support Agreement, dated September 6, 2022 (the "Restructuring Support Agreement"), attached hereto as **Exhibit B**, if the Debtors obtain support for the Out-of-Court Exchange Transaction from holders of 100% of the First Lien Claims (the "Out-of-Court Restructuring Consent Threshold") by January 6, 2023, the Debtors will proceed with closing the Out-of-Court Exchange Transaction. However, if the Out-of-Court Restructuring Consent Threshold is not obtained, the Debtors will file voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") as early as on or about January 8, 2023 (the "Petition Date") to seek Confirmation of the Plan. Such milestones may be extended or waived in accordance with the terms of the Restructuring Support Agreement.

THE DEBTORS, THE CONSENTING CREDITORS, AND THE CONSENTING MEMBERS THAT HAVE EXECUTED THE RESTRUCTURING SUPPORT AGREEMENT, INCLUDING HOLDERS OF APPROXIMATELY 68% OF FIRST LIEN CLAIMS, BELIEVE THAT THE COMPROMISES CONTEMPLATED UNDER THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST RECOVERY TO STAKEHOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

II. PRELIMINARY STATEMENT[4]

The Debtors are a leading provider of vessel support services and solutions to petroleum exploration, extraction and production, oilfield service, and offshore construction customers. Headquartered in Cut Off, Louisiana, the Debtors service customers through a fleet of 29 state-of-the-art offshore service vessels (the "OSVs" or the "Vessels"). The Vessels primarily operate in the United States portion of the Gulf of Mexico, Guyana, and Brazil. Today, the Vessels provide vital support to customers undertaking the complex challenges in offshore drilling and production projects.

Despite the Debtors' strengths in their core markets, recent industry trends have had a material and adverse impact on the offshore energy industry. Over the course of the last eight years, the offshore industry sector has experienced a significant decline that has resulted in a decreased demand for maritime support services. This decrease in demand was fueled primarily by declining oil prices beginning in 2014 that led

---

[4] Capitalized terms used but not defined in this section have the meanings set forth in the Plan or elsewhere in this Disclosure Statement, as applicable.

to a reduction in planned drilling and production projects, and was further depressed by the unprecedented downturn that resulted from the coronavirus ("COVID-19") outbreak. Meanwhile, an oversupply of maritime support services created a supply-demand imbalance in the market that placed downward pressure on dayrates and profitability. Because of a worsening industry-wide downturn and oversupply of services that spanned nearly eight years, the Debtors were left with an over-levered balance sheet and insufficient liquidity to meet their near-term maturities under certain debt obligations. While the offshore drilling market has partially recovered over the course of the last year—with oil prices returning to pre-COVID-19 prices—remaining oversupply in the maritime support service market and lingering effects of the industry downturn have left the Debtors unable to meet their debt obligations.

Beginning in late spring 2021, the Debtors began working in earnest with their key stakeholders to facilitate a consensual restructuring transaction. The Debtors retained restructuring advisors in summer and fall 2021 and, on August 20, 2021, entered into separate forbearance agreements (each a "Forbearance Agreement" and, collectively, the "Forbearance Agreements") with certain of their lenders under each of the Credit Agreement and the Note Purchase Agreements (each as defined herein) with respect to the Debtors' then-current payments due to its Term Loan Lenders and Noteholders (each as defined herein). Pursuant to the Forbearance Agreements, the Term Loan Lenders and Noteholders agreed to forbear from exercising certain of their rights and remedies with respect to certain defaults by the Debtors. Around this time, the Debtors also established a Special Committee with a full delegation of authority to consider and approve potential restructuring transactions. In the fall and winter of 2021, the Debtors, their Special Committee, and their advisors began considering strategies related to upcoming interest payments and discussed alternatives with the Prepetition Secured Parties (as defined herein).

With the Forbearance Agreements in place, the Debtors and their advisors continued to discuss potential strategic alternatives with the Prepetition Secured Parties. The Debtors and their advisors explored several out-of-court mechanisms for implementation, including a potential recapitalization or sale of the Debtors' assets. In parallel with the negotiations, the Debtors also continued to operate their business, maintaining their relationships with their vendors and customers, securing new dayrate contracts, and continuing to operate the Debtors' fleet.

Although the Forbearance Agreements expired in January 2022, the Debtors and their key stakeholders continued to work collaboratively. The Debtors and their advisors explored the feasibility and attractiveness of a variety of potential alternatives, including M&A transactions, financing and refinancing solutions, and restructuring alternatives with existing lenders.

Ultimately, given the Debtors' financial and commercial profile, capital market conditions, various interests among the lenders, and difficulty and expense to transfer ownership or operatorship of the assets to a third-party, among other factors, it was determined that the optimal alternative was an in- or out-of-court restructuring transaction supported by the Noteholder Ad Hoc Group and certain of the Term Loan Lenders with an in-court backstop should the Out-of-Court Restructuring Consent Threshold not be reached. In connection therewith, the Debtors and the Consenting Creditors (as defined in the Restructuring Support Agreement) instead focused their efforts on negotiating the terms of such a transaction, including additional collateral protections as part of an enhanced collateral package, as detailed further in the Restructuring Term Sheet (the "Enhanced Collateral Package"), which contemplates a series of documentation necessary to consummate the issuance of the New Senior Secured Notes.

In early June 2022, principals of the Noteholders and Term Loan Lenders, certain of the Debtors' equity holders, and key members of the Debtors' management team (as well as all parties' respective advisors) held an all-day series of in-person meetings to negotiate the terms of a potential path forward. The negotiations were hard-fought, occasionally contentious, and exhaustive.

But these efforts bore fruit, and an agreement in principle was reached regarding a deleveraging transaction whereby the Debtors would issue one series of new senior secured notes with the Enhanced Collateral Package in favor of all of the Debtors' secured creditors.

Over the ensuing few months, the Debtors, the Consenting Stakeholders, and their respective advisors worked diligently to finalize negotiations and document the agreement reached during the June 2022 meetings. During this time, the Special Committee met weekly, and the Debtors were in regular contact with the advisors to the Prepetition Secured Parties.

On September 6, 2022, the Debtors, all of the Debtors' equity holders, the Noteholders, and certain of the Term Loan Lenders executed the Restructuring Support Agreement, which was substantially on the terms discussed at the in-person meetings in June. Today, the Restructuring Support Agreement continues to have the support of 100% of the Debtors' equity holders and holders of approximately 68% of the First Lien Claims (including 100% of the Noteholders).

The key terms of the Restructuring Support Agreement, which are reflected in the Plan, include:

- treatment for holders of First Lien Claims, who shall receive: (a) the New Senior Secured Notes;[5] (b) any excess Cash distribution owed and payable in accordance with section 4.9(a) of the New Senior Secured Notes Exchange Agreement; and (c) additional Cash in an amount calculated at a rate of 8.50% per annum on $587,500,000 for the period from September 1, 2022 through the Effective Date, in accordance with section 8.1(b) of the New Senior Secured Notes Exchange Agreement;

- an Enhanced Collateral Package for the benefit of the New Senior Secured Noteholders, including, among other things, new Master Services Agreements documenting material shared services and other intercompany arrangements between the Debtors and ECO Affiliates, new IP licensing arrangements, and various undertakings and support agreements;

- assumption of the Asset Sale Documents;

- repayment in full or reinstatement of all unsecured trade claims; and

- reinstatement of all equity interests in the Nautical Solutions.

The Restructuring Support Agreement contains certain milestones (the "Milestones"), including emergence from chapter 11 within sixty (60) days following the Petition Date. The Debtors believe they can confirm a plan of reorganization and emerge from chapter 11 within this timeframe, thereby preserving the value inherent in the Restructuring Support Agreement, without prejudicing the ability of any party to assert its rights in these Chapter 11 Cases.

Importantly, the Restructuring Support Agreement provides the Debtors with significant flexibility regarding the implementation mechanisms for effectuating the terms of the deal. By its terms, the Restructuring Support Agreement contemplates either an out-of-court restructuring or in-court restructuring, depending on the level of support from holders of First Lien Claims. If 100% of the holders

---

[5] The New Senior Secured Notes shall be issued to the holders of First Lien Claims as of the Effective Date in the aggregate principal amount of $587,500,000, subject to reduction in principal as a result of the excess Cash sweep at close, which the Debtors currently expect to be between $10 million and $15 million.

of the First Lien Claims vote in favor of the deal, the Debtors will implement the Restructuring Transactions pursuant to an out-of-court private exchange transaction. If less than 100% of the holders of the First Lien Claims vote in favor of the deal, the Debtors will file for chapter 11 and seek confirmation of the Plan.

The Restructuring Support Agreement is a significant achievement for the Debtors. The Debtors strongly believe that the Plan is in the best interests of the Debtors' estates and represents the best available alternative at this time. Given the core strengths of the Debtors' business and go-forward commitments for continuing support from the ECO Affiliates, the Debtors are confident that they can implement the Restructuring Support Agreement's deleveraging transaction and emerge from chapter 11 with long-term viability. For these reasons, the Debtors strongly recommend that holders of First Lien Claims vote to accept the Plan.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE CHAPTER 11 PROCESS

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtors' Claims and Noticing Agent, Kurtzman Carson Consultants LLC ("KCC"), via one of the following methods:

By regular mail, overnight mail, or e-mail at:
Nautical Ballot Processing
c/o KCC
222 N Pacific Coast Highway, Suite 300
El Segundo, CA 90245
NauticalSolutionsInfo@kccllc.com

By telephone (toll free) at:
(866) 523-2941

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the KCC at the address above or by downloading the exhibits and documents from KCC website at http://www.kccllc.net/nautical (free of charge) or the Bankruptcy Court's website at http://www.txs.uscourts.gov (for a fee).

C. Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan. The Confirmation Hearing will be scheduled by the Bankruptcy Court shortly after the commencement of the Chapter 11 Cases. All parties in interest will be served notice of the time, date, and location of the Confirmation Hearing once scheduled.

D. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

E. Why are the Debtors sending me this Disclosure Statement?

Concurrently with the delivery of this Disclosure Statement and the solicitation of votes to accept or reject the Plan, the Debtors, with the support of the Consenting Creditors and the Consenting Members, are soliciting support from the holders of First Lien Claims for the Out-of-Court Exchange Transaction. Pursuant to the terms of the Restructuring Support Agreement, if the Out-of-Court Restructuring Consent Threshold is not reached by January 6, 2023, the Debtors will commence the Chapter 11 Cases to seek Confirmation of the Plan.[6]

If the Chapter 11 Cases are commenced, the Debtors will need to obtain Bankruptcy Court approval of the Plan to implement the Restructuring Transactions. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all holders of claims whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

F. Why are votes being solicited prior to Bankruptcy Court approval of the Disclosure Statement?

By sending this Disclosure Statement and soliciting the Plan prior to approval by the Bankruptcy Court, the Debtors are preparing to seek Confirmation of the Plan shortly after commencing the Chapter 11 Cases. The Debtors will ask the Bankruptcy Court to approve this Disclosure Statement

[6] Such milestones may be extended or waived in accordance with the terms of the Restructuring Support Agreement.

together with Confirmation of the Plan at the same hearing, on or around February 13, 2023, subject to the Bankruptcy Court's approval and availability.

G. What is the deadline to vote on the Plan?

The deadline to vote on the plan (the "Voting Deadline") is January 6, 2023, at 5:00 p.m. (prevailing Central Time).

H. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to holders of Claims that are entitled to vote on the Plan. Only holders of Claims in Class 3 (First Lien Claims) are entitled to vote to accept or reject the Plan. For your vote to be counted, for Class 3, the applicable ballot must be properly completed, executed, and delivered as directed, so that the ballot containing your vote is **actually received** by the Debtors' Claims and Noticing Agent **on or before the Voting Deadline, *i.e.*, January 6, 2023, at 5:00 p.m., prevailing Central Time**. *See* Article X of this Disclosure Statement, entitled, "Solicitation AND Voting Procedures" which begins on page 49 for more information.

IV. THE DEBTORS' RESTRUCTURING SUPPORT AGREEMENT AND PLAN

A. Restructuring Support Agreement and Plan

On September 6, 2022, after months of arm's-length, good faith negotiations overseen by Nautical Solutions' independent special committee, the Debtors and the Consenting Stakeholders, including holders representing, in the aggregate, approximately 68% of the First Lien Claims as of the date hereof, executed the Restructuring Support Agreement. Since executing the Restructuring Support Agreement, the Debtors have documented the terms of the restructuring contemplated thereby, including the Plan, a copy of which is attached hereto as **Exhibit A**.

Under the Restructuring Support Agreement, the Consenting Creditors, the Consenting Members, and the Debtors agreed, subject to the terms and conditions thereof, to support a deleveraging transaction to restructure the Debtors' balance sheet. In the event that the Out-of-Court Restructuring Consent Threshold is reached by January 6, 2023, the Debtors will commence an out-of-court private exchange of First Lien Claims for New Senior Secured Notes on the terms and conditions set forth in the New Senior Secured Notes Documents (the "Out-of-Court Exchange Transaction"), which includes, without limitation, the New Senior Secured Notes Exchange Agreement, a copy of which is attached hereto as **Exhibit C**. If the Out-of-Court Restructuring Consent Threshold is not reached by January 6, 2023, the Debtors will commence the Chapter 11 Cases to seek Confirmation of the Plan and the holders of First Lien Claims will receive the treatment set forth in the Plan (as described in Article IV.C below).

The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern.

B. Classification of Claims and Interests under the Plan

Your ability to vote on, and your distribution under, the Plan (if any) depends on what type of Claim or Interest you hold and whether you held that Claim or Interest as of the Voting Record Date (as defined herein). Each category of holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below:

Class	Claim or Interest	Status	Voting Rights
1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	First Lien Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
5	Intercompany Claims	Impaired/Unimpaired	Not Entitled to Vote (Deemed to Accept/Reject)
6	Intercompany Interests	Impaired/Unimpaired	Not Entitled to Vote (Deemed to Accept/Reject)
7	Existing Nautical Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept)

C. Treatment of Classes of Claims and Interests under the Plan

The following chart provides a summary of the anticipated recovery to holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims as of 12/22/22 (in millions)**	**Projected Recovery Under the Plan (as of 12/22/22)**
1	Other Secured Claims	Each holder of an Allowed Other Secured Claim shall receive, at the Debtors' option with the consent of the Required Consenting Creditors: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Allowed Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim Unimpaired.	N/A	100%
2	Other Priority Claims	Each holder of an Allowed Other Priority Claim shall receive treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code.	N/A	100%

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims as of 12/22/22 (in millions)**	**Projected Recovery Under the Plan (as of 12/22/22)**
3	First Lien Claims	Each holder of an Allowed First Lien Claim shall receive its Pro Rata share of: (a) the New Senior Secured Notes; (b) any excess Cash distribution owed and payable in accordance with section 4.9(a) of the New Senior Secured Notes Exchange Agreement; and (c) additional Cash in an amount calculated at a rate of 8.50% per annum on $587,500,000 for the period from September 1, 2022 through the Effective Date, in accordance with section 8.1(b) of the New Senior Secured Notes Exchange Agreement.	$740,951,479	85.6%
4	General Unsecured Claims	Each holder of an Allowed General Unsecured Claim shall receive, at the Debtors' option with the consent of the Required Consenting Creditors, either: (a) payment in full in Cash; (b) Reinstatement of its Allowed General Unsecured Claim; or (c) such other treatment rendering such Allowed General Unsecured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.	N/A	100%
5	Intercompany Claims	Each holder of an Allowed Intercompany Claim shall have its Claim Reinstated, set off, settled, distributed, contributed, cancelled, released, or extinguished (in each case, without any distribution) at the Debtors' election and in their reasonable discretion such that such Allowed Intercompany Claims are treated in a tax-efficient manner to the extent reasonably practicable.	N/A	100%
6	Intercompany Interests	Intercompany Interests shall be Reinstated, set off, settled, distributed, contributed, cancelled, and released without any distribution on account of such Intercompany Interests, or such other treatment as reasonably determined by the Debtors, at the Debtors' election and in their reasonable discretion such that Intercompany Interests are treated in a tax-efficient manner to the extent reasonably practicable.	N/A	100%
7	Existing Nautical Interests	Existing Nautical Interests shall be Reinstated.	N/A	100%

D. Administrative Claims, Professional Fee Claims, and Priority Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan.

1. Administrative Claims

Except with respect to Professional Fee Claims and Restructuring Expenses, and except to the extent that an Administrative Claim has already been paid during the Chapter 11 Cases or a holder of an Allowed Administrative Claim and the Debtors, or the Reorganized Debtors, as applicable, agree to less favorable treatment, each holder of an Allowed Administrative Claim will receive in full and final

satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed as of the Effective Date, on or as soon as reasonably practicable after the Effective Date (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than sixty (60) days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim and otherwise in accordance with the Cash Collateral Orders without any further action by the holders of such Allowed Administrative Claim; or (4) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

2. Professional Fee Claims

a. Final Fee Applications and Payment of Professional Fee Claims

All requests for payment of Professional Fee Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be Filed and served on the Entities designated by the Bankruptcy Rules, the Confirmation Order, or other order of the Bankruptcy Court no later than forty-five (45) days after the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Reorganized Debtors shall pay Professional Fee Claims in Cash in the amount Allowed by the Bankruptcy Court, including from the Professional Fee Escrow Account, which the Reorganized Debtors will establish in trust for the Professionals and fund with Cash equal to the Professional Fee Amount on the Effective Date.

b. Professional Fee Escrow Account

On the Restructuring Effective Date, the Reorganized Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Amount, which shall be funded by the Reorganized Debtors. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals. Such funds shall not be considered property of the Estates of the Debtors or the Reorganized Debtors. The amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed; *provided* that such obligations with respect to Allowed Professional Fee Claims shall not be limited nor be deemed limited to funds held in the Professional Fee Escrow Account. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be paid to the Reorganized Debtors without any further action or order of the Bankruptcy Court.

c. Professional Fee Amount

Professionals shall reasonably estimate their unpaid Professional Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Effective Date, and shall deliver such estimate to the Debtors no later than five days before the Effective Date; *provided* that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of each Professional's final request for payment in the Chapter 11 Cases. If a Professional does not provide an estimate, the Debtors or Reorganized Debtors may estimate the unpaid and unbilled fees and expenses of such Professional.

d. Post-Confirmation Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors or Reorganized Debtors, as applicable, shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses related to implementation of the Plan and Consummation incurred by the Debtors. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors or the Reorganized Debtors, as applicable, may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

4. Payment of Restructuring Expenses

To the extent not otherwise paid, the Debtors or the Reorganized Debtors, as applicable, shall promptly pay in Cash in full outstanding and invoiced Restructuring Expenses as follows: (i) on the Effective Date, Restructuring Expenses incurred, or estimated to be incurred, during the period prior to the Effective Date to the extent invoiced to the Debtors at least two (2) Business Days in advance and (ii) after the Effective Date, any unpaid Restructuring Expenses within five (5) Business Days of receiving an invoice; *provided* that such Restructuring Expenses shall be paid in accordance with the terms of any applicable engagement letters or other contractual arrangements without the requirement for the filing of retention applications, fee applications, or any other applications in the Chapter 11 Cases, and without any requirement for further notice or Bankruptcy Court review or approval; *provided further* that, to the extent timely invoiced, Restructuring Expenses that are not paid by the Debtors or the Reorganized Debtors, as applicable, within the timeframes set forth in this Article II.D of the Plan, such Restructuring Expenses shall not be deemed waived and shall be included in a subsequent invoice.

5. Cash Collateral Claims

On the Effective Date, the Debtors shall pay in full in Cash any Claims outstanding under the Cash Collateral Orders.

E. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' or the Reorganized Debtors' rights regarding any Unimpaired Claims, including, all rights regarding legal and equitable defenses to, or setoffs or recoupments against, any such Unimpaired Claims.

F. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a holder of an Allowed Claim or Allowed Interest as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

G. Intercompany Interests

To the extent Reinstated under the Plan, for the avoidance of doubt, distributions on account of Intercompany Interests are not being received by holders of such Intercompany Interests on account of their Intercompany Interests but for the purposes of administrative convenience and due to the importance of maintaining the prepetition corporate structure for the ultimate benefit of the holders of New Nautical Equity, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the holders of Allowed Claims.

H. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by one or more of the Classes entitled to vote pursuant to Article III.B of the Plan. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including by modifying the treatment applicable to a Class of Claims or Interests to render such Class of Claims or Interests Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules.

I. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date or such other date as fixed by the Bankruptcy Court.

J. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors and Reorganized Debtors, as applicable, reserve the right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

K. Means for Implementation of the Plan

1. General Settlement of Claims and Interests

As discussed in detail herein and as otherwise provided in the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan, including (1) any challenge to the amount, validity, perfection (as applicable), enforceability, priority or extent of the First Lien Claims, and (2) any claim to avoid, subordinate, or disallow any First Lien Claims, whether under any provision of chapter 5 of the Bankruptcy Code, on any equitable theory (including equitable subordination, equitable disallowance, or unjust enrichment) or otherwise. The Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement

under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable and in the best interests of the Debtors and their Estates. Subject to Article VI of the Plan, all distributions made to holders of Allowed Claims and Allowed Interests (as applicable) in any Class are intended to be and shall be final.

2. Restructuring Transactions

On or before the Effective Date, the applicable Debtors or the Reorganized Debtors shall enter into and shall take any actions as may be necessary, appropriate, or desirable to effectuate the Restructuring Transactions, including as set forth in the Restructuring Steps Memorandum. The actions to implement the Restructuring Transactions may include but shall not be limited to: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and the Restructuring Support Agreement, and that satisfy the applicable requirements of applicable Law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and the Restructuring Support Agreement, and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, formation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial Law; and (4) all other actions that the applicable Entities determine to be necessary, including making filings or recordings that may be required by applicable Law in connection with the Plan and the Restructuring Support Agreement. The Confirmation Order shall and shall be deemed pursuant to sections 363 and 1123 of the Bankruptcy Code to authorize, among other things, all actions as may be necessary, appropriate, or desirable to effectuate any transaction described in, contemplated by, or necessary to effectuate the Plan.

3. Reorganized Debtors

On the Effective Date, if applicable, the Reorganized Debtors shall adopt the New Organizational Documents, which shall include appropriate provisions assuring compliance with the Jones Act. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary to consummate the Plan, in all respects consistent with and subject to the Restructuring Support Agreement. Cash payments to be made pursuant to the Plan will be made by the Debtors or Reorganized Debtors.

4. Asset Sale

On the Effective Date, the Asset Sale Documents shall be deemed assumed. Entry of the Confirmation Order by the Bankruptcy Court shall constitute a court order approving the assumption of the Asset Sale Documents. The proceeds of the Asset Sale shall be allocated and distributed in accordance with the New Senior Secured Notes Exchange Agreement.

5. Enhanced Collateral Package

The Debtors will provide the holders of the New Senior Secured Notes (the "New Noteholders") with an Enhanced Collateral Package that contemplates a series of documentation necessary to consummate the issuance of the New Senior Secured Notes. The Enhanced Collateral Package supporting documents will include:

- New Senior Secured Notes Exchange Agreement

- Copyright License Agreement
- Patent and Know-How License Agreement
- Control Agreements
- Master Services Agreement
- Support Agreement
- Security Agreement
- Pledge Agreement

6. Sources of Consideration for Restructuring Transactions

The Debtors and the Reorganized Debtors, as applicable, shall fund distributions and the Restructuring Transactions contemplated under the Plan with: (1) the issuance of the New Senior Secured Notes; (2) New Nautical Equity; and (3) Cash on hand, including Cash from operations and the Asset Sale.

a. Issuance of the New Senior Secured Notes

On the Effective Date, Reorganized Nautical will issue the New Senior Secured Notes, on the terms set forth in the New Senior Secured Notes Documents. On the Effective Date, all Liens and security interests granted or confirmed (as applicable) pursuant to, or in connection with, the New Senior Secured Notes Documents shall be deemed granted, assigned, or confirmed (as applicable) by the Reorganized Debtors pursuant to the New Senior Secured Notes Documents, and all Liens and security interests granted, assigned, or confirmed (as applicable) pursuant to, or in connection with, the New Senior Secured Notes Documents (including any Liens and security interests granted, assigned, or confirmed (as applicable) on the Reorganized Debtors' assets) shall (i) be valid, binding, and enforceable Liens and security interests on the property described in the New Senior Secured Notes Documents, (ii) shall be deemed automatically attached and perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the New Senior Secured Notes Documents, (iii) not be enjoined or subject to discharge, impairment, release, avoidance, recharacterization, or subordination under any applicable Law, the Plan, or the Confirmation Order; and (iv) shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or applicable non-bankruptcy Law. On the Effective Date, each holder of Allowed First Lien Claims entitled to a distribution under the Plan shall be deemed to be party to, and bound by, the New Senior Secured Notes Exchange Agreement regardless of whether such holder has executed a signature page thereto. Upon request by the New Senior Secured Notes Agent, each holder of Allowed First Lien Claims entitled to a distribution hereunder shall promptly furnish all information reasonably required by the New Senior Secured Notes Agent to administer the New Senior Secured Notes, including, but not limited to, tax information, tax forms, administrative questionnaires, and any information necessary to conduct customary "know your customer" and anti-money laundering processes.

b. New Nautical Equity

On the Effective Date, as set forth in the Restructuring Steps Memorandum, the holders of Interests in Debtor Nautical Solutions shall contribute their equity interests to New Nautical HoldCo. In exchange, the holders of Interests in Nautical Solutions shall receive Interests in New Nautical HoldCo.

c. Cash on Hand

The Debtors or Reorganized Debtors, as applicable, shall use Cash on hand to fund distributions, consistent with the terms of the Plan.

7. Corporate Existence

Except as otherwise provided in the Plan or Plan Supplement, each Debtor shall continue to exist after the Effective Date as a separate corporate Entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable Law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal Law).

8. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including: (1) adoption or assumption, as applicable, of the agreements with existing management (including as provided by the ECO Affiliates); (2) selection of the member-managers and officers for the Reorganized Debtors; (3) implementation of the Restructuring Transactions; (4) the issuance and distribution of the New Nautical Equity; (5) issuance and exchange of the New Senior Secured Notes and entry into the New Senior Secured Notes Documents; (6) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date); (7) adoption of the New Organizational Documents; (8) the rejection, assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; and (9) all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the Restructuring Transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate, partnership, limited liability company, or other governance action required by the Debtors or the Reorganized Debtors, as applicable, in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Security holders, member-managers, or officers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, Securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the New Nautical Equity, the New Organizational Documents, the New Senior Secured Notes, and any and all other agreements, documents, Securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV.G of the Plan shall be effective notwithstanding any requirements under non-bankruptcy Law.

9. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Confirmation Order, the Plan (including, for the avoidance of doubt, the Restructuring Steps Memorandum), or any agreement, instrument, or other document incorporated in, or entered into in connection with or pursuant to, the Plan or Plan Supplement, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens,

Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

10. Cancellation of Notes, Instruments, Certificates, and Other Documents

On the Effective Date, except to the extent otherwise provided in the Confirmation Order, the Plan, or in the Restructuring Term Sheet, as applicable, all notes, instruments, certificates, and other documents evidencing Claims or Interests, in each case, including credit agreements and indentures, shall be canceled, and the Debtors and the Reorganized Debtors' obligations thereunder or in any way related thereto shall be deemed satisfied in full and discharged except, with respect to the Notes Purchase Agreements and the Credit Agreement, as necessary to allow the receipt of and to make distributions under the Plan in accordance with the terms of the Notes Purchase Agreements or the Credit Agreement, as applicable; *provided* that the Fleet Mortgage and any indemnity, reimbursement, or similar provision in favor of the Agent or Trustee in any credit agreement, note purchase agreement, security document, ancillary document, or intercreditor agreement related to the Term Loans or the Notes that by the terms of such agreement survives the termination of such agreement, shall remain in full force and effect notwithstanding the consummation of the Restructuring Transactions. On the Effective Date, the Fleet Mortgage shall be assigned by the Agent to the New Senior Secured Notes Agent in accordance with the terms of the New Senior Secured Notes Documents.

Notwithstanding the foregoing, any provision in any document, instrument, lease, or other agreement that causes or effectuates, or purports to cause or effectuate, a default, termination, waiver, or other forfeiture of, or by, the Debtors as a result of the cancellations, terminations, satisfaction, releases, or discharges provided for in the Plan shall be deemed null and void and shall be of no force and effect.

11. New Organizational Documents

On or immediately prior to the Effective Date, the New Organizational Documents, if applicable, shall be automatically adopted by the applicable Reorganized Debtors. To the extent required under the Plan or applicable non-bankruptcy Law, each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state or country of organization if and to the extent required in accordance with the applicable Laws of the respective state or country of organization. The New Organizational Documents will prohibit the issuance of non-voting equity Securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents in accordance with the terms thereof, and the Reorganized Debtors may file such amended certificates or articles of incorporation, bylaws, or such other applicable formation documents, and other constituent documents as permitted by the Laws of the respective states, provinces, or countries of incorporation and the New Organizational Documents.

12. Member-Managers and Officers of the Reorganized Debtors

Nautical Solutions, L.L.C. is a member-managed limited liability company. On the Effective Date, the current member-managers of Nautical Solutions shall be the member-managers of New Nautical HoldCo. The officers and overall management structure of New Nautical HoldCo, and all officers and management decisions with respect to the Reorganized Debtors and New Nautical HoldCo (and/or any of its direct or indirect subsidiaries), compensation arrangements, and affiliate transactions shall be subject to the required approvals and consents set forth in the New Organizational Documents (which shall include

appropriate provisions assuring compliance with the Jones Act) and shall be subject to and comply with the terms of the New Senior Secured Notes Documents.

From and after the Effective Date, each officer or member-manager of Reorganized Nautical or New Nautical HoldCo (as applicable) shall be appointed and serve pursuant to the terms of their respective charters and bylaws or other formation and constituent documents, the New Organizational Documents, and applicable Laws of the respective Reorganized Debtor's or New Nautical HoldCo's (as applicable) jurisdiction of formation. To the extent that any such member-manager or officer of the Reorganized Debtors is an "insider" pursuant to section 101(31) of the Bankruptcy Code, the Debtors will disclose the nature of any compensation to be paid to such member-manager or officer.

13. Effectuating Documents; Further Transactions

On and after the Confirmation Date, the Debtors and the Reorganized Debtors, and their respective officers or member-managers (as applicable), are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Restructuring Steps Memorandum, the New Senior Secured Notes Documents, and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

14. Certain Securities Law Matters

All New Nautical Securities issued under this Plan will be exempt from, among other things, the registration and prospectus delivery requirements under the Securities Act or any similar federal, state, or local Laws in reliance upon section 1145 of the Bankruptcy Code. The availability of the exemption under section 1145 of the Bankruptcy Code or any other applicable securities Laws shall not be a condition to the occurrence of the Effective Date.

Should the Debtors or the Reorganized Debtors, as applicable, elect on or after the Effective Date to reflect any ownership of the New Nautical Securities to be issued under the Plan through the facilities of DTC, the Debtors or the Reorganized Debtors, as applicable, need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of such applicable portion of the New Nautical Securities to be issued under the Plan under applicable securities Laws, and such Plan or Confirmation Order shall be deemed to be legal and binding obligations of the Reorganized Debtors in all respects.

DTC and other Persons and Entities shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether the New Nautical Securities to be issued under the Plan are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services. Notwithstanding anything to the contrary in the Plan, no Person or Entity (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the New Nautical Securities to be issued under the Plan are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

15. Section 1146 Exemption

To the fullest extent permitted by section 1146(a) of the Bankruptcy Code, any transfers (whether from a Debtor to a Reorganized Debtor or to any other Person) of property under the Plan or pursuant to:

(1) the issuance, Reinstatement, distribution, transfer, or exchange of any debt, Security, or other interest in the Debtors or the Reorganized Debtors; (2) the Restructuring Transactions; (3) the creation, modification, consolidation, termination, refinancing, and/or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (4) the making, assignment, or recording of any lease or sublease; (5) the grant of collateral as security for any or all of the New Senior Secured Notes; or (6) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment. All filing or recording officers (or any other Person with authority over any of the foregoing), wherever located and by whomever appointed, shall comply with the requirements of section 1146(c) of the Bankruptcy Code, shall forego the collection of any such tax or governmental assessment, and shall accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

16. Employee Matters

The Debtors may, in the ordinary course of business and consistent with past practice, continue their wages, compensation, and benefits programs. On the Effective Date, the Debtors shall (a) assume all existing employment agreements, indemnification agreements, or other employment-related agreements entered into with current and former employees or (b) with the consent of the Required Consenting Creditors (not to be unreasonably withheld or delayed), enter into new agreements with such employees on terms and conditions acceptable to the Debtors and such employee.

17. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII of the Plan.

The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article VIII of the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article VIII of the Plan, or pursuant to Bankruptcy Court order. The Reorganized Debtors, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

18. Master Services Agreements

On or prior to the Effective Date, Nautical Solutions or Reorganized Nautical, as applicable, the applicable ECO Affiliates, and the Consenting Creditors shall enter into and adopt the Master Services Agreements, as provided in the Restructuring Term Sheet.

The Master Services Agreements shall document any material shared services or other intercompany arrangements (including any intellectual property or information technology licenses contemplated by the New Senior Secured Notes Term Sheet) provided to Nautical Solutions or Reorganized Nautical, as applicable, by the ECO Affiliates and all such agreements shall consider the holders of New Senior Secured Notes to be third-party beneficiaries and shall grant such holders an assignable pledge thereunder where services are rendered to Nautical Solutions or Reorganized Nautical, as applicable, with such services to be provided at market rates (where market rates are publicly available to third parties) or otherwise to be negotiated and reflected in the Master Services Agreements. In connection with an exercise of remedies, the Master Services Agreements shall provide that such shared services will continue to be made available to Nautical Solutions or Reorganized Nautical, as applicable, for the benefit of the holders of the New Senior Secured Notes, their affiliates, designees and/or any unaffiliated third-party purchasers for one (1) year from the date of change of control of Nautical Solutions or Reorganized Nautical, as applicable.

Except as specifically provided above, the arrangements above will be provided to Nautical Solutions or Reorganized Nautical, as applicable, until the obligations with respect to New Senior Secured Notes are paid in full and, additionally, the Enhanced Collateral Package (as defined in the New Senior Secured Notes Term Sheet) will benefit the holders of the New Senior Secured Notes (or any agent or designee on their behalf in connection with an exercise of remedies) and any third party purchaser to which any collateral is sold until the date that is one (1) year following the occurrence of a change of control of Nautical Solutions or Reorganized Nautical, as applicable; it being understood and agreed that any intellectual property and information technology licenses will continue to benefit such third party purchaser on a perpetual basis.

19. Support Agreement

In addition to managers' undertakings similar to the Debtors' existing forms, the applicable ECO Affiliates, as contemplated in the Restructuring Term Sheet and the New Senior Secured Notes Term Sheet, will provide to Nautical Solutions or Reorganized Nautical, as applicable, for the benefit of the holders of the New Senior Secured Notes, their affiliates, designees and/or any unaffiliated third-party purchasers (in connection with a change of control in connection with an exercise of remedies), at their elections the following, which shall be reflected in the Support Agreement: (a) vessel operations and management support for one (1) year from the date of change of control of Nautical Solutions or Reorganized Nautical,

as applicable, with the cost included in the Galliano Marine Services overhead charge (as set forth in the New Senior Secured Notes Exchange Agreement); (b) appropriate services to support delivery of vessels to a U.S. port of such party's choosing with the cost of such support charged at market rates; (c) other services such as shipyard repairs and maintenance on an ongoing basis at market rates (where market rates are publicly available to third parties); *provided* that such services will be provided on a commercial best-efforts basis subject to crew availability (where crew is not already placed and therefore, available), shipyard availability, and other such factors; and (d) any necessary training or other support services to allow holders of the New Senior Secured Notes, their affiliates, designees, and/or any unaffiliated third-party purchasers (in connection with a change of control in connection with an exercise of remedies) to properly operate the licensed IP and technology. Creditor-owned or transferred vessels shall not be prioritized nor disadvantaged versus other ECO Affiliate-owned vessels that require like services, employees, or parts at the same time.

L. Recommendation by the Debtors

The Debtors believe that the Plan provides for a higher distribution to the Debtors' stakeholders, taken as a whole, than would otherwise result from any other available alternative. The Debtors believe that the Plan, which contemplates a significant deleveraging of the Debtors' balance sheet and enables them to emerge from chapter 11 expeditiously, is in the best interest of all holders of Claims or Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan. Accordingly, the Debtors recommend that you vote in favor of the Plan.

V. QUESTIONS AND ANSWERS REGARDING THE DEBTORS' RESTRUCTURING PLAN

A. Who Supports the Plan?

The Plan is supported by the Debtors, the Consenting Members, and the Consenting Creditors that have executed the Restructuring Support Agreement, including holders of approximately 68% of the First Lien Claims.

B. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative may provide holders of Claims with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* Article XI.B of this Disclosure Statement, entitled "Best Interests of Creditors/Liquidation Analysis," which begins on page 50, and the liquidation analysis attached hereto as **Exhibit D** (the "Liquidation Analysis").

C. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation" and "Effective Date?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims and Interests will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. *See* Article XI of this Disclosure Statement, entitled "Confirmation of the Plan," which begins on page 50, for a discussion of the conditions precedent to consummation of the Plan.

D. Are there risks to owning the New Senior Secured Notes upon emergence from chapter 11?

Yes. *See* Article IX of this Disclosure Statement, entitled "Risk Factors," which begins on page 33.

E. Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan as well, which objections potentially could give rise to litigation. *See* Article IX.C.9 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases," which begins on page 45.

F. Will the final amount of Allowed General Unsecured Claims affect the recovery of Holders of Allowed General Unsecured Claims under the Plan?

Each Holder of an Allowed General Unsecured Claim shall have, at the Debtors' option with the consent of the Required Consenting Creditors, either: (i) payment in full in Cash; (ii) Reinstatement of its Allowed General Unsecured Claim; or (iii) such other treatment rendering its Allowed General Unsecured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code.

G. How will the preservation of the Causes of Action impact my recovery under the Plan?

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII of the Plan.

The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan, including Article VIII.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article VIII of the Plan, or pursuant to Bankruptcy Court order. The Reorganized Debtors, through its authorized agents or representatives, shall retain and may exclusively

enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

H. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations among the Debtors and the Consenting Creditors in obtaining their support for the Plan pursuant to the terms of the Restructuring Support Agreement.

The Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize and preserve the going-concern value of the Debtors for the benefit of all parties in interest. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part below.

IMPORTANTLY, ALL HOLDERS OF CLAIMS OR INTERESTS WHO VOTE IN FAVOR OF THE PLAN ARE INCLUDED IN THE DEFINITION OF "RELEASING PARTIES" AND WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES. THE RELEASES ARE AN INTEGRAL ELEMENT OF THE PLAN.

1. Releases by the Debtors

Except as expressly set forth herein or in the Confirmation Order, effective on the Effective Date, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party that is not an ECO Affiliate is hereby deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged by each and all of the Debtors, and each of their respective current and former Affiliates, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, including any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in Law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or any other Entity, based on or relating to, or in any

manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- and out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents, the pre- and postpetition marketing and sale process including any Asset Sale Documents, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing, or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Documents, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan and the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, the Debtors' releases shall not be construed as (a) releasing any Released Party from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence; or (b) releasing any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

2. Releases by Holders of Claims and Interests

Effective on the Effective Date, except (i) as expressly set forth herein or in the Confirmation Order; (ii) for the right to enforce the Plan, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, including the obligations of the Debtors under the Plan and the contributions of the Released Parties to facilitate and implement the Plan, to the fullest extent permissible under applicable Law, as such Law may be extended or integrated after the date upon which the Bankruptcy Court enters the Confirmation Order, on or after the Effective Date, each Released Party, is hereby deemed expressly, conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged by each and all of the Releasing Parties (other than the Debtors and the Reorganized Debtors), in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, remedies, and liabilities, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in Law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- and out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents,

the pre- and post-petition marketing and sale process including any Asset Sale Documents, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Documents, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing; *provided* that nothing herein shall be construed as (a) releasing any Released Party from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence; (b) releasing any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or; (c) releasing any Claims or Causes of Action by any Releasing Party against any Released Party arising from any financing or other transaction unrelated to the Debtors or the Chapter 11 Cases.

3. Exculpation

Except as expressly provided in the Plan or in the Confirmation Order, no Exculpated Party shall have or incur liability for, and each Exculpated Party shall be released and exculpated from any and all Claims, Interests, obligations, rights, suits, damages, Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of the Chapter 11 Cases prior to the Effective Date (including the the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Documents, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable Laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan, or such distributions made pursuant to the Plan.

This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable Laws, rules, or regulations protecting such Exculpated Parties from liability. Notwithstanding anything to the contrary in the foregoing, the

exculpation set forth in the Plan shall not be construed as exculpating any party or Entity from its post-Effective Date obligations under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

4. Injunction

Except as otherwise expressly provided herein or in the Confirmation Order, or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been extinguished, released, discharged, or are subject to exculpation, whether or not such Entities vote in favor of, against or abstain from voting on the Plan or are presumed to have accepted or deemed to have rejected the Plan, and other parties in interests, along with their respective present or former employees, agents, officers, directors, principals, affiliates, and Related Parties are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, and the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has timely filed a motion with the Bankruptcy Court expressly requesting the right to perform such setoff, subrogation or recoupment on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable Law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

By accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Interest extinguished, discharged, or released pursuant to the Plan will be deemed to have affirmatively and specifically consented to be bound by the Plan, including, without limitation, the injunctions set forth above.

The injunctions set forth above shall extend to any successors of the Debtors, the Reorganized Debtors, the Released Parties, and the Exculpated Parties and their respective property and interests in property.

No Person or Entity may commence or pursue a Claim or Cause of Action of any kind against the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action subject to Article VIII.C, Article VIII.D, and Article VIII.E hereof, without the Bankruptcy Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim of any kind, and (ii) specifically authorizing such Person or Entity to bring such Claim or Cause of Action against any such Debtor, Reorganized Debtor, Exculpated Party, or Released Party.

The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

I. What is the effect of the Plan on the Debtors' ongoing businesses?

If the Debtors commence the Chapter 11 Cases, they will be reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date means that the Debtors will ***not*** be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is the date that is the first Business Day after the Confirmation Date on which (1) no stay of the Confirmation Order is in effect and (2) all conditions to Consummation have been satisfied or waived (*see* Article IX of the Plan). On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

J. Where can I find out more about the Restructuring Transactions that will be effectuated through the Plan?

More details about specific aspects of the restructuring transactions and the Reorganized Debtors' operations following the Consummation of the Plan can be found in the Plan:

Provision	Plan Section
The Restructuring Transactions contemplated by, and effectuated by, the Plan	Article IV, Section B
The sources of consideration for distributions under the Plan	Article IV, Section E
The corporate existence of the Reorganized Debtors following the Consummation of the Plan	Article IV, Section F
The Debtors' authorization and approval of corporate action	Article IV, Section G
The vesting of assets in the Reorganized Debtors following the Consummation of the Plan	Article IV, Section H
The cancellation of all existing notes, instruments, certificates, shares, or other documents evincing Claims or Interests following the Consummation of the Plan	Article IV, Section I
The creation of the New Corporate Governance Documents of the Reorganized Debtors	Article IV, Section J
The directors and officers of the Reorganized Debtors	Article IV, Section K
Authorization for the Reorganized Debtors to effectuate documents and take further action to implement the terms of the Plan on, or after, the Effective Date of the Plan	Article IV, Section L
Formation of the Reorganized Debtors on the Effective Date of the Plan	Article IV, Section C
The Reorganized Debtors' preservation of Causes of Action	Article IV, Section P
Settlement and discharge of claims, release of liens, Debtor Releases, Third-Party Releases, exculpation, injunction, and other related provisions under the Plan	Article VIII, Section A - Section F

VI. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. The Debtors' Corporate History

In 1960, Edison Chouest, Sr., a commercial shrimp fisherman, left his shrimping career to buy a 65-foot utility boat and founded Edison Chouest Boat Rentals, Inc. ("Edison Chouest") in Galliano, Louisiana. Edison Chouest was primarily focused on servicing and supplying the Humble Oil Company's offshore petroleum rig in the Gulf of Mexico. Shortly thereafter, in 1964, Edison Chouest constructed its first newbuild 103-foot utility vessel. In 1974, Gary Chouest opened North American Shipbuilding, beginning ECO's expansion as a staple within the marine and offshore solutions industry.

From its humble start, Edison Chouest transformed into one of the most diverse and dynamic marine transportation solutions providers in the world (now ECO) while maintaining an homage to its roots and namesake. On August 16, 2007, to facilitate the growth of its geographic footprint and expansion of its service and operational offerings for its global customer base, Dionne Chouest Austin, Damon Chouest, and Ross Chouest together formed Nautical Solutions; predominately, providing dynamic maritime solutions to complex, global challenges in the Gulf of Mexico, Guyana, Brazil, Suriname, Trinidad, Tobago, and other regions of both Central and South America. Nautical Solutions now owns and operates a fleet of technologically advanced OSVs focused on providing customer-driven, mission-specific solutions for Nautical Solutions' offshore, platform, and construction customers.

Today, the Debtors maintain an industry-leading fleet of 29 OSVs that offers a wide array of services and capabilities designed to meet the unique needs of deepwater drilling and production projects. The Debtors, while headquartered in Cut Off, Louisiana, operate primarily out of facilities based in Port Fourchon, Louisiana. From Port Fourchon, the Debtors charter their Vessels and provide marine transportation services to a variety of customers in the Gulf of Mexico and other regions throughout Central and South America. The Debtors have expanded their market presence and now operate in three core geographic markets: the Gulf of Mexico, Guyana, and Brazil. The Debtors' primary customers are the major, multinational oil companies and large, independent international oil and gas producers.

B. The Debtors' Operations

From the Debtors' inception, the Debtors have provided a technologically-advanced fleet of Vessels that were designed and built through a new-build program. The Debtors' fleet of 29 technologically advanced OSVs consists of platform supply vessels ("PSVs"), anchor handling towing and supply vessels ("AHTSs"), fast supply vessels ("FSVs") and a deep water tug that offer a wide array of services and capabilities designed to meet the unique needs of deepwater drilling and production projects. The Debtors, while headquartered in Cut Off, Louisiana, operate primarily out of facilities based in Port Fourchon, Louisiana, for the Gulf of Mexico; Georgetown for Guyana; and Porto Acu & Macae for Brazil. From these port locations, the Debtors are able to charter their vessels and provide marine transportation services to a variety of customers in the Gulf of Mexico and other regions throughout Central and South America.

The Gulf of Mexico accounts for one of the largest and most prolific deepwater oil fields in the world, with significant demand for vessel services. The Debtors' access to Non-Debtor Affiliate facilities in Port Fourchon, LA, Houma, LA, Gulfport, MS, Tampa, FL, and others offers the Debtors strategically advantageous access to the Gulf of Mexico by providing a staging location and repair docks for ships that reduce downtime, transit time to the Gulf of Mexico, and transit costs to the customer. All of the Debtors' Vessels are qualified under the Jones Act to engage in the United States coastwise trade.

The Debtors' fleet of PSVs and FSVs primarily serve exploratory and developmental drilling rigs and production facilities. The PSVs are larger capacity vessels with more range, and the FSVs are smaller

vessels that provide expediated service for smaller payloads. The PSVs and FSVs are typically used for transporting deck cargo, such as pipe or drummed material and equipment; below deck cargo held in tanks, such as liquid mud, potable and drilling water, diesel fuel, and bulk dry cement; and personnel between shore-bases and offshore rigs and production facilities. In addition, PSVs support offshore and subsea construction, installation, inspection, repair and maintenance ("IRM"), and decommissioning activities.

The Debtors' AHTSs serve in many of the same capacities as their PSVs, but the Vessels are also capable of lifting and moving anchors from the sea floor to reposition rigs and for other high-capacity towing and lifting operations. The Debtors' tug is designed to assist large ships, such as carriers of liquefied natural gas and other tankers, in deep draft operations.

The Debtors' business operations are subject to various federal, state, local and international laws and regulations governing the operation and maintenance of vessels and other environmental protection laws, including the Oil Pollution Act of 1990, the Clean Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Merchant Marine Act of 1920 (as amended, the "Jones Act") and additional regulations that were adopted by the United States Environmental Protection Agency regarding greenhouse gas emissions, as well as similar international laws and conventions and the laws and regulations of Guyana, Brazil, and other areas where the Debtors operate. The Debtors' state-of-the-art OSVs are U.S.-flagged and are subject to the jurisdiction of the United States Coast Guard, the United States Customs and Border Protection, and the United States Maritime Administration.

Additionally, as described further in the *Debtors' Emergency Motion Seeking Entry of Interim and Final Orders (I) Authorizing the Debtors to Continue Performance Under Intercompany Arrangements and (II) Granting Related Relief*, the Debtors receive key management, overhead, administrative, corporate, operational, and support services (the "Intercompany Arrangements") from certain non-Debtor affiliates (collectively, the "Non-Debtor Affiliates"), including personnel to crew and operate the vessels. Through the Non-Debtor Affiliates, the Debtors are able to obtain vessel crew, maintenance, outfitting, repair, refueling, drydocking, and other in-the-water shipyard activities that are crucial to the Debtors' operations. If any technical issues arise during a Vessel's operation, the Debtors can quickly service the Vessel or supply a replacement Vessel to the customer through the Non-Debtor Affiliates, and often at cost or below-market rates—taking advantage of the broader network of Chouest-family owned and affiliated entities, operating collectively as ECO. Further, the Non-Debtor Affiliate facilities' proximity to key Gulf of Mexico offshore oilfield drilling locations gives the Debtors a competitive advantage in their U.S. operations by expediting vessel mobilization to the oilfield and turnaround time at the dock, resulting in cost savings and efficiency gains for the customer.

The Debtors' fleet shares many of the same or similar specifications and uses the same manufacturer brands for key componentry and equipment as the rest of the ECO Enterprise fleet, which eliminates the need for the Debtors to keep parts and equipment on hand to repair or replace equipment on their vessels. The Debtors receive and pay for spare parts and equipment from non-debtor affiliates on an as-needed basis, thus making the Debtor's fleet maintenance program highly efficient and cost-effective, allowing quick repair and increased up-time fleet-wide. Additionally, all of the Debtors' systems are completely integrated on each OSV, allowing for seamless operation of the OSV and consistency in operation across multiple OSVs.

Today, the Debtors' PSVs have enhanced capabilities that allow the Debtors to more effectively support deepwater and ultra-deepwater drilling activities. In contrast to conventional PSVs, the PSVs have dynamic positioning systems, greater fuel efficiency and speed, more cargo and tank space, better safety characteristics, greater transit range and higher-volume transfer rates for liquid mud and dry bulk materials.

C. The Debtors' Prepetition Capital Structure

As of December 19, 2022, the Debtors had a total cash balance of approximately $59.5 million. There is approximately $338 million of aggregate principal outstanding under the Credit Agreement and approximately $312 million in aggregate principal outstanding under the Notes Purchase Agreements, which amount to approximately $650 million in aggregate principal amount of funded debt obligations. In addition, pursuant to the Plan, the Notes Claims include the Noteholder Non-Acceleration Settlement Amount, totaling $11,696,000.

Funded Debt	***Amount of Principal and Interest Accrued as of 12/22/2022 (in USD)***
Credit Facility	
Principal	$338,095,286
Interest	$40, 712,307
Notes	
Principal	$312,783,535
Interest	$37,664,351
Noteholder Non-Acceleration Settlement Amount	$11,696,000
Total Debt Obligations	***$740,951,479***

1. The Credit Facility and the Notes

On December 7, 2018, Nautical Solutions entered into that certain first amended and restated credit agreement (as amended by that certain First Amendment dated as of May 29, 2019, that certain Second Amendment dated as of October 17, 2019 and that certain Third Amendment dated as of May 28, 2020 and as otherwise amended, restated, supplemented, or otherwise modified from time to time), by and among Nautical Solutions, as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A. as administrative agent and collateral agent; Bank of America, N.A., Wells Fargo Bank, N.A., and Truist Bank (f/k/a SunTrust Bank), as co-syndication agents, and Capital One, National Association and Compass Bank, as co-documentation agents (the "Credit Agreement" and the lenders thereunder, the "Term Loan Lenders").

Nautical Solutions is also obligated under the issuance of two series of secured notes due November 2023 (the "Notes" and the holders thereof, the "Noteholders," and the Noteholders, together with the Term Loan Lenders, the "Prepetition Secured Parties").

The Notes are governed by two (2) note purchase agreements: (i) the Series A 7.50% amended and restated senior secured notes, due November 14, 2023, were issued by Nautical Solutions pursuant to that certain Amended and Restated Note Purchase Agreement, dated December 7, 2018, by and among Nautical Solutions, the noteholders party thereto, and JPMorgan Chase Bank, N.A., as collateral agent, as amended and restated by that certain First Amendment dated as of May 29, 2019, that certain Second Amendment dated as of October 17, 2019 and that certain Third Amendment dated as of May 28, 2020 and as otherwise amended and restated from time to time; and (ii) the Series B 7.50% amended and restated senior secured notes, due November 14, 2023, were issued by Nautical Solutions pursuant to that certain Amended and Restated Note Purchase Agreement, dated December 7, 2018, by and among Nautical Solutions, the noteholders party thereto, and JPMorgan Chase Bank, N.A., as collateral agent, as amended by that certain First Amendment dated as of May 29, 2019, that certain Second Amendment dated as of October 17, 2019 and that certain Third Amendment dated as of May 28, 2020 and as otherwise amended and restated from time to time (collectively, the "Note Purchase Agreements").

The Credit Agreement and the Notes provide for an interest rate of 7.50%. In the event of default, the loans bear interest at the interest rate plus an applicable margin of 2.00%. Moreover, the Credit Agreement contains certain restrictions on, among other things, change orders, change of flag, repayments

to certain affiliates, and caps capital expenditures at $5,000,000 per annum and at $60,000,000 for one certain vessel.

The Agent (for the benefit of the Term Loan Lenders and the Noteholders, on a *pari passu* basis with respect to one another) has been granted a perfected first priority lien in substantially all of the assets of Nautical Solutions, including (i) a perfected first preferred mortgage lien and security interest in each Vessel (as defined in the Credit Agreement), (ii) a perfected first priority lien and security in each Vessel Under Construction (as defined in the Credit Agreement), (iii) a perfected first priority lien and security interest in and assignment of all of Nautical Solutions' rights, title, and interest to charter hire, moneys and other amounts payable under the charter agreements relating to the Vessels, (iv) an assignment of all of Nautical Solutions' rights, title, and interest in and to the insurances relating to the vessels, and (v) a perfected first priority lien and security interest in all of Nautical Solutions' personal (movable) property other than certain enumerated assets.

As of the date hereof, there is approximately $338 million in outstanding principal amount of borrowings under the Credit Agreement and approximately $312 million in outstanding principal under the Notes Purchase Agreements, plus approximately $11.7 million on account of the Noteholder Non-Acceleration Settlement Amount. The Credit Agreement matured on November 14, 2021.

2. The Intercreditor Agreement

The respective rights of the Prepetition Secured Parties in respect of the common collateral are set forth in that certain intercreditor agreement dated as of November 14, 2013, by and among JPMorgan Chase Bank, N.A. as administrative agent and/or collateral agent for the Term Loan Lenders and the Noteholders, as applicable (as may be amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), which provides, among other things, that proceeds of collateral are shared ratably amongst the Noteholders and the Term Loan Lenders. The Intercreditor Agreement also provides that the Notes and the Term Loans share a single lien on the collateral pool and are entitled to *pari passu* treatment in respect of proceeds of such collateral. As indicated in the Intercreditor Agreement, the Noteholders and Term Loan Lenders agreed to jointly appoint JPMorgan Chase Bank, N.A. to serve as the collateral agent in respect of both the Notes and the Term Loans.

VII. EVENTS LEADING TO THE CHAPTER 11 FILINGS

A. Industry-Wide Headwinds

Like many other offshore support service providers, the Debtors have suffered from challenges ultimately resulting from a sustained industry-wide downturn. As an offshore service provider, the Debtors organize marine support services to energy sector companies that operate in the Gulf of Mexico, Central America, and South America. The offshore industry is highly cyclical, as profits are tied closely to the energy industry and subject to price fluctuations in crude oil and natural gas prices. To maintain sustained success, the Debtors rely on continued investments in offshore drilling, exploration, and production from its customers in the energy sector.

Over the course of the last eight (8) years, the offshore industry sector has suffered from a major decline in demand of maritime support services. Prices of oil and natural gas dropped significantly, beginning in the fourth quarter of 2014 and continuing through 2021. The volatility has led to significant reductions, curtailment, and often cancellation of planned drilling and procurement projects. Other companies servicing the offshore industry sector in addition to ECO were building new vessels as well. As a result, demand for OSVs and oilfield service sectors became significantly reduced, and markets were quickly oversupplied with available offshore vessels for charter.

In addition to a downturn in crude oil and gas production, demand for offshore services was further reduced as a result of the global COVID-19 pandemic. Worldwide governmental restrictions resulted in a total collapse in demand for oil and, thus, the Debtors' offshore services. In 2020, the price of crude oil fell 32.7 percent. This decrease in oil demand exacerbated and prolonged the downcycle for marine support services.

In response to the industry downturn, the Debtors began "stacking" certain of their Vessels while retaining the rest of their fleet in commission-ready condition to accept contracts at the best available terms. The vessel stacking attempted to "rightsize" the Debtors' fleet to reflect the reduction in demand for their Vessels and has generated substantial cash savings. Further, in addition to stacking Vessels, in 2019, the Debtors sold certain of its Vessels to Non-Debtor Affiliates in the ordinary course in an effort to pay down the Debtors' funded debt. The Debtors sold nineteen (19) Vessels for a total of $272 million. Ultimately, the Debtors' stacking efforts and their sale of Vessels significantly delevered the business, reduced the Debtors' interest burden, and preserved liquidity to temporarily withstand the industry-wide downturn and provide the Debtors with runway to explore a potential restructuring transaction.

B. Events of Default under the Credit Agreement and the Notes Purchase Agreements

As a result of the offshore services downcycle and upcoming significant debt service obligations in late 2021 and early 2022, the Debtors determined that a comprehensive deleveraging transaction would be necessary. Beginning in early 2021, the Debtors sought outside strategic advice to explore potential out-of-court transactions and to assess comprehensive restructuring solutions to deleverage their balance sheet. On July 28, 2021, the Debtors retained Kirkland & Ellis LLP, as legal counsel, to assist with their evaluation of potential restructuring paths forward. The Debtors subsequently retained Ankura Consulting Group LLC on August 19, 2021 as their financial and restructuring advisor, and they retained Jefferies Financial Group, Inc. on October 1, 2021 to serve as investment banker and assist in negotiating a potential restructuring solution.

The Debtors and their advisors quickly commenced negotiations with the Prepetition Secured Parties, including (a) an ad hoc group of Noteholders led by (i) PGIM, Inc., in its capacity as investment manager for certain of the Noteholders ("Prudential"); and (ii) AIG Asset Management (US), LLC, in its capacity as investment advisor to certain of the Noteholders ("AIG," and together with Prudential, the "Noteholder Ad Hoc Group"); (b) certain of the Term Loan Lenders; and (c) their respective advisors. As part of the negotiations, the Debtors provided substantial diligence to the Prepetition Secured Parties, including diligence related to the Debtors' financial forecast, assets, technology, and intellectual property. The Debtors proactively set up a virtual data room, through which the Prepetition Secured Parties and their advisors (including those who are not parties to the Restructuring Support Agreement) received access to a number of documents.

On August 14, 2021, the Debtors failed to pay interest owed under the Notes, causing defaults under the Note Purchase Agreements and Credit Agreement (the "August 14 Payment Default"). As a result of, and at the time of, such defaults, the Noteholders and the Required Lenders (as defined in the Credit Agreement) became entitled to accelerate the obligations under the Note Purchase Agreements and Credit Agreement. On August 20, 2021, Nautical Solutions, the Noteholders, the Agent, and Term Loan Lenders constituting Required Lenders under the Credit Agreement entered into the Forbearance Agreements with respect to the August 14 Payment Default (among other Specified Defaults, as defined in the Forbearance Agreements), which afforded additional time to negotiate the terms of a potential settlement and restructuring transaction. At the same time, the Debtors' members passed a resolution to appoint an independent manager to serve on a special committee of Nautical Solutions' special committee which would oversee the upcoming restructuring negotiations, coordinate with the Debtors' advisors on a regular basis, and approve (if appropriate) the potential restructuring transactions.

With the Forbearance Agreement in effect, the Debtors failed to pay a mandatory excess cash prepayment amount due under the Notes on November 14, 2021 another default under the Note Purchase Agreements that entitled the Noteholders to accelerate the obligations thereunder. The Debtors, the Noteholder Ad Hoc Group, and Term Loan Lenders constituting Required Lenders under the Credit Agreement subsequently agreed to extend the Forbearance through a series of formal and informal amendments through January 2022, again affording additional time to negotiate the terms of a potential settlement and restructuring transaction.

C. Creditor Negotiations; the Restructuring Support Agreement

The Forbearance Agreements ultimately expired in January 2022, at which time the Noteholder Ad Hoc Group and certain of the Term Loan Lenders sent a reservation of rights letter to the Company expressly reserving their rights to invoke any and all applicable rights and remedies under the Note Purchase Agreements and the Credit Agreement, respectively. Nevertheless, the Debtors and their key stakeholders continued to work collaboratively, and the Consenting Creditors continued to forbear from exercising their available remedies, including acceleration, in pursuit of a settlement and restructuring transaction. At the outset, certain of the Debtors' prepetition creditors advocated for a sale of the collateral that secured their claims, namely, the Vessels; however, the terms of the negotiations pivoted to a deleveraging transaction that would preserve Debtors and their assets as a going concern. The Company believed that a forced sale or a nonconsensual foreclosure posed significant challenges for the Prepetition Secured Parties because, among other things, the Vessels rely on (i) the license-free use of certain intellectual property and information technology systems, which are owned by non-Debtor ECO affiliates and not subject to any interest held by the Debtors' prepetition lenders and (ii) crews to operate the Vessels, which have historically been provided by non-Debtor ECO affiliates. The Prepetition Secured Parties disagreed with this characterization, and the resulting recoveries to the Prepetition Secured Parties is the result of arms'-length negotiations between the Consenting Creditors and the Debtors surrounding this and other issues. Accordingly, the Debtors believe that the value of the Vessels in a standalone liquidation context would be severely limited in comparison to their value while operational in the Debtors' business.

As referenced above, recognizing that a sale or foreclosure of the Vessels without the support provided by non-Debtor ECO affiliates would be value-destructive, the Debtors and the Consenting Creditors (as defined in the Restructuring Support Agreement) focused their efforts on negotiating the terms of additional collateral protections as part of an Enhanced Collateral Package. As described in greater detail in the Restructuring Term Sheet, the Enhanced Collateral Package includes, among other things: (i) a security interest in all revenue generated from the Vessels; (ii) an assignment of earnings under the bareboat charters; (iii) an assignment of insurance; (iv) control agreements on the Debtors' bank accounts; (v) a covenant with a non-Debtor ECO affiliate to crew the vessels for the duration of New Senior Secured Notes for so long as the ECO affiliate is being paid for such services in a manner consistent with past practice; *provided* that the Debtors' obligation to crew the boats terminates on the earlier of (a) one (1) year after the agent (or its designee) takes title to the applicable boats or (b) title to the applicable boats passes from the agent (or its designee) to a third party; and (vi) perpetual, irrevocable, worldwide, royalty-free right, and license with a non-Debtor ECO affiliate for technology and IP which shall, in any case, be transferable and assignable to the agent or its designee (for the benefit of the lenders) until the New Senior Secured Notes have been paid in full and further transferable and assignable to the unaffiliated third-party purchasers by the agent for each such vessel sold on a one-time basis.

In June 2022, the Debtors and their advisors held a series of all-day in-person meetings with the principals in the Noteholder Ad Hoc Group, certain Term Loan Lenders, and their respective advisors. After several days of hard-fought, arm's-length negotiations, the parties reached an agreement in principle around a deal structure that would replace the Credit Agreement and both series of Notes with (a) a new issuance of New Senior Secured Notes; (b) any excess Cash distribution owed and payable in accordance

with section 4.9(a) of the New Senior Secured Notes Exchange Agreement; and (c) additional Cash in an amount calculated at a rate of 8.50% per annum on $587.5 million for the period from September 1, 2022 through the Effective Date, in accordance with section 8.1(b) of the New Senior Secured Notes Exchange Agreement, distributed *Pro Rata* among the Prepetition Secured Parties. As a condition to and material inducement for the Noteholders to agree to the aforementioned deal structure and to enter into the settlement embodied in the Plan, including to agree not to exercise their available remedies (including acceleration), or their rights upon exercise thereof, as part of their Pro Rata share, the parties agreed that each Consenting Noteholder will also receive such holder's "pro rata" share of the Noteholder Non-Acceleration Settlement Amount, where "pro rata" means the proportion that such holder's Allowed Notes Claims (without inclusion of the Noteholder Non-Acceleration Settlement Amount) bears to the aggregate amount of Allowed Notes Claims (without inclusion of the Noteholder Non-Acceleration Settlement Amount). The Noteholder Non-Acceleration Settlement Amount represents a settlement among the parties in exchange for the Noteholders' agreement not to accelerate the amounts due under the Notes beginning in August 2021 (and continuously thereafter) as a result of the Company's continuing defaults, which, at any time prior to August 15, 2022, would have resulted in a "Make Whole Amount" under the Notes Purchase Agreements in excess of such settlement amount. In connection with the new issuance, the New Noteholders would benefit from an enhanced collateral package and an excess cash distribution upon closing of the transaction. The parties have also consented to the Asset Sale in accordance with the terms of the Restructuring Support Agreement, which provides for the disposition of six (6) of the Debtors' stacked Vessels (otherwise constituting collateral of the Prepetition Secured Parties) for no less than $15.0 million per Vessel of net proceeds, to be used to make mandatory principal payments under the New Senior Secured Notes. Additionally, pursuant to Section 4.13 of the New Senior Secured Notes Exchange Agreement, as a condition precedent to closing, certain ECO Affiliates have agreed to make cash equity contributions to Nautical Solutions in an aggregate amount of net proceeds not less than $10,000,000, which will be available to fund certain Excess Cash Prepayments, as defined in and in accordance with the terms of, the New Senior Secured Notes Exchange Agreement.

Pursuant to the Restructuring Support Agreement executed by the Debtors, the Consenting Creditors, and the Consenting Members on September 6, 2022, the parties agreed to support the Restructuring Transactions on these terms, among others. Importantly, the Restructuring Support Agreement contemplates alternative implementation mechanisms, allowing for out-of-court implementation in the event that 100% of holders of First Lien Claims support the Out-of-Court Exchange Transaction, or if such threshold is not reached, commencement of the Chapter 11 Cases to seek Confirmation of the Plan. Concurrently with the delivery of this Disclosure Statement and the solicitation of votes to accept or reject the Plan, the Debtors, with the support of the Consenting Creditors and the Consenting Members, are soliciting support from the holders of First Lien Claims for the Out-of-Court Exchange Transaction. Accordingly, the parties agreed that commencing Solicitation for the Plan and, in the event that the requisite consent is not achieved by January 6, 2023, commencing the Chapter 11 Cases, is necessary and appropriate to implement the terms of the deal.

In the event that the Debtors commence the Chapter 11 Cases, the Debtors intend to use the chapter 11 process to, as expediently as possible, implement the Plan to maximize value for the Debtors' stakeholders while maintaining the Debtors' existing operations. Upon emergence from chapter 11, the Debtors will have a stronger balance sheet and increased flexibility to conduct their operations going forward.

VIII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. First Day Relief

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions"), the Debtors intend to file several motions (the "First Day Motions") designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. The First Day Motions, and all orders for relief granted in the Chapter 11 Cases, will be available free of charge at http://www.kccllc.net/nautical.

B. Milestones[7]

As part of the Debtors' Restructuring Support Agreement, and as such dates have been extended, the Debtors agreed, unless such dates are extended or waived in writing by the Debtors and the Required Consenting Creditors (as defined in the Restructuring Support Agreement), to the following case milestones to ensure that the Debtors' Chapter 11 Cases proceed in a structured and expeditious manner towards confirmation:

- as soon as reasonably practicable following the Agreement Effective Date, but in no event later than five (5) Business Days prior to the commencement of the Solicitation (the date on which the Solicitation is commenced, the "**Solicitation Commencement Date**"), (i) the Definitive Documents necessary for the Solicitation, including those documents listed in Sections 4.01(a), (b), (d), (g), (h), (i), and (j)(ii), and any other documents, instruments, schedules or exhibits described in, related to, contemplated in, or necessary to implement each of the foregoing, shall be in agreed form in accordance with the consent rights set forth in Section 4.02 of the Restructuring Support Agreement; and (ii) the Asset Sale Documents shall be fully executed and in full force and effect;

- not later than 11:59 p.m. (ET) on November 1, 2022, the Solicitation Commencement Date shall have occurred; *provided*, that the Required Consenting Creditors may, by written notice to the Debtors, in their sole and absolute discretion, extend the Milestone in this subpart (b) to December 1, 2022;

- not later than 11:59 p.m. (ET) on the date that is twenty (20) calendar days following the Solicitation Commencement Date (the "**Solicitation End Date**"), the Debtors shall conclude the Solicitation;

- if the Out-of-Court Restructuring Consent Threshold is satisfied at or before the Solicitation End Date, the Parties shall close the Out-of-Court Restructuring as soon as practicable, but in no event later than fifteen (15) Business Days after the Solicitation End Date;

---

[7] Capitalized terms used but not defined in this Article VIII.B shall have the meaning ascribed to such terms in the Restructuring Support Agreement.

- if the Out-of-Court Restructuring Consent Threshold is not satisfied at or before the Solicitation End Date, as soon as practicable, but in no event later than the date that is five (5) Business Days following the Solicitation End Date, the Debtors shall have commenced the Chapter 11 Cases (the date on which the Chapter 11 Cases are commenced, the "**Petition Date**");

- not later than three (3) Business Days after the Petition Date, the Interim Cash Collateral Order shall have been entered by the Bankruptcy Court;

- not later than thirty-five (35) calendar days after the Petition Date, the Final Cash Collateral Order shall have been entered by the Bankruptcy Court; and

- not later than sixty (60) calendar days following the Petition Date, the effective date of the Plan shall have occurred.

IX. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of holders of Claims in such Impaired Classes.

1. There Is a Risk of Termination of the Restructuring Support Agreement

To the extent that events giving rise to termination of the Restructuring Support Agreement occur, the Restructuring Support Agreement may terminate prior to the Confirmation or Consummation of the Plan, which could result in the loss of support for the Plan by important creditor constituencies, including the withdrawal of such creditors' votes to approve the Plan, and could result in the loss of use of cash collateral by the Debtors under certain circumstances. Any such loss of support could adversely affect the Debtors' ability to confirm and consummate the Plan.

2. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests that each encompass Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

3. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

4. The Bankruptcy Court May Find the Solicitation of Acceptances Inadequate

Usually, votes to accept or reject a plan of reorganization are solicited after the filing of a petition commencing a chapter 11 case. Nevertheless, a debtor may solicit votes prior to the commencement of a chapter 11 case in accordance with sections 1125(g) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b). Sections 1125(g) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) require that:

- solicitation comply with applicable nonbankruptcy law;
- the plan of reorganization be transmitted to substantially all creditors and other interest holders entitled to vote; and
- the time prescribed for voting is not unreasonably short.

In addition, Bankruptcy Rule 3018(b) provides that a holder of a claim or interest that has accepted or rejected a plan before the commencement of the case under the Bankruptcy Code will not be deemed to have accepted or rejected the plan if the court finds after notice and a hearing that the plan was not transmitted in accordance with reasonable solicitation procedures. Section 1126(b) of the Bankruptcy Code provides that a holder of a claim or interest that has accepted or rejected a plan before the commencement of a case under the Bankruptcy Code is deemed to have accepted or rejected the plan if (i) the solicitation of such acceptance or rejection was in compliance with applicable nonbankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation or (ii) there is no such law, rule, or regulation, and such acceptance or rejection was solicited after disclosure to such holder of adequate information (as defined by section 1125(a) of the Bankruptcy Code). While the Debtors believe that the requirements of sections 1125(g) and 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b) will be met, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

5. The Debtors May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the holders of Allowed Claims as those proposed in the Plan and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan. Moreover, an alternative plan or transaction could result in the termination of the Restructuring Support Agreement and the loss of support by the Consenting Creditors.

6. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of

distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, holders of Allowed Interests and Allowed Claims would ultimately receive with respect to their Claims or Interests.

The Debtors, subject to the terms and conditions of the Plan and Restructuring Support Agreement, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting class of Claims or Interests, as well as any class junior to such non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

7. Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

8. Continued Risk Upon Confirmation

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for oil and natural gas (and thus demand for the services the Debtors provide), and increasing expenses. *See* Article IX.C of this Disclosure Statement, entitled "Risks Related to the Debtors' and the Reorganized Debtors' Businesses," which begins on page 40. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that any chapter 11 plan of reorganization, including the Plan, will achieve the Debtors' stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The

Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

9. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly lower distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, when commodities prices are at historically low levels, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner; (b) additional administrative expenses involved in the appointment of a chapter 7 trustee; and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

10. The Debtors May Object to the Amount or Classification of a Claim or Interest

Except as otherwise provided in the Plan and the Restructuring Support Agreement, the Debtors reserve the right to object to the amount or classification of any Claim or Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any holder of a Claim or Interest where such Claim or Interest is subject to an objection. Any holder of a Claim or Interest that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

11. Contingencies Could Affect Votes of the Impaired Class to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims and Interests to be subordinated to other Allowed Claims and Interests. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims and Interests under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Class.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed

amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims and Interests under the Plan.

12. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, Released Parties, or Exculpated Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties and/or Exculpated Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties is necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts that are important to the success of the Plan and have agreed to make further contributions, including by agreeing to massive reductions in the amounts of their claims against the Debtors' estates and facilitating a critical source of post-emergence liquidity, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the Restructuring Support Agreement and Plan and the significant deleveraging and financial benefits that they embody.

13. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur. Moreover, failure to comply with the Restructuring Support Agreement's milestones could result in the termination of the Restructuring Support Agreement and thereby the withdrawal of the Consenting Creditors' votes in favor of the Plan. As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Effective Date will not take place.

B. Risks Related to Recoveries under the Plan

1. The Reorganized Debtors May Not Be Able to Achieve Their Projected Financial Results

The Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in **Exhibit E** of this Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the industry segments in which the Debtors operate in particular. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Debtors do not achieve their projected financial results, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

2. Compliance with Terms of the New Senior Secured Notes

The Plan provides that the Reorganized Debtors will issue and guarantee the New Senior Secured Notes. The Reorganized Debtors believe that it will have sufficient cash flow to make all required interest payments on the New Senior Secured Notes. If Reorganized Debtor's actual financial performance does not meet its cash flow projections, however, and if other sources of liquidity are not available, there is a risk that the Reorganized Debtors might be unable to pay interest and principal payments on the New Senior Secured Notes.

3. A Liquid Trading Market for the New Senior Secured Notes May Not Develop

There is no existing trading market for the New Senior Secured Notes nor it is known with certainty whether or when a liquid trading market will develop. The possible lack of liquidity for the notes may make it more difficult for the Reorganized Debtors to raise additional capital, if necessary, and it may affect the price volatility of the New Senior Secured Notes. There can also be no assurance that a holder will be able to sell its New Senior Secured Notes at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New Senior Secured Notes will depend on many factors, including the operating performance and financial condition of the Reorganized Debtors.

The market for non-investment grade debt historically has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the New Senior Secured Notes. The market for the New Senior Secured Notes, if any, may be subject to similar disruptions that could adversely affect their value. In addition, subsequent to their initial issuance, the New Senior Secured Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, the performance of Reorganized Debtors and its subsidiaries, and other factors.

4. Certain Holders of New Nautical Securities May Be Restricted in Their Ability to Transfer or Sell Their Securities

New Nautical Securities issued under the Plan will be covered by section 1145(a)(1) of the Bankruptcy Code and such securities may be resold by the holders thereof without registration under the Securities Act unless the holder is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code with respect to such securities; *provided* that such New Nautical Securities will not be freely tradeable if, at the time of transfer, the holder is an "affiliate" of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of such transfer. Such affiliate holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act. Resales by holders of Claims who receive New Nautical Securities pursuant to the Plan that are deemed to be "underwriters" would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or applicable law. Such holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act.

The New Nautical Securities may not be registered under the Securities Act or any state securities laws, and the Debtors make no representation regarding the right of any holder of New Nautical Securities to resell the New Nautical Securities and undertake no obligation to cause such securities to be registered under the Securities Act or any state securities laws. See Article XII to this Disclosure Statement, entitled "Certain Securities Law Matters," which begins on page 53.

5. Certain Tax Implications of the Plan

Holders of Allowed Claims and Interests should carefully review Article XIII of this Disclosure Statement entitled "Certain U.S. Federal Income Tax Consequences of the Plan" which begins on page 55 to determine how the tax implications of the Plan and the Chapter 11 Cases may affect the Debtors, the Reorganized Debtors, and Holders of Claims, as well as certain tax implications of owning and disposing of the consideration to be received pursuant to the Plan.

6. The Debtors May Not Be Able to Accurately Report Their Financial Results

The Debtors have established internal controls over financial reporting. However, internal controls over financial reporting may not prevent or detect misstatements or omissions in the Debtors' financial statements because of their inherent limitations, including the possibility of human error, and the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Debtors fail to maintain the adequacy of their internal controls, the Debtors may be unable to provide financial information in a timely and reliable manner within the time periods required for the Debtors' financial reporting under the terms of the agreements governing the Debtors' indebtedness. Any such difficulties or failure could materially adversely affect the Debtors' business, results of operations, and financial condition. Further, the Debtors may discover other internal control deficiencies in the future and/or fail to adequately correct previously identified control deficiencies, which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

C. Risks Related to the Debtors' and the Reorganized Debtors' Businesses

1. The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness

The Reorganized Debtors' ability to make scheduled payments on, or refinance their debt obligations, depends on the Reorganized Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Reorganized Debtors to pay the principal, premium, if any, and interest and/or fees on their indebtedness.

2. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and

other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

3. Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. Although the Debtors believe that the Chapter 11 Cases will be of short duration and will not be materially disruptive to their businesses, the Debtors cannot be certain that this will be the case. Although the Plan is designed to minimize the length of the Chapter 11 Cases, it is impossible to predict with certainty the amount of time that one or more of the Debtors may spend in bankruptcy or to assure parties in interest that the Plan will be confirmed. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the proceedings related to the Chapter 11 Cases continue, the Debtors may be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. If the chapter 11 proceedings last longer than anticipated, the Debtors will require additional debtor-in-possession financing to fund the Debtors' operations. If the Debtors are unable obtain such financing in those circumstances, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

The Financial Projections contemplate the successful consummation of the Asset Sale and the Restructuring Transactions. It is possible that prolonged chapter 11 proceedings will interfere with the Debtors' ability to consummate the Asset Sale or certain of the Restructuring Transactions on the terms and timelines set forth in the Plan. If the Debtors fail to consummate the Asset Sale or any of the Restructuring Transactions, it may have a material effect on the Debtors' Financial Projections and go-forward business operations.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible

reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

4. Financial Results May Be Volatile and May Not Reflect Historical Trends

During the Chapter 11 Cases, the Debtors expect that their financial results will continue to be volatile as asset impairments, asset dispositions, restructuring activities and expenses, contract terminations and rejections, and/or claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date.

In addition, if the Debtors emerge from chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt "fresh start" accounting in accordance with Accounting Standards Codification 852 ("Reorganizations") in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends. The Financial Projections contained in **Exhibit E** hereto do not currently reflect the impact of fresh start accounting, which may have a material impact on the Financial Projections.

5. The Debtors' Substantial Liquidity Needs May Impact Revenue

The Debtors operate in a capital-intensive industry. The Debtors' principal sources of liquidity historically have been cash flow from operations, borrowings under the Credit Agreement and Notes. If the Debtors' cash flow from operations remains depressed or decreases as a result of the terms of the Debtors' customer contracts which dictate when operating revenues can be realized, the Debtors' ability to expend the capital necessary to complete work on any particular project or post letters of credit to support new project wins, resulting in decreased revenues over time.

The Debtors face uncertainty regarding the adequacy of their liquidity and capital resources and have extremely limited, if any, access to additional financing. In addition to the Cash necessary to fund ongoing operations, the Debtors have incurred significant professional fees and other costs in connection with preparing for the Chapter 11 Cases and expect to continue to incur significant professional fees and costs throughout the Chapter 11 Cases. The Debtors cannot guarantee that Cash on hand and cash flow from operations will be sufficient to continue to fund their operations and allow the Debtors to satisfy obligations related to the Chapter 11 Cases until the Debtors are able to emerge from bankruptcy protection.

The Debtors' liquidity, including the ability to meet ongoing operational obligations, will be dependent upon, among other things: (a) their ability to comply with the terms and condition of any cash collateral order entered by the Bankruptcy Court in connection with the Chapter 11 Cases; (b) their ability to maintain adequate Cash on hand; (c) their ability to generate cash flow from operations; (d) their ability to develop, confirm, and consummate a chapter 11 plan or other alternative restructuring transaction; and (e) the cost, duration, and outcome of the Chapter 11 Cases. The Debtors' ability to maintain adequate liquidity depends, in part, upon industry conditions and general economic, financial, competitive, regulatory, and other factors beyond the Debtors' control. In the event that Cash on hand and cash flow from operations are not sufficient to meet the Debtors' liquidity needs, the Debtors may be required to seek additional financing. The Debtors can provide no assurance that additional financing would be available or, if available, offered to the Debtors on acceptable terms. The Debtors' access to additional financing is, and for the foreseeable future likely will continue to be, extremely limited if it is available at all. The

Debtors' long-term liquidity requirements and the adequacy of their capital resources are difficult to predict at this time.

6. The Debtors Derive Substantial Revenues from Companies in the Oil and Natural Gas Exploration and Production Industry, a Historically Cyclical Industry with Levels of Activity That Are Directly Affected by the Levels and Volatility of Oil and Natural Gas Price

The Debtors' revenues, profitability and the value of the Debtors' assets substantially depend on the willingness of their operator customer base to make operating and capital expenditures to explore and drill for, develop, and produce oil and natural gas. Operators' willingness to conduct such activities are in turn dependent on prevailing oil and natural gas prices. Further, since operators are reluctant to increase drilling activities in a high-volatility commodities pricing environment, demand for the Debtors' services is affected as much by oil and natural gas price expectations as actual pricing. In short, the Debtors face a high level of exposure to oil and natural gas price swings. Oil and natural gas are commodities, and therefore, their prices are subject to wide fluctuations in response to changes in supply and demand and are subject to both short- and long-term cyclical trends. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future, especially given current economic and geopolitical conditions. The prices for oil and natural gas are subject to a variety of factors beyond the Debtors' control, such as:

- worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas;
- the action of Organization of the Petroleum Exporting Countries ("OPEC"), its members and other state-controlled oil companies relating to oil price and production controls, including the anticipated increases in supply from Russia and OPEC;
- prevailing oil and natural gas prices, particularly with respect to prevailing prices on local price indexes in the areas in which the Debtors operate and expectations about future commodity prices;
- expectations about future prices;
- the cost of exploring for, producing and delivering hydrocarbons;
- the sale and expiration dates of available offshore leases;
- the discovery rate, size and location of new hydrocarbon reserves, including in offshore areas;
- the rate of decline of existing hydrocarbon reserves;
- laws and regulations related to environmental matters, including those addressing alternative energy sources and the risks of global climate change;
- the development and exploitation of alternative fuels or energy sources and end-user conservation trends;
- domestic and international political, military, regulatory and economic conditions;
- domestic, local and foreign governmental regulation and taxes;
- technological advances, including technology related to the exploitation of shale oil; and

- the ability of oil & gas companies to generate funds for capital expenditures.

Continued volatility or weakness in oil and natural gas prices (or the perception that oil and natural gas prices will remain depressed) generally leads to decreased upstream spending, which in turn negatively affects demand to the Debtors' services. A sustained decline in oil or natural gas prices may materially and adversely affect the Debtors' future business, financial condition, results of operations, liquidity, or ability to finance planned capital expenditures. As a result, if there is a further decline or sustained depression in commodity prices, the Debtors may, among other things, be unable to maintain or increase their borrowing capacity, meet their debt obligations (including to comply with undertakings and covenants under debt documents) or other financial commitments, or obtain additional capital, all of which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

Prices for oil and natural gas have historically been, and the Debtors anticipate they will continue to be, extremely volatile and react to changes in the supply of and demand for oil and natural gas (including changes resulting from the ability of the OPEC to establish and maintain production quotas), domestic and worldwide economic conditions and political instability in oil producing countries. The Debtors' results of operations and operating cash flows depend on the Debtors obtaining significant contracts, primarily from companies in the oil & gas exploration and production industry. The timing of or failure to obtain contracts, delays in awards of contracts, cancellations of contracts, delays in completion of contracts, or failure to obtain timely payments from the Debtors' customers, could result in significant periodic fluctuations in the Debtors' results of operations and operating cash flows. If customers do not proceed with the completion of significant projects or if significant defaults on customer payment obligations to the Debtors arise, or if the Debtors encounter disputes with customers involving such payment obligations, the Debtors may face difficulties in collecting payment of amounts due to the Debtors, including for costs the Debtors previously incurred.

Substantial portions of the Debtors' operations are conducted in the U.S. coastwise trade and thus subject to the provisions of the Jones Act. For years, there have been several attempts (albeit unsuccessful) to repeal or amend such provisions, and such attempts can be expected to continue in the future. In addition, in the interest of national defense, the Secretary of the Department of Homeland Security has the authority to waive the requirement for using U.S.-flag vessels with coastwise endorsements in the U.S. coastwise trade. Furthermore, the Jones Act restrictions on the maritime cabotage services are subject to certain exceptions under certain international trade agreements, including the General Agreement on Trade in Services and the North American Free Trade Agreement. If maritime cabotage services were included in the General Agreement on Trade in Services, the North American Free Trade Agreement or other international trade agreements, the shipping of maritime cargo between covered U.S. ports could be opened to foreign-flag, foreign-built vessels or foreign-owned vessels. Repeal, substantial amendment or waiver of provisions of the Jones Act could significantly adversely affect the Debtors by, among other things, resulting in additional competition from competitors with lower operating costs, because of their ability to use vessels built in lower-cost foreign shipyards, owned and manned by foreign nationals with promotional foreign tax incentives and with lower wages and benefits than U.S. Citizens. Because foreign-built and foreign-owned vessels generally have lower construction costs and operate at significantly lower costs than companies operating in the U.S. coastwise trade, such a change could significantly increase competition in the U.S. coastwise trade, which could have a material adverse effect on the Debtors' business, financial position, results of operations, cash flows, and growth prospects.

7. The Debtors' Business is Subject to Complex Laws and Regulations That Can Adversely Affect the Cost, Manner, or Feasibility of Doing Business

The Debtors' operations are subject to extensive federal, state, and local laws and regulations, including complex environmental laws and occupational health and safety laws. The Debtors may be

required to make large expenditures to comply with such regulations. Failure to comply with these laws and regulations or accidental spills or releases of oil and hazardous substances may result in the suspension or termination of operations and subject the Debtors to administrative, civil, and criminal penalties. In the event of environmental violations or accidental spills or releases, the Reorganized Debtors may be charged with the costs of remediation and land owners may file claims for alternative water supplies, property damage, or bodily injury. Laws and regulations protecting the environment have become more stringent in recent years, and may, in some circumstances, result in liability for environmental damage regardless of negligence or fault. In addition, pollution and similar environmental risks generally are not fully insurable. These liabilities and costs could have a material adverse effect on the business, financial condition, results of operations, and cash flows of the Reorganized Debtors.

Because the Debtors own U.S.-flagged vessels operating in the U.S. coastwise trade, the Debtors are also subject to those provisions of the Jones Act which, subject to limited exceptions, restrict maritime transportation between points in the United States (known as marine cabotage services or coastwise trade) to vessels that are: (a) built in the United States; (b) documented under the laws and flag of the U.S.; (c) manned by predominantly U.S. crews; and (d) owned and operated by U.S. Citizens within the meaning of the Jones Act. Under the Jones Act, at least 75% of the outstanding shares of each class or series of the capital stock of the Debtors must be owned and controlled by U.S. Citizens. The Debtors are responsible for monitoring on an ongoing basis the ownership of their equity securities and subsidiaries to ensure compliance with the citizenship requirements of the Jones Act. After the Effective Date, if the Reorganized Debtors do not continue to comply with such requirements, they would be prohibited from operating their U.S.-flagged vessels in U.S. coastwise trade and may incur severe penalties, such as fines and/or forfeiture of such vessels and/or permanent loss of U.S. coastwise trading privileges for such vessels.

Additionally, the Debtors operate their vessels in a number of international markets and are subject to various international treaties as well as the local laws and regulations in jurisdictions where their vessels operate and/or are bareboat registered. These conventions, laws and regulations govern matters of environmental protection, worker health and safety, vessel and port security, and the manning, construction, ownership and operation of vessels, including cabotage requirements similar to the Jones Act. Changes in such international treaties and such local laws and regulations can be unpredictable and may adversely affect the Debtors' ability to carry out operations overseas.

8. The Debtors Operate in a Highly Competitive Industry

The offshore drilling support industry is both highly competitive and capital-intensive, and requires substantial resources and investment to satisfy customers and maintain profitability. The Debtors' customers award contracts based on price, industry reputation, service quality, vessel offerings and capabilities, transit costs, and other similar factors. Though the Debtors operate a best-in-class fleet of OSVs and have a proven track record, increased competition for deepwater drilling contracts could depress dayrates and utilization rates, adversely affecting the Debtors' profitability. A sustained inability to win contracts in the Debtors' key markets would put pressure on the Debtors' ability to service their debt.

9. The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases

In the future, the Reorganized Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to nor the

final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

10. Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations.

11. Unstacking of Vessels Could Adversely Impact the Market for OSVs

As of the commencement of Solicitation, approximately seven U.S.-flagged OSVs were stacked by the Debtors. To the extent that any vessels are unstacked by the Reorganized Debtors in response to improvement or perceived improvement in market conditions faster than the market can absorb such additional vessels, the market for OSVs could become oversaturated and would adversely affect demand for services of the Reorganized Debtors.

12. Increases in the Supply of Vessels Could Decrease Dayrates

An influx of U.S.-flagged vessels currently operating in other regions or in non-oilfield applications into the Gulf of Mexico would result in an increase in vessel capacity in the Gulf of Mexico, one of the Debtors' core markets. Further, any modification to the Jones Act that would permit foreign-flagged, foreign-built, foreign-owned, foreign-controlled, or foreign-operated vessels to engage in the U.S. coastwise trade would also increase vessel capacity in the Debtors' core markets. Any increase in the supply of OSVs, whether through new construction, refurbishment, or conversion of vessels from other uses, remobilization, or changes in law or its application could increase competition for charters, lower utilization, or lower dayrates, any of which would adversely affect the revenues and profitability of the Reorganized Debtors. Such an increase in vessel capacity could also exacerbate the impact of the current oil downturn, or any future downturn in the oil and gas industry, which would have an adverse impact on the Debtors' business.

13. The Early Termination of Contracts for the Reorganized Debtors' Vessels Could Have an Adverse Effect on the Reorganized Debtors' Operations

Certain contracts for the Debtors' vessels allow for early termination at the customer's option. Many of these contracts that contain early termination provisions contain remedies or other provisions designed to discourage customers from exercising such options. Customers may choose to exercise their termination rights in spite of such remedies or provisions. Until the Debtors or their non-Debtor Affiliates replace the terminated contracts with new contracts, the Debtors' business could be temporarily disrupted or adversely affected. Further, the Reorganized Debtors may not be able to replace the terminated contracts on economically equivalent terms due to market or industry conditions.

14. Failure to Successfully Complete Repairs, Maintenance and Routine Drydockings On-time and On-budget Could Adversely Affect the Reorganized Debtors' Financial Condition and Operations

The Reorganized Debtors routinely engage shipyards with the non-Debtor Affiliates to drydock vessels for regulatory compliance, repair, and maintenance. Equipment shortages, insufficient shipyard availability, unforeseen engineering issues, work stoppages, weather interference, unanticipated cost increases, inability to obtain necessary certifications and approvals, material shortages, labor issues, and other similar factors could lead to extended delays or additional costs. Significant delays could adversely affect the Debtors ability to perform under its contracts, and significant cost overruns could adversely affect the Reorganized Debtors' operations and profitability.

15. Future Acquisitions by the Reorganized Debtors May Create Additional Risks

The Debtors regularly consider possible acquisitions of single vessels, vessel fleets, and businesses. Acquisitions can involve a number of special risks and challenges, including, but not limited to:

- diversion of management time and attention from existing business and other business opportunities;
- delays in closing the acquisition due to third-party consents, regulatory approvals, or other reasons;
- adverse effects from disclosed or undisclosed matters pertaining to the acquisition;
- loss or termination of employees and the costs associated with the termination or replacement of such employees;
- the assumption of debt, litigation, or other liabilities of the acquired business;
- the incurrence of additional debt related to the acquisition;
- costs, expenses, and working capital requirements associated with the acquisition;
- dilution of stock ownership of existing stockholders;
- regulatory costs associated with, among others, Section 404 of the Sarbanes-Oxley Act; and
- accounting charges for restructuring and related expenses, impairment of goodwill, amortization of intangible assets, and stock-based compensation expense.

Even if the Reorganized Debtors consummate an acquisition, the process of integrating the new acquisition into the Reorganized Debtors' operations may result in unforeseen operational difficulties and additional costs, and may adversely affect the effectiveness of internal controls over financial reporting. Newly acquired vessels may need to be immediately stacked due to market conditions, resulting in additional stacking and un-stacking costs that could act as a barrier to their deployment if the Reorganized Debtors' liquidity position deteriorates. The forgoing risks, and other similar risks, of an acquisition could affect the Reorganized Debtors' ability to achieve anticipated levels of utilization, profitability, or other benefits from the acquisitions. An inability to acquire additional vessels or businesses may adversely affect the Reorganized Debtors' growth.

16. The Debtors' Business Involves a Number of Operational Risks That May Disrupt the Reorganized Debtors' Business Adversely Affect Their Financials, and Insurance May Be Unavailable or Inadequate to Protect Against Such Risks

The Debtors' Vessels are subject to operating risks, including, but not limited to:

- catastrophic marine disaster;
- adverse weather and sea conditions;
- mechanical failure;
- collisions or allisions;
- oil or other hazardous substance spills;
- navigational errors;
- acts of God; and
- war or terrorism.

The occurrence of any of the enumerated events, or other similar events, may result in vessel damage, vessel loss, personnel injury, or death, or environmental contamination. The occurrence of any such event could expose the Reorganized Debtors to liability or costs that the Reorganized Debtors would be required to pay before seeking repayment from their insurers.

Affected vessels may also be removed from service and thus be unavailable for income-generating activity. While the Debtors believe that their insurance coverage is adequate and insures against risks that are customary in the industry, they may be unable to renew such coverage in the future at commercially reasonable rates. Moreover, existing or future coverage may not be sufficient to cover claims that may arise and the Reorganized Debtors do not maintain insurance for loss of income resulting from a marine casualty.

17. Stacked Vessels May Introduce Additional Operational Issues

Due to difficult market conditions, the Debtors elected to stack certain Vessels in their fleet at various points in the last several years. Though Vessel stacking reduces the costs of operating a Vessel, it reduces the number of available Vessels the Debtors can deploy to service their customers and limits potential revenues. If market conditions do not improve, the Debtors may be required to stack additional Vessels.

When the Reorganized Debtors elect to unstack the stacked Vessels, the Reorganized Debtors will incur regulatory recertification and remobilization costs and may incur additional costs to hire and train personnel to operate the Vessels. Such costs could have an adverse effect on the Debtors' financials and operations.

18. The Reorganized Debtors May Be Unable to Collect Amounts Owed to Them by Customers

The Debtors typically grant customers credit on a short-term basis. Because the Debtors do not typically collect collateralized receivables from customers, the Debtors are subject to credit risk on the credit the Debtors extend. The Debtors estimate uncollectible accounts in their financial statements based on historical losses, current economic conditions, and individual customer evaluations. However, the Reorganized Debtors' estimates may not be accurate, and the receivables due from customers as reflected in their financial statements may not be collectible.

D. Additional Risk Factors

1. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement.

Any representations or inducements made to secure your vote for acceptance or rejection of the Plan that are other than those contained in, or included with, this Disclosure Statement should not be relied upon in making the decision to vote to accept or reject the Plan.

2. No Legal or Tax Advice Is Provided by this Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of Claims or Interests should consult their own legal counsel and accountant as to legal, tax, and other matters concerning their Claim or Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

3. No Admission Made

Nothing contained herein or in the Plan will constitute an admission of, or will be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or holders of Claims or Interests.

X. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a ballot (a "Ballot") to be used for voting on the Plan, is being distributed to the holders of Claims in the Class entitled to vote to accept or reject the Plan.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. The table in Article IV of this Disclosure Statement, entitled "Summary of Expected Recoveries" which begins on page 7, provides a summary of the status and voting rights of each Class (and, therefore, of each holder within such Class absent an objection to the holder's Claim or Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of Claims in Classes 3 (collectively, the "Voting Class"). The holders of Claims in the Voting Class are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, holders of Claims in the Voting Class have the right to vote to accept or reject the Plan.

The Debtors are ***not*** soliciting votes from holders of Claims or Interests in Classes 1, 2, 4, 5, 6, or 7.

B. Voting Record Date

The Voting Record Date is October 18, 2022 (the "Voting Record Date"). The Voting Record Date is the date on which it will be determined which holders of Claims in the Voting Class are entitled to vote to accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim.

C. Voting on the Plan

The Voting Deadline is January 6,2023, at 5:00 p.m. (prevailing Central Time). In order to be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and delivered as directed, so that your Ballot containing your vote is **actually received** by the Claims and Noticing Agent on or before the Voting Deadline. Ballots returned by facsimile will not be counted.

1. Holders of Claims in Class 3

If you are a Holder of a First Lien Claim, you must complete, sign, and date your ballot and return it (with an original signature) so that it is **actually received** by the Claims and Noticing Agent by (a) mailing your executed Ballot to Nautical Ballot Processing, c/o KCC, 222 N Pacific Coast Highway, Suite 300, El Segundo, CA 90245, or (b) by emailing your executed Ballot to NauticalSolutionsInfo@kccllc.com prior to the Voting Deadline.

If you have any questions regarding the ballot, voting instructions, the procedures for voting, or need to obtain additional solicitation materials, please contact the Claims and Noticing Agent by: (a) writing to Nautical Ballot Processing, c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (b) emailing NauticalSolutionsInfo@kccllc.com and referencing "Nautical Solutions" in the subject line; and/or (c) calling the Debtors' restructuring hotline at (866) 523-2941 (domestic toll-free) or (781) 575-2044 (international).

D. Ballots Not Counted

No Ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the holder of the Claim; (2) it was transmitted by means other than as specifically set forth in the Ballots; (3) it was cast by an entity that is not entitled to vote on the Plan; (4) it was sent to the Debtors, the Debtors' agents/representatives (other than the Claims and Noticing Agent), the Agent, or the Debtors' financial or legal advisors instead of the Claims and Noticing Agent; (5) it is unsigned; or (6) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan. **Please refer to your Ballot for additional requirements with respect to voting to accept or reject the Plan.**

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR THAT IS OTHERWISE NOT IN COMPLIANCE WITH THE SOLICITATION AND VOTING

PROCEDURES PROVIDED IN THIS ARTICLE X OF THE DISCLOSURE STATEMENT WILL NOT BE COUNTED.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of holders of Claims or Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (3) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit D** is a Liquidation Analysis prepared by the Debtors with the assistance of the Debtors' restructuring advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by holders of Claims or Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a greater return to holders of Claims or Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors' businesses may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Any distribution to holders of Claims or Interests (to the extent holders of Interests would receive distributions at all) under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of their businesses, which is reflected in the New Senior Secured Notes to be distributed under the Plan. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of Ankura, have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared their projected consolidated balance sheet, income statement, and statement of cash flows (the Financial Projections). Creditors and other interested parties should review Article IX of this Disclosure Statement, entitled "Risk Factors," which begins on page 33, for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors.

The Financial Projections are attached hereto as **Exhibit E** and incorporated herein by reference. Based upon the Financial Projections, the Debtors believe that they will be a viable operation following the Chapter 11 Cases and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[8]

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims or interests in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims or Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have *actually* voted to accept or to reject the plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Pursuant to Article III.F of the Plan, if a Class contains Claims eligible to vote, and no holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the holders of such Claims in such Class shall be deemed to have accepted the Plan.

---

[8] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. Subject to the terms and conditions of the Plan and the Restructuring Support Agreement, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims or interests in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims or Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

XII. CERTAIN SECURITIES LAW MATTERS

The Debtors believe that the New Nautical Securities will be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and any applicable state securities law (a "Blue Sky Law"). The Debtors further believe that the offer, sale, issuance, and initial distribution of the New Nautical Securities by the Reorganized Debtors pursuant to the Plan is exempt from federal and

state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code, and any applicable state Blue Sky Law as described in more detail below.

No registration statement will be filed under the Securities Act, or pursuant to any state securities laws with respect to the offer and distribution of securities under the Plan.

A. Issuance of Securities under the Plan

As discussed herein, the Plan provides for the offer, issuance, sale, and distribution by the Reorganized Debtors of the New Nautical Securities.

Section 1145 of the Bankruptcy Code provides that Section 5 of the Securities Act and any state law requirements for the issuance of a security do not apply to the offer or sale of stock, options, warrants, or other securities by a debtor if (a) the offer or sale occurs under a plan of reorganization; (b) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor; and (c) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange or partly for cash and property. The Debtors believe that the issuance of the New Nautical Securities in exchange for the Claims and Interests described above satisfy the requirements of section 1145(a) of the Bankruptcy Code.

Accordingly, no registration statement will be filed under the Securities Act or any state securities laws. Recipients of the New Nautical Securities are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable state Blue Sky Law.

B. Subsequent Transfers

The New Nautical Securities may be freely transferred by most recipients following the initial issuance under the Plan, and all resales and subsequent transfers of the New Nautical Securities are exempt from registration under the Securities Act and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (b) offers to sell securities offered or sold under a plan for the holders of such securities; (c) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "Controlling Persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its

successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, while there is no precise definition of a "controlling" stockholder, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

Resales of New Nautical Securities by entities deemed to be "underwriters" (which definition includes "Controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of New Nautical Securities who are deemed to be "underwriters" may be entitled to resell their New Nautical Securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if the required holding period has been met and, under certain circumstances, current information regarding the issuer is publicly available and volume limitations, manner of sale requirements and certain other conditions are met. Whether any particular Person would be deemed to be an "underwriter" (including whether the Person is a "Controlling Person") with respect to the New Nautical Securities would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the New Nautical Securities and, in turn, whether any Person may freely resell such New Nautical Securities.

Persons who receive New Nautical Securities under the Plan are urged to consult their own legal advisor with respect to the restrictions applicable under the federal or state securities laws and the circumstances under which securities may be sold in reliance on such laws. The foregoing summary discussion is general in nature and has been included in this Disclosure Statement solely for informational purposes. The Debtors make no representations concerning, and do not provide, any opinions or advice with respect to the New Nautical Securities or the bankruptcy matters described in this Disclosure Statement. In light of the uncertainty concerning the availability of exemptions from the relevant provisions of federal and state securities laws, the Debtors encourage each recipient of securities and party in interest to consider carefully and consult with its own legal advisors with respect to all such matters. Because of the complex, subjective nature of the question of whether a security is exempt from the registration requirements under the federal or state securities laws or whether a particular recipient of New Nautical Securities may be an underwriter, the Debtors make no representation concerning the ability of a person to dispose of the New Nautical Securities issued under the Plan.

XIII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain United States ("U.S.") federal income tax consequences of the implementation of the Plan to the Debtors, the Reorganized Debtors, and Holders of Claims entitled to vote on the Plan (*i.e.*, Holders of First Lien Claims). It does not address the U.S. federal income tax consequences to Holders of Claims or Holders of Interests that are not entitled to vote on the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof (collectively, "Applicable Tax Law"). Changes in the rules or new interpretations of the rules may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. The Debtors have not requested any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed herein, and the discussion

below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This summary does not address non-U.S., state, local, or non-income tax consequences of the Plan (including such consequences with respect to the Debtors or the Reorganized Debtors), nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (such as persons who are related to the Debtors within the meaning of the Tax Code, persons liable for alternative minimum tax, U.S. Holders whose functional currency is not the U.S. dollar, U.S. expatriates, broker-dealers, accrual-method U.S. Holders that prepare an "applicable financial statement" (as defined in Section 451 of the Tax Code), banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, partnerships (or other entities treated as partnerships or other pass-through entities), beneficial owners of partnerships (or other entities treated as partnerships or other pass-through entities), subchapter S corporations, persons who hold Claims as part of a straddle, hedge, conversion transaction, or other integrated investment, persons using a mark-to-market method of accounting, and Holders of Claims who are themselves in bankruptcy). In addition, this summary assumes that a Holder of a Claim holds only Claims in a single Class and holds a Claim only as a "capital asset" (within the meaning of section 1221 of the Tax Code). Furthermore, the following summary assumes that the New Senior Secured Notes will be respected as debt instruments for U.S. federal income tax purposes.

This summary does not address the receipt, if any, of property by Holders of Claims other than in their capacity as such (*e.g.*, this summary does not discuss the treatment of any commitment fee or similar arrangement).

For purposes of this discussion, a "U.S. Holder" is a Holder of a Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons (within the meaning of section 7701(a)(30) of the Tax Code) have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any Holder of a Claim that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder of a Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other entities treated as partnerships or other pass-through entities) that are Holders of Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, NON-U.S., NON-INCOME, AND OTHER TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

The Debtors are currently composed of Nautical Solutions, L.L.C., which is treated as a partnership for U.S. tax purposes, and Nautical Solutions (Texas), L.L.C., which is treated as an entity disregarded as separate from Nautical Solutions for U.S. federal income tax purposes. Accordingly, the U.S. federal income tax consequences of consummating the Plan will generally not be borne by the Debtors, but by Nautical Solutions' members (*i.e.*, the Holders of equity in Nautical Solutions).

In connection with the Plan, Nautical Solutions' members will form New Nautical HoldCo and contribute their Nautical Solutions interests to New Nautical HoldCo in exchange for New Nautical HoldCo interests. New Nautical HoldCo will be taxed as a partnership for U.S. tax purposes. New Nautical HoldCo will hold all of the equity interests in Nautical Solutions, and as such, Nautical Solutions will become a wholly-owned subsidiary of New Nautical Holdco and taxed as an entity disregarded as separate from New Nautical HoldCo for U.S. federal income tax purposes. It is also the intention of the parties that for U.S. tax purposes New Nautical HoldCo will be treated as a continuation of the Nautical Solutions partnership.

1. COD Income

In general, absent an exception, a taxpayer will realize and recognize cancelation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of any cash paid, (ii) the issue price of any new indebtedness of the debt issued, and (iii) the fair market value of any other consideration given in satisfaction of such indebtedness at the time of the exchange; except to the extent that payment of the indebtedness would have given rise to a deduction.

Under section 108 of the Tax Code, a taxpayer is not required to include COD Income in gross income (a) if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the "Bankruptcy Exception"), or (b) to the extent that the taxpayer is insolvent immediately before the discharge (but only to the extent of the taxpayer's insolvency) (the "Insolvency Exception"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) net operating losses; (b) most tax credits, including minimum tax credit carryovers; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject); (e) passive activity loss and credit carryovers; and (f) foreign tax credits. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code.

Under section 108(d)(6) of the Tax Code, when an entity that is a flow-through entity (such as Nautical Solutions) realizes COD Income, its partners are treated as receiving their allocable share of such COD Income and the Bankruptcy Exception and the Insolvency Exception (and related attribute reduction) are applied at the partner level rather than at the entity level. Accordingly, the Holders of equity in Nautical Solutions will be treated as receiving their allocable share, if any, of the COD Income realized by the Debtors.

C. Certain U.S. Federal Income Tax Consequences to U.S. Holders of First Lien Claims

The following discussion assumes that the Debtors will undertake the transactions currently contemplated by the Plan. Holders of Claims are urged to consult their tax advisors regarding the tax consequences of the transactions.

1. U.S. Federal Income Tax Consequences to U.S. Holders of First Lien Claims

Pursuant to the Plan, a U.S. Holder of a First Lien Claim shall receive its Pro Rata share of the New Senior Secured Notes, any excess cash distribution owed and payable in accordance with section 4.9(a) of the New Senior Secured Notes Exchange Agreement; and additional Cash in an amount calculated at a rate of 8.50% per annum on $587,500,000 for the period from September 1, 2022 through the Effective Date, in accordance with section 8.1(b) of the New Senior Secured Notes Exchange Agreement. Subject to the discussion of the bifurcation method below, a U.S. Holder of a First Lien Claim will generally be treated as having exchanged its First Lien Claim for its Pro Rata share of the New Senior Secured Notes and the cash in an exchange governed by Section 1001 of the Tax Code on which taxable gain or loss is recognized in an amount equal to the difference between (i) the sum of (A) the issue price of the New Senior Secured Notes received (or, if the New Senior Secured Notes are bifurcated as discussed below, the issue price of the non-contingent portion plus the fair market value of the contingent portion) and (B) the cash received and (ii) such U.S. Holder's adjusted basis, if any, in such First Lien Claim.

Any amount received in respect of accrued but untaxed interest will be taxed as set forth below under "--Accrued but Untaxed Interest." A U.S. Holder's tax basis in the New Senior Secured Note received should be equal to the "issue price" of such New Senior Secured Note (as described below) (or, if the New Senior Secured Notes are bifurcated as discussed below, the issue price of the non-contingent portion plus the fair market value of the contingent portion) and a U.S. Holder's holding period would begin on the day after the Effective Date.

2. Character of Gain or Loss

To the extent a U.S. Holder of First Lien Claims recognizes gain or loss as described in Section (1) above, and subject to the discussion below on accrued but untaxed interest and market discount, any gain or loss recognized on the exchange of First Lien Claims should be capital gain or loss and will generally be long-term capital gain or loss if the U.S. Holder held his or her First Lien Claims for more than one (1) year on the Effective Date. Under current U.S. federal income tax law, certain non-corporate U.S. Holders (including individuals) are eligible for preferential rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to limitation.

3. Accrued but Untaxed Interest

To the extent that any amount received by a U.S. Holder of a First Lien Claim is attributable to accrued but untaxed interest on the debt instruments constituting the surrendered First Lien Claim, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken into income by the U.S. Holder), in which case, such amount will be excluded from a U.S. Holder's calculation of gain or loss on such exchange of Claims. Conversely, a U.S. Holder of a First Lien Claim may be able to recognize a deductible loss to the extent that any accrued interest previously was included in the U.S. Holder's gross income but was not paid in full by the Debtors.

If the fair market value of the consideration is not sufficient to fully satisfy all principal and interest on the First Lien Claims, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration to be distributed to U.S. Holders of First Lien Claims will be allocated first to the principal amount of First Lien Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a Chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, and certain case law generally indicates that a final payment on a distressed debt instrument that is insufficient to repay outstanding principal and interest will be allocated to principal, rather than interest. Certain Treasury Regulations treat payments as allocated first to any

accrued but unpaid interest. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

4. Market Discount

Under the "market discount" provisions of the Tax Code, some or all of any gain recognized by a U.S. Holder of a First Lien Claim who exchanges such First Lien Claim for an amount on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the exchanged First Lien Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its U.S. Holder's initial tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with OID, its adjusted issue price, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of such First Lien Claim that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the First Lien Claim was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued).

5. Net Investment Income Tax

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of any consideration to be received under the Plan.

6. Issue Price of the New Senior Secured Notes and U.S. Federal Income Tax Consequences of Holding a Contingent Payment Debt Instrument

Because of the contingent nature of the Exit Fee and PIK Interest, the New Senior Secured Notes likely constitute contingent payment debt instruments ("CPDIs"). As a result, the issue price of the New Senior Secured Notes will depend on whether the New Senior Secured Notes and/or the First Lien Claims are considered publicly traded.

In general, a debt instrument will be treated as publicly traded if, at any time during the 31-day period ending 15 days after the applicable measurement date: (a) a "sales price" for an executed purchase of the debt instrument appears on a medium that is made available to issuers of debt instruments, persons that regularly purchase or sell debt instruments, or persons that broker purchases or sales of debt instruments; (b) a "firm" price quote for the debt instrument is available from at least one broker, dealer, or pricing service for property and the quoted price is substantially the same as the price for which the person receiving the quoted price could purchase or sell the property; or (c) there are one or more "indicative" quotes available from at least one broker, dealer, or pricing service for property. However, a debt instrument will not be treated as traded on an established market if at the time the determination is made the outstanding stated principal amount of the issue that includes the debt instrument does not exceed $100 million. As of the date of this Disclosure Statement, the Debtors are not aware of any outstanding quotes or prices on the New Senior Secured Notes nor the First Lien Claims, whether sales, firm, or indicative. As a result, it appears the debt instruments will likely not be treated as publicly traded.

However, the Debtors cannot be sure there will not be quotes in the future, or that the New Senior Secured Notes will not trade on an established market in the future.

a. Noncontingent Bond Method

If the New Senior Secured Notes or First Lien Claims are considered publicly traded, then the New Senior Secured Notes, as CPDIs, will be subject to the noncontingent bond method. Their issue price would be their fair market value at the time of issuance, or the fair market value of the First Lien Claims exchanged therefor if the First Lien Claims are publicly traded but the New Senior Secured Notes are not.

Under the noncontingent bond method, each U.S. Holder would be required to accrue original issue discount ("OID") on a constant yield to maturity basis based on the "comparable yield" of any debt instrument determined to be a CPDI, which generally is the rate at which the Debtors could issue a fixed rate debt instrument with terms and conditions similar to the applicable debt. U.S. Holders would accrue interest based on the comparable yield. U.S. Holders would not be required to separately include in income any additional amount for the interest payments actually received, except to the extent of positive or negative adjustments, as discussed below.

If, during any taxable year, the actual payments with respect to the New Senior Secured Notes exceed the projected payments for that taxable year, U.S. Holders would incur a "net positive adjustment" under the contingent debt regulations equal to the amount of such excess. U.S. Holders would treat a net positive adjustment as additional interest income in that taxable year.

If, during any taxable year, the actual payments with respect to the New Senior Secured Notes are less than the amount of projected payment for that taxable year, U.S. Holders may incur a "net negative adjustment" under the contingent debt regulations equal to the amount of such deficit. This net negative adjustment would (a) reduce a U.S. Holder's interest income on the New Senior Secured Notes for that taxable year; and (b) to the extent such negative adjustments exceed interest income on the New Senior Secured Notes for that taxable year, give rise to an ordinary loss to the extent of such U.S. Holder's interest income on the CPDIs during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments. Any net negative adjustments in excess of the amounts described in (a) and (b) should be carried forward as a negative adjustment to offset future interest income with respect to the New Senior Secured Notes or to reduce the amount realized on a sale, exchange, or repurchase of the CPDIs. As a result of the rules described above, recipients of CPDIs may be required to include amounts in income prior to receipt of cash attributable to such income.

b. Bifurcation Method

If neither the First Lien Claims nor the New Senior Secured Notes are considered publicly traded, then the New Senior Secured Notes, as CPDIs, will be subject to the bifurcation method. Under the bifurcation method, the New Senior Secured Notes would be treated as two separate components, one consisting of the noncontingent portion and the other consisting of the contingent portion. The noncontingent portion would be treated as a separate debt instrument with an issue price equal to the stated principal amount of the New Senior Secured Notes. The contingent portion (the right to the potential Exit Fee and PIK Interest) would be treated separately and if and when a payment is made on the contingent portion, it would be treated as a payment of principal equal to the present value of the actual payment discounted back to the Effective Date at the applicable federal rate (currently 2.90%), with the remainder of the contingent payment treated as interest.

The treatment of a U.S. Holder under the bifurcation method is complex and may depend on whether the exchange of First Lien Claims for New Senior Secured Notes and cash is accounted for under

the installment method. If there is gain pursuant to the transaction, a U.S. Holder may be eligible to defer gain under the installment method. Should the U.S. Holder elect to use the installment sale method, the amounts treated as principal will be treated as partial amounts realized when received. The U.S. Holder must then recover its basis under the installment sale regulations. The rules regarding reporting under the installment sale are complicated. As a result, U.S. Holders should consult with their own tax advisors regarding such reporting.

If a U.S. Holder is not eligible for, or elects out of, the installment method then, as discussed above, such U.S. Holder would likely take tax basis in the noncontingent portion equal to its issue price and tax basis in the contingent portion equal to its fair value. Such U.S. Holder would treat regular principal and interest payments as payments of principal and interest on the noncontingent portion and would allocate any payment on the contingent portion as part principal payment and part interest income, with the contingent principal payment likely treated as a payment in exchange for the contingent portion. The U.S. Holder would recognize capital gain or loss equal to the difference between the amount of the contingent principal payment and such U.S. Holder's basis in the contingent portion.

The rules related to CPDIs are complex. U.S. Holders are encouraged to consult their own tax advisors, including with respect to the application of the CPDI rules.

D. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders of First Lien Claims

1. In General

The following discussion includes only certain U.S. federal income tax consequences of the transactions to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Non-U.S. Holders should consult their own tax advisors regarding the U.S. federal, state, and local and non-U.S. tax consequences of the consummation of the Plan to such Non-U.S. Holders and the ownership and disposition of the New Senior Secured Notes.

Whether a Non-U.S. Holder recognizes gain or loss on the exchange of Claims pursuant to the Plan, or upon a subsequent disposition of the consideration received under the Plan, the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

a. Gain Recognition in Connection with the Plan

Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or OID, if any), any gain recognized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (i) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the gain is recognized and certain other conditions are met or (ii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder with respect to such gain. In addition, if such a Non-U.S. Holder is a corporation, it may be subject

to a branch profits tax equal to 30% (or such lower rate provided by an applicable tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

E. Ownership and Disposition of the New Senior Secured Notes

1. U.S. Holders

a. Sale, Taxable Exchange, Retirement, or Other Taxable Disposition

Upon the disposition of a New Senior Secured Note by sale, exchange, retirement, redemption, or other taxable disposition, a U.S. Holder will generally recognize gain or loss equal to the difference, if any, between the amount realized upon such exchange and its adjusted basis in the New Senior Secured Note.

(i) Noncontingent Bond Method

If the noncontingent bond method applies to the New Senior Secured Notes, the U.S. Holder's adjusted basis in its New Senior Secured Note at the time of the disposition would be its initial basis (determined pursuant to the rules discussed above), increased by the amount of interest previously accrued on the New Senior Secured Note (in accordance with the comparable yield and the projected payment schedule thereof), increased or decreased by the amount of any positive or negative adjustment, respectively, that it is required to make, and decreased by the amount of any noncontingent payment and the projected amount of any contingent payment previously made on the New Senior Secured Note.

Any recognized gain should be ordinary interest income (rather than capital gain), and any recognized loss should be ordinary loss to the extent of interest a U.S. Holder included as income in the current or previous taxable years in respect of such New Senior Secured Notes, and thereafter, capital loss.

If a U.S. Holder's adjusted basis in the New Senior Secured Notes it receives is different than the issue price of the New Senior Secured Notes, such U.S. Holder must allocate any difference between the adjusted issue price and its basis to daily portions of interest or projected payments over the remaining term of the New Senior Secured Notes. If the U.S. Holder's basis is higher than the adjusted issue price of the New Senior Secured Notes, the amount of the difference allocated to a daily portion of interest or to a projected payment should be treated as a negative adjustment on the date the daily portion accrues or the payment is made. On the date of the adjustment, a U.S. Holder's adjusted basis in the New Senior Secured Notes should be reduced by the amount the U.S. Holder treats as a negative adjustment. If the U.S. Holder's basis is less than the adjusted issue price of the New Senior Secured Notes, the amount of the difference allocated to a daily portion of interest or to a projected payment should be treated as a positive adjustment on the date the daily portion accrues or the payment is made. On the date of the adjustment, a U.S. Holder's adjusted basis in the debt instrument should be increased by the amount it treats as a positive adjustment.

(ii) Bifurcation Method

If instead the bifurcation method applies to the New Senior Secured Notes, then the U.S. Holder must allocate the amount received in any sale, taxable exchange, retirement or disposition first to the noncontingent component exchanged, up to the amount of the adjusted issue price of the noncontingent component. The U.S. Holder's adjusted issue price in the noncontingent portion would be equal to the adjusted issue price of the New Senior Secured Notes at that time, which issue price would be the original issue price of such New Senior Secured Notes, determined as stated above, increased by any accrued but unpaid interest and decreased by any actual payments of interest or principal. The amount allocated to the noncontingent component is treated as the amount realized from its disposition.

The U.S. Holder must then separately allocate the remaining consideration to the contingent component, which payment would be treated as part principal and part interest, as discussed above. Such payment would be treated as ordinary income to the extent of interest and capital gain to the extent of principal.

The rules related to the bifurcation method are complex. U.S. Holders are encouraged to consult their own tax advisors with respect to its application.

2. Non-U.S. Holders

a. Payments of Interest

Subject to the discussion of backup withholding and FATCA below, the portion of a Non-U.S. Holder's interest income on the New Senior Secured Notes considered noncontingent interest income that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will likely qualify for the so-called "portfolio interest exemption" and, therefore, will not be subject to U.S. federal income tax or withholding, *provided* that:

- the Non-U.S. Holder does not own, actually or constructively, a 10% or greater interest in the New Nautical HoldCo's capital or profits within the meaning of Section 871(h)(3) of the Tax Code and Treasury Regulations thereunder;
- the Non-U.S. Holder is not a controlled foreign corporation related to the Debtors or Reorganized Debtors, actually or constructively through the ownership rules under Section 864(d)(4) of the Tax Code;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner gives the New Nautical HoldCo or the New Nautical HoldCo's paying agent an appropriate IRS Form W-8 (or suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a Non-U.S. Holder.

Any contingent interest income likely will not be eligible for the "portfolio interest exemption" under Section 871(h)(4). As a result, any contingent interest income, and any noncontingent interest income that does not meet all of the conditions listed above, paid to a Non-U.S. Holder that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will generally be subject to U.S. federal income tax and withholding at a 30% rate, unless an applicable income tax treaty reduces or eliminates such withholding and the Non-U.S. Holder claims the benefit of that treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

The degree to which a Non-U.S. Holder's interest income will be considered noncontingent versus contingent is unknown at this time. However, if the noncontingent bond method applies to the New Senior Secured Notes a Non-U.S. Holder should be able to treat the stated Cash Interest and PIK Interest as noncontingent interest as well as any OID attributable solely to the excess of the stated principal amount over the issue price of the New Senior Secured Notes. Any incremental OID (whether as part of the projected payment schedule or as a result of net positive adjustments) attributable to the contingent Exit

Fee would likely be treated as contingent interest income not eligible for the "portfolio interest exemption" and subject to withholding as stated above.

If the bifurcation method applies to the New Senior Secured Notes, because the Non-U.S. Holder would treat the noncontingent and contingent components of the New Senior Secured Notes separately, the Cash Interest and PIK Interest, attributable entirely to the noncontingent portion would be treated separately and likely qualify for the "portfolio interest exemption." The portion of the contingent Exit Fee actually paid and treated as interest likely would not qualify for the "portfolio interest exemption" and, again as stated above, would be subject to withholding.

The application of the "portfolio interest exemption" to the New Senior Secured Notes under the noncontingent bond method and bifurcation method is complex, so Non-U.S. Holders are encouraged to consult their tax advisors regarding its application.

If interest on the New Senior Secured Note is effectively connected with a U.S. trade or business in the United States ("ECI") carried on by the Non-U.S. Holder, the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30% withholding tax described above will not apply, *provided* the appropriate statement is provided to the New Nautical HoldCo or its paying agent) unless an applicable income tax treaty provides otherwise. To claim an exemption from withholding, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or suitable substitute or successor form or such other form as the IRS may prescribe). If a Non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the Non-U.S. Holder claims the benefit of the treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed. In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or, if applicable, a lower treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

b. Sale, Taxable Exchange, or Other Disposition of the New Senior Secured Notes

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of the New Senior Secured Notes (other than any amount representing accrued but unpaid interest on the loan, which will be treated as interest and may be subject to the rules discussed above under "--Non-U.S. Holders--Payments of Interest") unless:

- the gain is ECI (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment that such Non-U.S. Holder maintains), or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, such Holder is present in the United States for 183 or more days in the taxable year of the disposition and certain other requirements are met.

If a Non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, the Non-U.S. Holder will generally be taxed on the net gain derived from the disposition of the New Senior Secured Notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above. To claim an exemption from withholding, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or suitable substitute or successor form or such other form as the IRS may prescribe). If an individual Non-U.S. Holder falls under the second of these exceptions, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which the gain derived from the disposition exceeds such Non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of the sale.

F. Information Reporting and Back-Up Withholding

The Debtors and Reorganized Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. The Debtors and Reorganized Debtors will also comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a Holder of a First Lien Claim under the Plan, as well as future payments made with respect to consideration received under the Plan. In addition, backup withholding of taxes will generally apply to payments in respect of a First Lien Claim under the Plan, as well as future payments with respect to the consideration received under the Plan, unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 and, in the case of a Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or, in each case, such Holder otherwise establishes eligibility for an exemption).

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's U.S. federal income tax liability, and a Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a U.S. federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

G. FATCA

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income, and, subject to the paragraph immediately below, also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

FATCA withholding rules were previously scheduled to take effect on January 1, 2019, that would have applied to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S. source interest or dividends. However, such withholding has effectively been suspended

under proposed Treasury Regulations that may be relied on until final regulations become effective. Nonetheless, there can be no assurance that a similar rule will not go into effect in the future. Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of FATCA withholding rules on such Non-U.S. Holder.

BOTH U.S. HOLDERS AND NON-U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE IMPACT OF THESE RULES ON SUCH HOLDERS' EXCHANGE OF ANY OF ITS CLAIMS PURSUANT TO THE PLAN.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-U.S., OR NON-INCOME TAX LAW, AND OF ANY CHANGE IN APPLICABLE TAX LAW.

XIV. RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: [●]

NAUTICAL SOLUTIONS, L.L.C.
on behalf of itself and its Debtor affiliate

/s/ [●]

Charles F. Comeaux
Chief Financial Officer
Nautical Solutions, L.L.C.

Exhibit A

Plan of Reorganization

[Included Elsewhere in These Solicitation Materials]

Exhibit B

Restructuring Support Agreement

THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT AN OFFER OR ACCEPTANCE WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING SUPPORT AGREEMENT SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE ON THE TERMS DESCRIBED HEREIN, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (including all exhibits, annexes, and schedules hereto in accordance with Section 16.02, this "**Agreement**") is made and entered into as of September 6, 2022 (the "**Execution Date**"), by and among the following parties (each of the following described in sub-clauses (i) through (iv) of this preamble, collectively, the "**Parties**"):[1]

i. Nautical Solutions, L.L.C., a limited liability company incorporated under the Laws of Louisiana (the "**Company**") and Nautical Solutions (Texas), LLC, a limited liability company incorporated under the Laws of Texas (the Entities in this clause (i), collectively, the "**Company Parties**");

ii. the undersigned holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, Notes Claims that have executed and delivered counterpart signature pages to this Agreement, a Joinder, or a Transfer Agreement to counsel to the Company Parties and Designated Counsel (the Entities in this clause (ii), collectively, the "**Consenting Noteholders**");

iii. the undersigned holders of Term Loan Claims that have executed and delivered counterpart signature pages to this Agreement, a Joinder, or a Transfer Agreement to counsel to the Company Parties and Designated Counsel (the Entities in this clause (iii), collectively, the "**Consenting Lenders**" and, together with the Consenting Noteholders, the "**Consenting Creditors**"); and

iv. the undersigned holders of Equity Interests of the Company that have executed and delivered counterpart signature pages to this Agreement or a Joinder to counsel to the Company Parties and Designated Counsel (the Entities in this clause (iv), collectively, the "**Consenting Members**" and, together with the Consenting Creditors, the "**Consenting Stakeholders**").

RECITALS

WHEREAS, the Company Parties and the Consenting Stakeholders have in good faith and at arms' length negotiated or been apprised of certain restructuring and recapitalization

[1] Capitalized terms used but not defined in the preamble and recitals to this Agreement have the meanings set forth in Section 1.

transactions with respect to the Company Parties' capital structure on the terms set forth in this Agreement and as specified in the term sheet attached as **Exhibit A** hereto (the "**Restructuring Term Sheet**" and, such transactions as described in this Agreement and the Restructuring Term Sheet, the "**Restructuring Transactions**");

WHEREAS, the Company Parties intend to simultaneously commence (i) a private exchange of New Senior Secured Notes to be made by the Company to holders of Notes Claims and Term Loan Claims (the "**Exchange Offer**"), to be effectuated, to the extent set forth herein, through an out-of-court restructuring (such transactions, the "**Out-of-Court Restructuring**"), and (ii) a solicitation of votes for a chapter 11 plan (as may be amended, supplemented, or modified from time to time, including all exhibits and schedules thereto, the "**Plan**"), to be implemented, to the extent set forth herein, through the commencement by the Company Parties of pre-packaged bankruptcy cases under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 – 1532 (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**," such cases, the "**Chapter 11 Cases**," and such transactions, the "**In-Court Restructuring**"), in each case, consistent with the terms of this Agreement and the Restructuring Term Sheet;

WHEREAS, the Company intends to implement the Restructuring Transactions through the Out-of-Court Restructuring; *provided* that, if all conditions to consummation of the Exchange Offer and the Out-of-Court Restructuring, including the Out-of-Court Restructuring Consent Threshold, are not satisfied or waived in accordance with their terms, the Company Parties intend to implement the terms of the Restructuring Transactions pursuant to the In-Court Restructuring; and

WHEREAS, the Parties have agreed to take certain actions in support of the Restructuring Transactions on the terms and conditions set forth in this Agreement and the Restructuring Term Sheet.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

AGREEMENT

Section 1. *Definitions and Interpretation*.

1.01. Definitions. The following terms shall have the following definitions:

"**Additional Consenting Creditor**" has the meaning set forth in Section 9.03.

"**Affiliate**" has the meaning set forth in section 101(2) of the Bankruptcy Code as if such entity was a debtor in a case under the Bankruptcy Code.

"**Agent**" means JPMorgan Chase Bank, N.A. in its capacity as administrative agent and collateral agent for the holders of the Term Loans and in its capacity as collateral agent for the holders of the Notes, or any other administrative agent, collateral agent, or similar Entity under the

Credit Agreement or Notes Purchase Agreements, as applicable, that may exist from time to time, including, in each case, any successors thereto.

"**Agents/Trustees**" means, collectively, each of the Agents and Trustees.

"**Agreement**" has the meaning set forth in the preamble to this Agreement and, for the avoidance of doubt, includes all the exhibits, annexes, and schedules hereto in accordance with Section 16.02 (including the Restructuring Term Sheet), as may be amended, supplemented, or modified from time to time in accordance with this Agreement.

"**Agreement Effective Date**" means the date on which all of the conditions set forth in Section 2 have been satisfied or waived by the appropriate Party or Parties in accordance with this Agreement.

"**Agreement Effective Period**" means, with respect to a Party, the period from the Agreement Effective Date to the Termination Date applicable to that Party.

"**Alternative Restructuring Proposal**" means any inquiry, proposal, offer, bid, term sheet, discussion, or agreement with respect to a sale, disposition, new-money investment, restructuring, reorganization, merger, amalgamation, acquisition, consolidation, dissolution, debt investment, equity investment, liquidation, tender offer, recapitalization, plan of reorganization, share exchange, business combination, or similar transaction involving the Company Parties or the debt, equity, or other interests in the Company Parties other than the Restructuring Transactions.

"**Asset Sale Agreement**" means an agreement providing for the sale by the Company of six (6) 280' platform supply vessels in accordance with the terms of the Restructuring Term Sheet.

"**Asset Sale Documents**" means any Asset Sale Agreement and all documentation related thereto.

"**Bankruptcy Code**" has the meaning set forth in the recitals to this Agreement.

"**Bankruptcy Court**" has the meaning set forth in the recitals to this Agreement.

"**Business Day**" means any day other than a Saturday, Sunday, or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state of New York.

"**Cash Collateral Orders**" means the Interim Cash Collateral Order and the Final Cash Collateral Order.

"**Causes of Action**" means any claims, interests, damages, remedies, causes of action, demands, rights, actions, controversies, proceedings, agreements, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, Liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, whether arising before, on, or after the Restructuring Effective Date, in

contract, tort, law, equity, or otherwise. Causes of Action also include: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law or in equity; (b) the right to object to or otherwise contest Claims or Interests; (c) claims pursuant to section 362 or chapter 5 of the Bankruptcy Code; (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any avoidance actions arising under chapter 5 of the Bankruptcy Code or under similar local, state, federal, or foreign statutes and common law, including fraudulent transfer Laws.

"**Chapter 11 Cases**" has the meaning set forth in the recitals to this Agreement.

"**Claim**" has the meaning ascribed to it in section 101(5) of the Bankruptcy Code.

"**Communications Materials**" means any press releases, communication with any news media, other external communications materials or disclosure documents, or comparable public filing relating to the Restructuring Transactions, including any regulatory filings.

"**Company**" has the meaning set forth in the preamble to this Agreement.

"**Company Claims/Interests**" means any Claim against, or Equity Interest in, the Company Parties, including the Term Loan Claims and the Notes Claims.

"**Company Parties**" has the meaning set forth in the preamble to this Agreement.

"**Confidentiality Agreement**" means an executed confidentiality agreement, including with respect to the issuance of a "cleansing letter" or other public disclosure of material non-public information agreement, in connection with any proposed Restructuring Transactions.

"**Confirmation Order**" means the confirmation order with respect to the Plan entered by the Bankruptcy Court in connection with an In-Court Restructuring, including all exhibits and schedules thereto.

"**Consenting Creditors**" has the meaning set forth in the preamble of this Agreement.

"**Consenting Creditors' and Agent's Advisors**" means, collectively, (a)(i) Weil; (ii) Baker, Donelson, Bearman, Caldwell & Berkowitz P.C., as maritime counsel to the Consenting Noteholders; (iii) TRP Advisors, LLC, as financial advisor to the Consenting Noteholders; (iv) local counsel to the Consenting Noteholders in material jurisdictions; and (v) Lazard Frères & Co. LLC, as investment banker to the Consenting Noteholders; (b)(i) Simpson, as counsel to the Agent; (ii) Jones Walker LLP, as maritime counsel to the Agent; (iii) CR3 Partners LLC, as financial advisor to the Agent; and (iv) local counsel to the Agent in material jurisdictions; and (c) any other advisors to other Consenting Creditors.

"**Consenting Creditor Fees and Expenses**" means all reasonable and documented fees and expenses of the Consenting Creditors' and Agent's Advisors.

"**Consenting Lenders**" has the meaning set forth in the preamble to this Agreement.

"**Consenting Members**" has the meaning set forth in the preamble to this Agreement.

"**Consenting Noteholders**" has the meaning set forth in the preamble of this Agreement.

"**Consenting Stakeholders**" has the meaning set forth in the preamble of this Agreement.

"**Credit Agreement**" means that certain First Amended and Restated Credit Agreement, dated as of December 7, 2018, among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, Bank Of America, N.A., Wells Fargo Bank, N.A. and Suntrust Bank, as co-syndication agents, and Capital One, National Association, and Compass Bank, as co-documentation agents, as amended and restated from time to time, including pursuant to that certain Third Amendment, dated as of May 28, 2020.

"**Debtors**" means the Company Parties that commence Chapter 11 Cases, as applicable.

"**Definitive Documents**" has the meaning set forth in Section 4.01.

"**Designated Counsel**" means Weil and Simpson.

"**Disclosure Statement**" means the disclosure statement with respect to the Plan, that is prepared and distributed to holders of Notes Claims and Term Loan Claims in accordance with, among other things, sections 1125, 1126(b), and 1145 of the Bankruptcy Code, Rule 3018 of the Federal Rules of Bankruptcy Procedure, and other applicable Law, and all exhibits, schedules, supplements, modifications, and amendments thereto.

"**Disclosure Statement Order**" means the order of the Bankruptcy Court approving the Disclosure Statement as a disclosure statement meeting the applicable requirements of the Bankruptcy Code and, to the extent necessary, approving the related Solicitation Materials, which order may be the Confirmation Order.

"**Entity**" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

"**Equity Interests**" or "**Interests**" means, collectively, the shares (or any class thereof), common stock, preferred stock, limited liability company interests, and any other equity, equity security (as defined in section 101(16) of the Bankruptcy Code), ownership, or profits interests of any Company Parties, and options, warrants, rights, or other securities or agreements to acquire or subscribe for, or which are convertible into the shares (or any class thereof) of, common stock, preferred stock, limited liability company interests, or other equity, ownership, or profits interests of any Company Parties (in each case whether or not arising under or in connection with any employment agreement and whether or not certificated, transferable, preferred, common, voting, or denominated "stock" or a similar security).

"**Exchange Agreement**" means an agreement effectuating the Exchange Offer.

"**Exchange Offer**" has the meaning set forth in the recitals to this Agreement.

"**Execution Date**" has the meaning set forth in the preamble to this Agreement.

"**Forbearance Agreements**" means, collectively, (i) that certain *Forbearance Agreement*, dated as of August 20, 2021, by and among the Company and the Noteholders party thereto, with

respect to the Series A Notes; (ii) that certain *Forbearance Agreement*, dated as of August 20, 2021, by and among the Company and the Noteholders party thereto, with respect to the Series B Notes; and (iii) that certain *Amendment & Forbearance Agreement*, dated as of August 20, 2021, by and among the Company, JPMorgan Chase Bank, N.A. (in its capacity as administrative agent and collateral agent for the Term Loan Lenders), and the Term Loan Lenders party thereto, in each case, as amended.

"**Final Cash Collateral Order**" means an order of the Bankruptcy Court approving, on a final basis, the consensual use of cash collateral on terms consistent with the Restructuring Term Sheet.

"**First Day Pleadings**" means the first-day pleadings that the Company Parties determine are necessary or desirable to file with the Bankruptcy Court in the event of the In-Court Restructuring.

"**First Lien Claims**" means, collectively, the Notes Claims and the Term Loan Claims.

"**In-Court Restructuring**" has the meaning set forth in the recitals to this Agreement.

"**Initial Consenting Creditor**" means each Consenting Creditor listed on the signature pages hereto that (i) executes this Agreement on the Execution Date, and (ii) at all times on and after the Execution Date, continues to hold no less than the aggregate principal amount of First Lien Claims as such Consenting Creditor held on the Execution Date; *provided* that, if a Consenting Creditor that executes this Agreement on the Execution Date transfers its First Lien Claims to an Internal Transferee in accordance with Section 9 hereof, such Internal Transferee shall be deemed an "Initial Consenting Creditor" if, at all times on and after the date of such Internal Transfer, such Internal Transferee continues to hold no less than the aggregate principal amount of First Lien Claims as the Consenting Creditor transferor held on the Execution Date. For the avoidance of doubt, a Consenting Creditor (or its Internal Transferee) shall cease to be an Initial Consenting Creditor if at any time on or after the Execution Date such Consenting Creditor (or its Internal Transferee) no longer holds at least the aggregate principal amount of First Lien Claims as such Consenting Creditor (or, in the case of an Internal Transfer, such Consenting Creditor transferor) held on the Execution Date.

"**Interim Cash Collateral Order**" means an order of the Bankruptcy Court approving, on an interim basis, the consensual use of cash collateral on terms consistent with the Restructuring Term Sheet.

"**Internal Transfer**" means, with respect to any Initial Consenting Creditor, a Transfer that (i) is to a fund or discretionary account that is co-managed or advised by the same Entity as, or a wholly-owned subsidiary of, such Initial Consenting Creditor, and (ii) otherwise complies with Section 9.01 hereof.

"**Internal Transferee**" means a Consenting Creditor who holds First Lien Claims as a result of an Internal Transfer.

"**Joinder**" means a joinder agreement pursuant to which a newly joining party becomes bound by the terms of this Agreement, the form of which is attached hereto as **Exhibit B**.

"**Law**" means any federal, state, local, or foreign law (including common law), statute, code, ordinance, rule, regulation, order, ruling, or judgment, in each case, that is validly adopted, promulgated, issued, or entered by a governmental authority of competent jurisdiction (including the Bankruptcy Court).

"**Milestones**" has the meaning set forth in Section 3.01.

"**New Senior Secured Notes"** means new senior secured notes to be issued by the Company on the Restructuring Effective Date, on the terms set forth in the New Secured Notes Term Sheet and on terms otherwise satisfactory to the Required Consenting Creditors.

"**New Senior Secured Notes Documents"** means the new Senior Secured Notes Purchase Agreement and all security and other documents related thereto.

"**New Senior Secured Notes Purchase Agreement**" means the purchase agreement with respect to the New Senior Secured Notes, which shall be on the terms and conditions set forth in the New Senior Secured Notes Term Sheet.

"**New Senior Secured Notes Term Sheet**" means the term sheet attached as Exhibit 1 to the Restructuring Term Sheet.

"**Non-Consenting Creditor**" has the meaning set forth in Section 14.03.

"**Noteholders**" means holders of, or investment advisors, sub-advisors, or managers of discretionary accounts that hold, Notes Claims.

"**Notes**" means (i) the Series A Notes and (ii) the Series B Notes.

"**Notes Claim**" means any Claim on account of, related to, or in connection with the Notes, Notes Purchase Agreements or any other document related thereto.

"**Notes Purchase Agreements**" means, collectively, the Series A Notes Purchase Agreement and the Series B Notes Purchase Agreement.

"**Out-of-Court Restructuring**" has the meaning set forth in the recitals to this Agreement.

"**Out-of-Court Restructuring Consent Threshold**" means, collectively, (i) holders of the Term Loans holding 100% of the aggregate outstanding principal amount of the Term Loans, and (ii) holders of the Notes representing 100% of the outstanding principal amount of the Notes.

"**Parties**" has the meaning set forth in the preamble to this Agreement.

"**Permitted Transferee**" means each transferee of any Company Claims/Interests who meets the requirements of Section 9.01.

"**Petition Date**" has the meaning set forth in Section 3.01.

"**Plan**" has the meaning set forth in the recitals to this Agreement.

"**Plan Supplement**" means, in the event of an In-Court Restructuring, the compilation of documents and/or forms of documents, agreements, schedules, and exhibits to the Plan that will be filed by the Debtors with the Bankruptcy Court, and all schedules, exhibits, ballots, solicitation procedures, and other documents and instruments related thereto, as may be amended, supplemented, or modified from time to time.

"**Qualified Marketmaker**" means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers Company Claims/Interests (or enter with customers into long and short positions in Company Claims/Interests), in its capacity as a dealer or market maker in Company Claims/Interests and (b) is, in fact, regularly in the business of making a market in claims of or against issuers or borrowers (including debt securities or other debt).

"**Release Agreement**" means a release agreement, substantially in the form attached hereto as **Exhibit D**, which the Company Parties, the Consenting Stakeholders, and the other holders of First Lien Claims party to the Exchange Agreement shall execute on the Restructuring Effective Date if the Parties effect the Out-of-Court Restructuring.

"**Reorganized Debtors"** means a Debtor, or any successor or assign thereto, by merger, consolidation, reorganization, or otherwise, in the form of a corporation, limited liability company, partnership, or other form, as the case may be, on and after the Restructuring Effective Date.

"**Required Consenting Creditors**" means, as of the relevant date, collectively, the Initial Consenting Creditors.

"**Restructuring Effective Date**" means the date on which the Out-of-Court Restructuring or the In-Court Restructuring, as applicable, is consummated (which, in the event of the In-Court Restructuring, shall be the effective date of the Plan).

"**Restructuring Term Sheet**" has the meaning set forth in the recitals to this Agreement.

"**Restructuring Transactions**" has the meaning set forth in the recitals to this Agreement.

"**Restructuring Transaction Steps**" means the memorandum setting forth steps necessary to implement the Restructuring Transactions.

"**Rules**" means Rule 501(a)(1), (2), (3), and (7) of the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Series A Notes**" means those certain Series A 7.50% amended and restated senior secured notes, due November 14, 2023, issued by the Company pursuant to the Series A Notes Purchase Agreement.

"**Series B Notes**" means those certain Series B 7.50% amended and restated senior secured notes, due November 14, 2023, issued by the Company pursuant to the Series B Notes Purchase Agreement.

"**Series A Notes Purchase Agreement**" means that certain Amended and Restated Note Purchase Agreement, dated December 7, 2018, by and among the Company, the noteholders party thereto, and JPMorgan Chase Bank, N.A., as collateral agent, as amended and restated from time to time, pursuant to which the Company issued the Series A Notes.

"**Series B Notes Purchase Agreement**" means that certain Amended and Restated Note Purchase Agreement, dated December 7, 2018, by and among the Company, the noteholders party thereto, and JPMorgan Chase Bank, N.A., as collateral agent, as amended and restated from time to time, pursuant to which the Company issued the Series B Notes.

"**Simpson**" means Simpson Thacher & Bartlett, LLP, as counsel to JPMorgan Chase Bank, N.A., in its capacity as Agent.

"**Solicitation**" means the solicitation of acceptances of the Exchange Offer and the solicitation of votes on the Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code.

"**Solicitation Commencement Date**" has the meaning set forth in Section 3.01.

"**Solicitation End Date**" has the meaning set forth in Section 3.01.

"**Solicitation Materials**" means all documents, forms, and other materials provided in connection with the Solicitation (other than the Disclosure Statement).

"**Term Loans**" means loans outstanding under the Credit Agreement.

"**Term Loan Claims**" means any Claim on account of, related to, or in connection with the Term Loans, the Credit Agreement, or any other document related thereto.

"**Term Loan Lenders**" means the holders of Term Loan Claims.

"**Termination Date**" means the date on which termination of this Agreement as to a Party is effective in accordance with Sections 13.01, 13.02, 13.03, 1.01(a), or 13.05.

"**Transfer**" means to sell, resell, reallocate, use, pledge, assign, transfer, hypothecate, participate, donate or otherwise encumber or dispose of (including through derivatives, options, swaps, pledges, forward sales or other transactions).

"**Transfer Agreement**" means an executed form of a transfer agreement, substantially in the form attached hereto as **Exhibit C**, providing, among other things, that a transferee is bound by the terms of this Agreement.

"**Trustee**" means any indenture trustee, collateral trustee, or other trustee or similar entity under the Notes Purchase Agreements and related documents.

"**Weil**" means Weil, Gotshal & Manges LLP, as counsel to the Consenting Noteholders.

1.02. Interpretation. For purposes of this Agreement:

(a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;

(b) capitalized terms defined only in the plural or singular form shall nonetheless have their defined meanings when used in the opposite form;

(c) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(d) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit shall mean such document, schedule, or exhibit, as it may have been or may be amended, restated, supplemented, or otherwise modified from time to time; *provided* that any capitalized terms herein which are defined with reference to another agreement, are defined with reference to such other agreement as of the date of this Agreement, without giving effect to any termination of such other agreement or amendments to such capitalized terms in any such other agreement following the date hereof;

(e) unless otherwise specified, all references herein to "Sections" are references to Sections of this Agreement;

(f) the words "herein," "hereof," and "hereto" refer to this Agreement in its entirety rather than to any particular portion of this Agreement;

(g) captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Agreement;

(h) references to "shareholders," "directors," and/or "officers" shall also include "members" and/or "managers," as applicable, as such terms are defined under the applicable limited liability company Laws; and

(i) the use of "include" or "including" is without limitation, whether stated or not.

Section 2. ***Effectiveness of this Agreement***. This Agreement shall become effective and binding upon each of the Parties at 12:00 a.m., prevailing Eastern Time, on the Agreement Effective Date, which is the date on which all of the following conditions have been satisfied or waived in accordance with this Agreement:

(a) the Company Parties and the Consenting Members holding 100% of the Equity Interests in the Company shall have executed and delivered counterpart signature pages of this Agreement to counsel to each of the Parties;

(b) each of the Company Parties shall have provided Designated Counsel with a copy of the resolutions, minutes, or written consents of its members, board of managers, or such similar governing body: (i) approving the terms of this Agreement and (ii) authorizing a specified person or persons to execute this Agreement on its behalf;

(c) all Consenting Creditor Fees and Expenses shall have been paid current as of the Agreement Effective Date;

(d) holders of at least 66.67% of the aggregate outstanding principal amount of First Lien Claims have executed and delivered counterpart signature pages of this Agreement; and

(e) counsel to the Company Parties shall have given notice to Designated Counsel in the manner set forth in Section 16.10 hereof (by email or otherwise) that the other conditions to the Agreement Effective Date set forth in this Section 2 have occurred.

Section 3. ***Milestones.***

3.01. The Consenting Creditors' support for the Restructuring Transactions shall be subject to the timely satisfaction of the following milestones (the "**Milestones**"), which, except as otherwise provided herein, may be extended with the prior written consent (email shall suffice, including from respective counsel) of the Company Parties and the Required Consenting Creditors:

(a) As soon as reasonably practicable following the Agreement Effective Date, but in no event later than five (5) Business Days prior to the commencement of the Solicitation (the date on which the Solicitation is commenced, the "**Solicitation Commencement Date**"), (x) the Definitive Documents necessary for the Solicitation, including those documents listed in Sections 4.01(a), (b), (d), (g), (h), (i), and (j)(ii), and any other documents, instruments, schedules or exhibits described in, related to, contemplated in, or necessary to implement each of the foregoing, shall be in agreed form in accordance with the consent rights set forth in Section 4.02 hereof, and (y) the Asset Sale Documents shall be fully executed and in full force and effect.

(b) Not later than 11:59pm (ET) on November 1, 2022, the Solicitation Commencement Date shall have occurred; *provided* that the Required Consenting Creditors may, by written notice to the Company Parties, in their sole and absolute discretion, extend the Milestone in this subpart (b) to December 1, 2022.

(c) Not later than 11:59pm (ET) on the date that is twenty (20) calendar days following the Solicitation Commencement Date (the "**Solicitation End Date**"), the Company Parties shall conclude the Solicitation.

(d) If the Out-of-Court Restructuring Consent Threshold is satisfied at or before the Solicitation End Date, the Parties shall close the Out-of-Court Restructuring as soon as practicable, but in no event later than fifteen (15) Business Days after the Solicitation End Date.

(e) If the Out-of-Court Restructuring Consent Threshold is not satisfied at or before the Solicitation End Date, as soon as practicable, but in no event later than the date that is five (5) Business Days following the Solicitation End Date, the Company shall have commenced the Chapter 11 Cases (the date on which the Chapter 11 Cases are commenced, the "**Petition Date**").

(f) Not later than three (3) Business Days after the Petition Date, the Interim Cash Collateral Order shall have been entered by the Bankruptcy Court.

(g) Not later than thirty-five (35) calendar days after the Petition Date, the Final Cash Collateral Order shall have been entered by the Bankruptcy Court.

(h) Not later than sixty (60) calendar days following the Petition Date, the effective date of the Plan shall have occurred.

Section 4. ***Definitive Documents.***

4.01. "**Definitive Documents**" shall mean this Agreement and all other agreements, instruments, pleadings, filings, notices, letters, affidavits, applications, orders (whether proposed or entered), forms, questionnaires and other documents (including all exhibits, schedules, supplements, appendices, annexes, instructions and attachments thereto) that are utilized to implement or effectuate, or that otherwise relate to, the Restructuring Transactions (including all amendments, modifications, and supplements made thereto from time to time), including each of the following:

(a) the Disclosure Statement and any related Solicitation Materials;

(b) the New Senior Secured Notes Documents (including the New Senior Secured Notes Purchase Agreement and the New Senior Secured Notes) and related security documents (including each document and instrument referenced or necessary to effectuate the transactions described in the section entitled "*Enhanced Collateral Package*" in the New Senior Secured Notes Term Sheet) and shared services agreements;

(c) any Communications Materials;

(d) the Exchange Agreement;

(e) any key employee incentive plan, key employee retention plan, management incentive plan, or similar plan;

(f) new organizational documents for any Company Party;

(g) the Asset Sale Documents;

(h) the Release Agreement;

(i) the Restructuring Transaction Steps; and

(j) without limiting the foregoing, in connection with a potential implementation of the Restructuring Transactions through the In-Court Restructuring:

(i) the First Day Pleadings;

(ii) the Plan;

(iii) the Plan Supplement;

(iv) the Cash Collateral Orders, and any amended or additional orders governing the use of cash collateral;

(v) any debtor in possession financing documents, including any related credit agreement;

(vi) any motion, brief, or pleading filed by the Company Parties in the Chapter 11 Cases seeking approval or confirmation of any of the foregoing Definitive Documents, and any proposed order to approve any of the foregoing, including, without limitation, the Confirmation Order and the Disclosure Statement Order; and

(vii) any other documents, instruments, schedules or exhibits described in, related to, contemplated in, or necessary to implement each of the foregoing.

4.02. The Definitive Documents not executed or in a form attached to this Agreement as of the Execution Date remain subject to negotiation and completion. Upon completion, the Definitive Documents and every other document, deed, agreement, filing, notification, letter or instrument related to the Restructuring Transactions shall contain terms, conditions, representations, warranties, and covenants consistent with the terms of this Agreement and the Restructuring Term Sheet, as they may be modified, amended, or supplemented in accordance with Section 14. All Definitive Documents, including those not executed or in a form attached to this Agreement as of the Execution Date, must be in form and substance reasonably acceptable to (a) the Company Parties, and (b) the Required Consenting Creditors.

Section 5. ***Commitments of the Consenting Stakeholders***.

5.01. General Commitments, Forbearances, and Waivers.

(a) During the Agreement Effective Period, each Consenting Stakeholder agrees, in respect of all of its Company Claims/Interests, to:

(i) take commercially reasonable steps to support the Restructuring Transactions as contemplated by this Agreement and, after they are agreed in accordance with Section 4.02, the Definitive Documents, and subject to Section 5.02, vote and exercise any powers or rights available to it (including in any board, shareholders', or creditors' meeting or in any process requiring voting or approval to which they are legally entitled to participate or instructing its proxy or other relevant person to vote, to the extent it is legally entitled to instruct such person) in each case in favor of any matter requiring approval to the extent necessary to implement the Restructuring Transactions, including the Exchange Offer;

(ii) give any notice, order, instruction, or direction to the applicable Agents/Trustees necessary to give effect to the Restructuring Transactions; and

(iii) negotiate in good faith and use commercially reasonable efforts to execute and implement the Definitive Documents that are consistent with this Agreement.

(b) During the Agreement Effective Period, each Consenting Stakeholder agrees, in respect of all of its Company Claims/Interests, that it shall not (and shall not cause any other person

to), other than to enforce this Agreement or any Definitive Documents or as otherwise permitted under this Agreement, directly or indirectly:

(i) object to, delay, impede, or take any other action to interfere with acceptance, implementation, or consummation of the Restructuring Transactions;

(ii) propose, file, support, or vote for any Alternative Restructuring Proposal;

(iii) file any motion, pleading, or other document with the Bankruptcy Court (if the Restructuring Transactions are to be implemented through the In-Court Restructuring) or any other court (including any modifications or amendments thereof) that is not materially consistent with this Agreement or the Plan;

(iv) initiate, or have initiated on its behalf, any litigation or proceeding of any kind with respect to the Chapter 11 Cases, this Agreement, or the other Restructuring Transactions contemplated herein against the Company Parties or the other Parties;

(v) exercise, or direct any other person to exercise, any right or remedy for the enforcement, collection, or recovery of any Company Claims/Interests; or

(vi) object to, delay, impede, or take any other action to interfere with the any of the Company Parties' ownership and possession of their assets, wherever located, or if the Restructuring Transactions are to be implemented through the In-Court Restructuring, interfere with the automatic stay arising under section 362 of the Bankruptcy Code.

5.02. Commitments with Respect to Chapter 11 Cases in an In-Court Restructuring.

(a) During the Agreement Effective Period, in connection with a potential implementation of the Restructuring Transactions through the In-Court Restructuring, each Consenting Stakeholder that is entitled to vote to accept or reject the Plan pursuant to its terms severally, and not jointly, agrees that it shall, subject to receipt by such Consenting Stakeholder, whether before or after the commencement of the Chapter 11 Cases, of the Disclosure Statement and any other Solicitation Materials:

(i) vote each of its Company Claims/Interests to accept the Plan by delivering its duly executed and completed ballot accepting the Plan on a timely basis following the commencement of the solicitation of the Plan and its actual receipt of the Disclosure Statement and any other Solicitation Materials and the ballot;

(ii) to the extent it is permitted to elect whether to opt out of the releases set forth in the Plan, elect not to opt out of the releases set forth in the Plan by timely delivering its duly executed and completed ballot(s) indicating such election; and

(iii) not change, withdraw, amend, or revoke (or cause to be changed, withdrawn, amended, or revoked) any vote or election referred to in clauses (i) and (ii) above.

(b) During the Agreement Effective Period, each Consenting Stakeholder, in respect of each of its Company Claims/Interests, will support, and will not directly or indirectly object to,

delay, impede, or take any other action to interfere with any motion or other pleading or document filed by a Company Party in the Bankruptcy Court that is consistent with this Agreement.

(c) Notwithstanding any other provisions of this Agreement, including this Section 5, nothing in this Agreement shall require any Consenting Creditor to incur any material expenses, liabilities, or other obligations, or agree to any commitments, undertakings, concessions, indemnities, grants of any liens or security interests, or other arrangements that could result in expenses, liabilities, or other obligations to any Consenting Creditor or its Affiliates; *provided* that nothing in this clause shall serve to limit, alter, or modify any Consenting Creditor's obligations under the terms of this Agreement or the Definitive Documents.

Section 6. ***Additional Provisions Regarding the Consenting Stakeholders' Commitments***. Notwithstanding anything contained in this Agreement, and notwithstanding any delivery of a vote to accept a Plan or an election not to opt out of the releases in the Plan by any Consenting Creditor, or any acceptance of a Plan by any class of creditors, nothing in this Agreement shall: (a) affect the ability of any Consenting Stakeholder to consult with any other Consenting Stakeholder, the Company Parties, or any other party in interest in the Chapter 11 Cases (including any official committee and the United States Trustee); (b) impair or waive the rights of any Consenting Stakeholder to assert or raise any objection permitted under this Agreement in connection with the Restructuring Transactions; (c) prevent or otherwise limit any Consenting Stakeholder from enforcing this Agreement or any other Definitive Documents, or contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or any other Definitive Document or exercising any right or remedy provided under this Agreement or any other Definitive Document (including enforcing or directing the enforcement of any rights or remedies available to such Consenting Stakeholder under the Cash Collateral Orders or any documents related thereto); (d) require any Consenting Creditor to incur any financial or other liability other than as expressly described in this Agreement; (e) require any Consenting Creditor to consent to, acquiesce in, vote for, support, or not object to any Alternative Restructuring Proposal or any portion thereof; (f) obligate a Consenting Creditor to deliver a vote to support the Plan or elect not to opt out of the releases in the Plan, or prohibit a Consenting Creditor from withdrawing, amending, or revoking such vote or its release election, in each case from and after the Termination Date applicable to such Consenting Creditor (other than a Termination Date as a result of the occurrence of the Restructuring Effective Date); *provided* that upon the withdrawal or amendment of any such vote or release election after the applicable Termination Date (other than a Termination Date as a result of the occurrence of the Restructuring Effective Date), such vote and release election shall be deemed void *ab initio* and such Consenting Creditor shall have the opportunity to change its vote and election at any time before entry of the Confirmation Order; or (g) subject to the terms of this Agreement, prohibit any Consenting Creditor from taking any action that is not inconsistent with this Agreement.

Section 7. ***Commitments of the Company Parties.*** Affirmative Commitments. Except as set forth in Section 8, during the Agreement Effective Period, the Company Parties agree to:

(a) support and in good faith promptly take all steps reasonably necessary and desirable to support, facilitate, implement, and consummate or otherwise give effect to all or part of the Restructuring Transactions in accordance with this Agreement and the Restructuring Term Sheet;

(b) to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the Restructuring Transactions contemplated herein, (i) promptly take all steps reasonably necessary and desirable to address any such impediment and (ii) negotiate in good faith with the Consenting Stakeholders regarding appropriate additional or alternative provisions to address such impediment;

(c) negotiate in good faith and promptly take all steps necessary to prepare, execute and deliver the Definitive Documents and any other required documents or agreements to effectuate and consummate the Restructuring Transactions as contemplated by this Agreement;

(d) (i) commercially reasonable efforts to seek additional support for the Restructuring Transactions from their other material stakeholders to the extent reasonably prudent and (ii) to the extent the Company Parties receive any Transfer Agreement or Joinder, promptly notify Designated Counsel of such Transfer Agreement or Joinder; and

(e) from the Agreement Effective Date through and including the Restructuring Effective Date, pay in full and in cash all Consenting Creditor Fees and Expenses when properly incurred and invoiced in accordance with the relevant engagement letters and/or fee arrangements, and continue to pay such amounts as they come due and, in the case of the In-Court Restructuring, seek to pay such Consenting Creditor Fees and Expenses pursuant to the Cash Collateral Orders (or such other appropriate order of the Bankruptcy Court), and otherwise in accordance with the applicable engagement letters and/or fee arrangements of the Consenting Creditor Advisors (and not terminate such engagement letters and/or fee arrangements or seek to reject them in any Chapter 11 Case);

(f) operate their business and enter into transactions solely in the ordinary course in a manner consistent with past practice in all material respects, and shall not operate their business or enter into any transactions in contravention of the foregoing except as expressly provided in the Restructuring Term Sheet;

(g) provide to Designated Counsel draft copies of any Communications Materials, to the extent permitted by applicable Law, as soon as reasonably practicable, but not later than one (1) Business Day prior to the issuance of such Communications Materials;

(h) upon reasonable request of any of the Consenting Creditors or their advisors, inform the legal and financial advisors to the Consenting Creditors as to: (A) the material business and financial (including liquidity) performance of the Company Parties; (B) the status and progress of the negotiations of the Definitive Documents; and (C) the status of obtaining any necessary or desirable authorizations (including consents) from any competent judicial body, governmental authority, banking, taxation, supervisory, or regulatory body;

(i) if the Restructuring Transactions are to be implemented through the In-Court Restructuring, provide Designated Counsel (i) draft copies of all First Day Pleadings not less than five (5) Business Days in advance of the Petition Date, and (ii) any other motions, documents or other pleadings that the Company Parties intend to file with the Bankruptcy Court (x) to the extent reasonably practicable, not less than three (3) Business Days in advance of the filing thereof, and (y) if not reasonably practicable within the time period specified in subpart (x) hereof, as soon as

reasonably practicable, but in any event in advance of filing thereof in such circumstances, and the Company Parties shall notify Designated Counsel telephonically or by electronic mail to advise them of the documents to be filed and the facts that make the provision of advance copies within the time period specified in subpart (x) hereof not reasonably practicable, and (ii) without limiting any approval rights set forth in this Agreement, consult in good faith with Designated Counsel any comments to draft copies provided pursuant to sub-clause (i);

(j) provide to Designated Counsel, upon reasonable advance notice to the applicable Company Parties, timely and reasonable responses to all reasonable diligence requests by Designated Counsel or the Consenting Creditors, and act reasonably in co-operating with and assisting the Consenting Creditors in relation to any due diligence requests they may have;

(k) without waiving any rights or remedies thereunder, comply with the covenants in the Credit Agreement and the Notes Purchase Agreements, other than with respect to the Specified Defaults (as defined in the Forbearance Agreements) referenced in the Forbearance Agreements;

(l) (i) prior to the Agreement Effective Date, provide to the Consenting Creditors' and Agent's Advisors (x) an updated thirteen-week cash flow forecast in form and substance reasonably acceptable to the Required Consenting Creditors, setting forth a forecast of cash inflows and outflows of the Company Parties (on a consolidated basis) over such period and (y) a summary of the projected sources and uses of cash needed to make any payments required in connection with the Restructuring Effective Date (clause (x) and (y) together, the "Cash Flow Forecast"); (ii) on Wednesday of each week during the Agreement Effective Period, starting with the first Wednesday after the Agreement Effective Date, provide to the Consenting Creditors' and Agent's Advisors a budget of the projected cash inflows and cash outflows of the Company Parties for the coming calendar week; and (iii) on the third Wednesday after the Agreement Effective Date and continuing for the duration of the Agreement Effective Period, provide to the Consenting Creditors' and Agent's Advisors a variance report showing the differences between the actual cash inflows and outflows and the projected cash inflows and outflows for the prior two-week period with an explanation as to what caused such variance, in each case in form and substance acceptable to the Required Consenting Creditors;

(m) maintain the Company's classification as a partnership for U.S. federal and applicable state and local income tax purposes; and

(n) inform Designated Counsel in writing as soon as reasonably practicable, and in any event within one (1) Business Day upon becoming aware of, any matter that is reasonably likely to impede, delay or otherwise frustrate the implementation or consummation of the Restructuring Transactions.

7.02. Negative Commitments. Except as set forth in Section 8, during the Agreement Effective Period, the Company Parties shall not directly or indirectly and shall not direct or encourage any other Entity to:

(a) object to, delay, impede, or take any other action to interfere with acceptance, implementation, or consummation of the Restructuring Transactions;

(b) take any action that is inconsistent with, or is intended to or could be reasonably expected to frustrate or impede approval, implementation, or consummation of the Restructuring Transactions described in this Agreement or the Plan;

(c) publicly announce its intention not to pursue the Restructuring Transactions;

(d) modify the Plan, in whole or in part, in a manner that is not consistent with this Agreement;

(e) file any motion, pleading, or Definitive Documents with the Bankruptcy Court or any other court (including any modifications or amendments thereof) that, in whole or in part, is not consistent with this Agreement or the Plan;

(f) withdraw or revoke the Plan;

(g) file any motion, pleading or Definitive Documents with the Bankruptcy Court or any other court or otherwise support or seek any challenge to the validity, enforceability, perfection or priority of, or any action seeking avoidance, clawback, recharacterization or subordination of, any portion of the Note Claims and/or Term Loan Claims or any liens or collateral securing such Note Claims and/or Term Loan Claims;

(h) commence, support or join any litigation or adversary proceeding against any Consenting Creditor other than in connection with the enforcement of their rights under this Agreement or any order of the Bankruptcy Court;

(i) make any payments to or on account of, or provide (or agree to provide) any other economic rights or benefits to, a holder of Term Loan Claims or Notes Claims that is not a Consenting Creditor that is more favorable to the payments and economic rights and benefits being provided to the Consenting Creditors pursuant to the Restructuring Transactions; or

(j) amend or propose to amend its respective certificate or articles of incorporation, bylaws, or comparable organizational documents in a manner inconsistent with this Agreement or the Restructuring Term Sheet, as applicable.

Section 8. ***Additional Provisions Regarding Company Parties' Commitments.*** Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall require a Company Party or the board of directors, board of managers, or similar governing body of a Company Party, after consulting with external counsel, to take any action or to refrain from taking any action with respect to the Restructuring Transactions to the extent taking or failing to take such action would be inconsistent with applicable Law or its fiduciary obligations under applicable Law, and any such action or inaction pursuant to this Section 8.01 shall not be deemed to constitute a breach of this Agreement except for failure to comply with this Section 8.01.

8.02. Until the earlier of the Restructuring Effective Date and such time as this Agreement is terminated in accordance with Section 13, no Company Party shall, and each Company Party shall cause its respective representatives and Affiliates not to, directly or indirectly, (a) solicit, initiate or knowingly encourage any Alternative Restructuring Proposal, (b) enter into, participate in or encourage any discussions or negotiations relating to, or disclose,

furnish or afford access to any information concerning any Company Party (including any Company Party's personnel, businesses, properties, books or records) in connection with, or assist, or cooperate with any Entity in making or proposing, or take any other action to facilitate, any Alternative Restructuring Proposal, or (c) authorize or enter into any agreement or understanding (whether binding or nonbinding, written or oral) relating to, or engage in or consummate, any Alternative Restructuring Proposal; *provided* that the foregoing shall not restrict, prohibit, or otherwise limit any Company Party or any of their respective representatives or Affiliates from responding to (including by furnishing information to (in which case such Company Party shall furnish to the Consenting Creditors and Designated Counsel any such information not previously furnished to such parties)) and entering into discussions or negotiations with any third parties who, absent any such prior encouragement, solicitation or initiation of any inquiries regarding an Alternative Restructuring Proposal by any Company Party in violation of this Section 8.02, contact any Company Party with respect to an Alternative Restructuring Proposal; *provided further* that the Company Parties shall (x) promptly and in any event within two (2) Business Days provide notice of actual receipt of any Alternative Restructuring Proposal to Designated Counsel, with a copy of each proposal and a summary of the material terms of each, (y) promptly and in any event within two (2) Business Days provide such information to the Designated Counsel as reasonably requested by the Consenting Creditors, and (z) provide regular updates (on no less than a weekly basis) to the Consenting Creditors and Designated Counsel about any discussions or negotiations regarding an Alternative Restructuring Proposal that may affect the Restructuring Transactions contemplated by this Agreement.

8.03. Nothing in this Agreement shall: (a) impair or waive the rights of a Company Party to assert or raise any objection permitted under this Agreement in connection with the Restructuring Transactions; or (b) prevent a Company Party from enforcing this Agreement or contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement.

Section 9. ***Transfer of Interests and Claims; Joinders.*** During the Agreement Effective Period, subject to Section 9.04, no Consenting Stakeholder shall Transfer (a) any ownership (including any beneficial ownership as defined in the Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in any Company Claims/Interests or (b) other rights that such Consenting Stakeholder has by virtue of being a holder of a Company Claim/Interest (including any voting or consent rights), to any affiliated or unaffiliated party, including any party in which it may hold a direct or indirect beneficial interest, unless, with respect to Transfers by Consenting Creditors:

(a) the transferee is either (1) a qualified institutional buyer as defined in Rule 144A of the Securities Act, (2) a non-U.S. person in an offshore transaction as defined under Regulation S under the Securities Act, (3) an institutional accredited investor (as defined in the Rules), or (4) a Consenting Creditor; and

(b) either (i) the transferee executes and delivers to counsel to the Company Parties and Designated Counsel, at or before the time of the proposed Transfer, a Transfer Agreement or (ii) the transferee is a Consenting Creditor and the transferee provides notice of such Transfer (including the amount and type of Company Claim/Interest Transferred) to counsel to the Company Parties and Designated Counsel at or before the time of the proposed Transfer.

9.02. Upon compliance with the requirements of Section 9.01, the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of the rights and obligations in respect of such transferred Company Claims/Interests without prejudice to the accrued rights of the Consenting Creditor against any Party or the accrued rights of any other Party against the Consenting Creditor with respect to any prior breach of any of the terms of this Agreement. Any Transfer in violation of Section 9.01 shall be void *ab initio* and the Company Parties and each other Consenting Stakeholder shall have the right to enforce the voiding of such Transfer.

9.03. Any Noteholder or Term Loan Lender may, at any time after the Agreement Effective Date, become a Party to this Agreement as a Consenting Creditor (an "**Additional Consenting Creditor**") by executing and delivering to the Company Parties and Designated Counsel a Joinder pursuant to which such Additional Consenting Creditor shall be bound by the terms of this Agreement as a Consenting Creditor, as applicable, and shall be deemed a Consenting Creditor for all purposes hereunder.

9.04. This Agreement shall in no way be construed to preclude any Consenting Creditor from acquiring additional Company Claims/Interests; *provided* that (a) such additional Company Claims/Interests shall automatically and immediately upon acquisition by a Consenting Creditor be deemed subject to the terms of this Agreement (regardless of when or whether notice of such acquisition is given to counsel to the Company Parties or counsel to the Consenting Stakeholders) and (b) such Consenting Creditor must provide notice of such acquisition (including the amount and type of Company Claim/Interest acquired) to counsel to the Company Parties and Designated Counsel within five (5) Business Days of such acquisition.

9.05. This Section 9 shall not impose any obligation on any Company Party to issue any "cleansing letter" or otherwise publicly disclose information for the purpose of enabling a Consenting Creditor to Transfer any of its Company Claims/Interests. Notwithstanding anything to the contrary herein, to the extent a Company Party and another Party have entered into a Confidentiality Agreement, the terms of such Confidentiality Agreement shall continue to apply and remain in full force and effect according to its terms, and this Agreement does not supersede any rights or obligations otherwise arising under such Confidentiality Agreements.

9.06. Notwithstanding Section 9.01, a Qualified Marketmaker that acquires any Company Claims/Interests with the purpose and intent of acting as a Qualified Marketmaker for such Company Claims/Interests shall not be required to execute and deliver a Transfer Agreement in respect of such Company Claims/Interests if (i) such Qualified Marketmaker subsequently transfers such Company Claims/Interests (by purchase, sale assignment, participation, or otherwise) within ten (10) Business Days of its acquisition; (ii) the transferee otherwise is a Permitted Transferee under Section 9.01; and (iii) the Transfer otherwise is a Permitted Transfer under Section 9.01. To the extent that a Consenting Stakeholder is acting in its capacity as a Qualified Marketmaker, it may Transfer (by purchase, sale, assignment, participation, or otherwise) any right, title or interests in Company Claims/Interests that the Qualified Marketmaker acquires from a holder of the Company Claims/Interests who is not a Consenting Stakeholder without the requirement that the transferee be a Permitted Transferee.

9.07. Notwithstanding anything to the contrary in this Section 9, the restrictions on Transfer set forth in this Section 9 shall not apply to the grant of any liens or encumbrances on any claims and interests in favor of a bank or broker-dealer holding custody of such claims and interests in the ordinary course of business and which lien or encumbrance is released upon the Transfer of such claims and interests.

Section 10. ***Representations and Warranties of Consenting Stakeholders***. Each Consenting Stakeholder severally, and not jointly, represents and warrants that, as of the date such Consenting Stakeholder executes and delivers this Agreement, a Joinder, or a Transfer Agreement, as applicable, and as of the Restructuring Effective Date:

(a) it is the beneficial or record owner of the face amount of the Company Claims/Interests or is the nominee, investment manager, or advisor for beneficial holders of the Company Claims/Interests reflected in, and, having made reasonable inquiry, is not the beneficial or record owner of any Company Claims/Interests other than those reflected in, such Consenting Stakeholder's signature page to this Agreement, a Joinder, or a Transfer Agreement, as applicable (as may be updated pursuant to Section 9);

(b) it has the full power and authority to act on behalf of, vote and consent to matters concerning, such Company Claims/Interests;

(c) such Company Claims/Interests are, to the best of their knowledge, free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition, transfer, or encumbrances of any kind, that would adversely affect in any way such Consenting Stakeholder's ability to perform any of its obligations under this Agreement at the time such obligations are required to be performed; and

(d) (i) it is either (A) a qualified institutional buyer as defined in Rule 144A of the Securities Act, (B) not a U.S. person (as defined in Regulation S of the Securities Act), or (C) an institutional accredited investor (as defined in the Rules), and (ii) any securities acquired by the Consenting Stakeholder in connection with the Restructuring Transactions will have been acquired for investment and not with a view to distribution or resale in violation of the Securities Act.

Section 11. ***Company Party Representations and Warranties.*** Each Company Party severally, and not jointly, represents and warrants that, as of the Agreement Effective Date, and as of the Restructuring Effective Date:

(a) it has the power to own its material assets and carry on its business in all material respects as it is being, and is proposed to be, conducted;

(b) the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable;

(c) all authorizations required for the performance by it of this Agreement have been obtained or effected and are in full force and effect;

(d) other than as set out in the Restructuring Term Sheet, it has not entered into any side agreements, side letters, undertakings or similar arrangements in favor of other holders of

Company Claims/Interests to induce such person to become party to this Agreement as a Consenting Stakeholder or entered into any amendment, extension, waiver or consent in connection with or relating to this Agreement or the matters contemplated herein and ignoring for this purpose any Consenting Creditor Fees and Expenses; and

(e) no order or due authorization has been made, petition presented, or resolution passed for the winding up of or appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer of the Company Parties.

Section 12. ***Mutual Representations, Warranties, and Covenants.*** Each of the Parties, severally, and not jointly, represents, warrants, and covenants to each other Party, as of the date such Party executed and delivers this Agreement, a Joinder, or a Transfer Agreement, as applicable, and as of the Restructuring Effective Date:

(a) it is validly existing and in good standing under the Laws of the state of its organization, and this Agreement is a legal, valid, and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability;

(b) except as expressly provided in this Agreement, the Plan, and the Bankruptcy Code, if applicable, no consent or approval is required by any other person or entity in order for it to effectuate the Restructuring Transactions contemplated by, and perform its respective obligations under, this Agreement;

(c) the entry into and performance by it of, and the transactions contemplated by, this Agreement do not, and will not, conflict in any material respect with any Law or regulation applicable to it or with any of its articles of association, memorandum of association or other constitutional documents;

(d) it has (or will have, at the relevant time) all requisite corporate or other power and authority to enter into, execute, and deliver this Agreement and to effectuate the Restructuring Transactions contemplated by, and perform its respective obligations under, this Agreement; and

(e) it is not party to any restructuring or similar agreements or arrangements with the other Parties to this Agreement that have not been disclosed to all Parties to this Agreement.

Section 13. ***Termination Events***.

13.01. Consenting Creditor Termination Events. This Agreement may be terminated with respect to the Consenting Creditors by the Required Consenting Creditors by the delivery to the Company Parties of a written notice in accordance with Section 16.10 hereof upon the occurrence of the following events:

(a) the breach in any material respect by a Company Party or a Consenting Member of any of the representations, warranties, or covenants of the Company Parties or Consenting Members set forth in this Agreement that remains uncured for ten (10) Business Days after such

terminating Consenting Creditors transmit a written notice in accordance with Section 16.10 hereof detailing any such breach;

(b) the breach in any material respect by Consenting Creditors holding an amount of First Lien Claims that (i) either would (A) result in non-breaching Consenting Creditors failing to hold at least two thirds (2/3) of the aggregate outstanding principal amount of First Lien Claims held by all Consenting Creditors or (B) reasonably be expected to prevent the consummation of the Restructuring Transactions, and (ii) remains uncured, to the extent curable, for three (3) Business Days after the applicable Consenting Creditors seeking termination pursuant to this Section (b) transmit a written notice in accordance with Section 16.10 hereof detailing any such breach; *provided* that any breaching Consenting Creditor cannot use this Section (b) to terminate this Agreement;

(c) the failure to meet any Milestone, which has not been waived or extended in a manner consistent with this Agreement, unless such failure is the result of any act, omission, or delay on the part of the terminating Consenting Creditor in violation of its obligations under this Agreement;

(d) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable ruling or order that enjoins the consummation of the Restructuring Transactions (in whole or in part) and either (i) such ruling or order has been issued with the acquiescence of any Company Party or Consenting Member or (ii) such ruling or order remains in effect for ten (10) Business Days after such terminating Consenting Creditors transmit a written notice in accordance with Section 16.10 hereof detailing any such issuance; *provided* that this termination right may not be exercised by any Party that sought or requested such ruling or order in contravention of any obligation set out in this Agreement;

(e) the commencement of an involuntary bankruptcy case against any Company Party under the Bankruptcy Code, if such involuntary case is not dismissed within forty-five (45) calendar days after the filing thereof, or if a court order grants the relief sought in such involuntary case;

(f) if any creditor or multiple creditors of the Company Parties are granted the right by a court of competent jurisdiction to exercise rights or remedies (including foreclosure) or otherwise exercises rights or remedies against assets of the Company Parties having an aggregate value in excess of $250,000, if such grant or exercise is not enjoined, stayed, dismissed, withdrawn or otherwise resolved within two (2) Business Days;

(g) any Company Party seeks to incur postpetition financing without the prior written consent of the Required Consenting Creditors;

(h) any Company Party or Consenting Member (i) files, waives, amends, or modifies any Definitive Document (including any waiver of any term or condition therein) or any pleading seeking approval of a Definitive Document in a manner that is inconsistent with, or constitutes a material breach of, this Agreement (including with respect to the consent rights afforded to, as applicable, the Required Consenting Creditors, under this Agreement), without the prior written consent of the Required Consenting Creditors, (ii) withdraws the Plan without the prior written

consent of the Required Consenting Creditors, (iii) publicly announces its intention not to support the Restructuring Transactions or to take any such acts listed in the foregoing clause, which remains uncured for two (2) Business Days after such terminating Consenting Creditors transmit a written notice in accordance with Section 16.10 hereof detailing any of the foregoing, or (iv) proposes, supports, or publicly announces that it intends to pursue or support an Alternative Restructuring Proposal or executes a definitive written agreement with respect to an Alternative Restructuring Proposal, in the cases of each of the foregoing clauses;

(i) the Company Parties' exclusive right to file a plan or plans of reorganization or to solicit acceptances thereof pursuant to section 1121 of the Bankruptcy Code expires or is terminated by order of the Bankruptcy Court or otherwise;

(j) the entry of an order by the Bankruptcy Court or any other court of competent jurisdiction, or the filing by any Company Party or Consenting Member (or such Parties' support of another party filing) a motion or application seeking an order (without the prior written consent of the Required Consenting Creditors not to be unreasonably withheld), (i) converting one or more of the Chapter 11 Cases of a Company Party to a case under chapter 7 of the Bankruptcy Code; (ii) dismissing one or more of the Chapter 11 Cases; (iii) appointing an examiner with expanded powers beyond those set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code or a trustee in one or more of the Chapter 11 Cases of a Company Party; (iv) denying confirmation of the Plan or any material portion thereof and such order remains in effect for five (5) Business Days after entry of such order; (v) rejecting this Agreement or otherwise rendering this Agreement unenforceable; (vi) for the Bankruptcy Court's abstention from hearing the Chapter 11 Cases; (vii) invaliding, disallowing, subordinating, or limiting the enforceability, priority, or validity of any of the First Lien Claims; (viii) that is not in form and substance reasonably acceptable to the Required Consenting Creditors; or (ix) any other relief that is inconsistent with this Agreement, the Restructuring Term Sheet, or the Plan (in each case, as applicable, and with such amendments and modifications as have been effected in accordance with the terms hereof);

(k) any order confirming the Plan is reversed, stayed, dismissed, vacated, or reconsidered without the prior written consent of the Required Consenting Creditors (such consent not to be unreasonably withheld) or is modified or amended (i) in a manner that is inconsistent with this Agreement and (ii) the Bankruptcy Court does not within five (5) Business Days enter a revised order confirming the Plan acceptable to the Required Consenting Creditors;

(l) the termination of the Debtors' use of cash collateral that has not been cured (if susceptible to cure) or waived by the applicable percentage of creditors, as applicable, in accordance with the terms of the Cash Collateral Orders, as applicable; or

(m) if any Company Party gives notice of termination of this Agreement pursuant to Section 13.02;

provided that, to the extent a Consenting Creditor's termination under this Section 13.01 is based on a filing (or support for another party's filing), action, or omission by a Consenting Member, the Required Consenting Creditors may, in their sole and absolute discretion, terminate this Agreement as to (i) that Consenting Member or (ii) as to all Parties.

(n) This Agreement may be terminated with respect to any individual Consenting Creditor by the delivery to the Parties of a written notice in accordance with Section 16.10 hereof if (i) the Restructuring Effective Date has not occurred on or prior to 11:59 p.m. (ET) on February 15, 2023; (ii) the Company Parties fail to comply with Section 7.01(l) hereof, including the failure to timely deliver the Cash Flow Forecast; or (iii) the sources and uses of cash in connection with the Restructuring Effective Date is materially modified from the Cash Flow Forecast in a manner adverse to such Consenting Creditor.

13.02. Company Party Termination Events. Any Company Party may terminate this Agreement as to all Parties upon prior written notice to all Parties in accordance with Section 16.10 hereof upon the occurrence of any of the following events:

(a) the breach in any material respect by Consenting Creditors holding an amount of First Lien Claims that (i) either would (A) result in non-breaching Consenting Creditors failing to hold at least two thirds (2/3) of the aggregate outstanding principal amount of First Lien Claims held by all Consenting Creditors or (B) reasonably be expected to prevent the consummation of the Restructuring Transactions, and (ii) remains uncured, to the extent curable, for three (3) Business Days after the Company Party seeking termination pursuant to this Section 1.01(a) transmit a written notice in accordance with Section 16.10 hereof detailing any such breach;

(b) the board of directors, board of managers, or such similar governing body of any Company Party determines, after consulting with external counsel, (i) that proceeding with any of the Restructuring Transactions would be inconsistent with the exercise of its fiduciary duties or applicable Law or (ii) in the exercise of its fiduciary duties, to pursue an Alternative Restructuring Proposal; *provided* that such Company Party provides notice of such determination to the Consenting Creditors within one (1) Business Day after the date thereof);

(c) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable ruling or order that (i) enjoins the consummation of a material portion of the Restructuring Transactions and (ii) remains in effect for thirty (30) Business Days after such terminating Company Party transmits a written notice in accordance with Section 16.10 hereof detailing any such issuance; *provided* that this termination right shall not apply to or be exercised by any Company Party that sought or requested such ruling or order in contravention of any obligation or restriction set out in this Agreement; or

(d) the Bankruptcy Court enters an order denying confirmation of the Plan and such order remains in effect for five (5) Business Days after entry of such order; *provided* that no Company Party may exercise this termination event unless the Company has in good faith pursued or supported modification of such Plan (consistent with the terms of this Agreement and subject to the consent rights set forth herein) and sought entry of a final order of such modified Plan.

13.03. Consenting Member Termination Event. This Agreement may be terminated by the Consenting Members by the delivery to the all Parties of a written notice in accordance with Section 16.10 hereof upon the occurrence of the following event; *provided* that termination by a Consenting Member in accordance with this Section 13.03 shall only be effective as to such Consenting Member and this Agreement shall continue in full force and effect in respect to all other Parties:

(a) this Agreement or any Definitive Document is amended, modified, supplemented or the terms thereof waived, the effect of which, materially and adversely changes the economic terms of the Restructuring Transactions as to such Consenting Member.

13.04. Mutual Termination. This Agreement, and the obligations of all Parties hereunder, may be terminated by mutual written agreement among the Required Consenting Creditors and each Company Party.

13.05. Automatic Termination. This Agreement shall terminate automatically without any further required action or notice immediately after the Restructuring Effective Date.

13.06. Effect of Termination. Upon the occurrence of a Termination Date as to a Party, this Agreement shall be of no further force and effect as to such Party and each Party subject to such termination shall be released from its commitments, undertakings, and agreements under or related to this Agreement and shall have the rights and remedies that it would have had, had it not entered into this Agreement, and shall be entitled to take all actions, whether with respect to the Restructuring Transactions or otherwise, that it would have been entitled to take had it not entered into this Agreement, including with respect to any and all Claims or Causes of Action. Upon the occurrence of a Termination Date and, if applicable, prior to the Confirmation Order being entered by a Bankruptcy Court, any and all consents or ballots tendered by the Parties subject to such termination before a Termination Date shall be deemed, for all purposes, to be null and void from the first instance and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring Transactions and this Agreement or otherwise; *provided* that any Consenting Stakeholder withdrawing or changing its vote or its consent pursuant to this Section 13.06 shall promptly provide written notice of such withdrawal or change to each other Party to this Agreement and, if applicable, if such withdrawal or change occurs on or after the Petition Date, file notice of such withdrawal or change with the Bankruptcy Court. Nothing in this Agreement shall be construed as prohibiting a Company Party or any of the Consenting Stakeholders from contesting whether any such termination is in accordance with its terms or to seek enforcement of any rights under this Agreement that arose or existed before a Termination Date. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict (a) any right of any Company Party or the ability of any Company Party to protect and reserve its rights (including rights under this Agreement), remedies, and interests, including its claims against any Consenting Stakeholder, and (b) any right of any Consenting Stakeholder, or the ability of any Consenting Stakeholder, to protect and preserve its rights (including rights under this Agreement), remedies, and interests, including its claims against any Company Party or Consenting Stakeholder. Except in connection with a dispute concerning a breach of this Agreement or the interpretation of the terms hereof upon termination, (a) neither this Agreement nor any terms or provisions set forth herein shall be admissible in any dispute, litigation, proceeding or controversy among the Parties and nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter, it being understood that the statements and resolutions reached herein were the result of negotiations and compromises of the respective positions of the Parties and (b) no Party shall seek to take discovery concerning this Agreement or admit this Agreement or any part of it into evidence against any other Party. No purported termination of this Agreement shall be effective under this Section 13.06 or otherwise if the Party seeking to terminate this Agreement is in material breach of this Agreement and the basis of the applicable termination event was the result of a breach or non-compliance by the Party

seeking termination, except a termination pursuant to Section 13.02(b) or Section 13.02(d). Nothing in this Section 13.06 shall restrict any Company Party's right to terminate this Agreement in accordance with Section 13.02(b).

13.07. No Termination For Own Action or Omission. Notwithstanding any other provision in this Agreement, nothing permits any Party to terminate this Agreement as a result of its own breach of this Agreement or its own act, omission, or delay in violation of such Party's obligations under this Agreement.

Section 14. ***Amendments and Waivers***.

14.01. This Agreement may not be modified, amended, or supplemented, and no condition or requirement of this Agreement may be waived, in any manner except in accordance with this Section 14.

14.02. This Agreement, including any exhibits or schedules hereto, may be modified, amended, or supplemented, or a condition or requirement of this Agreement may be waived, in a writing signed by: (a) each Company Party, (b) the Required Consenting Creditors, and (c) the Consenting Members; *provided* that, if the proposed modification, amendment, waiver, or supplement has a material, disproportionate, and adverse effect (economic or non-economic) on any of the Company Claims/Interests held by a Consenting Stakeholder (as compared to similarly situated Consenting Stakeholders), then the consent of each such affected Consenting Stakeholder shall also be required to effectuate such modification, amendment, waiver or supplement. Any modification, amendment, or change to the definition of "Consenting Creditors", "Required Consenting Creditors", or their respective consent rights set forth in this Agreement shall require the written consent (email being sufficient) of all of the Consenting Creditors.

14.03. In the event that a materially adversely and disproportionately affected Consenting Creditor (a "**Non-Consenting Creditor**") does not consent to a waiver, change, modification, or amendment to this Agreement requiring the consent of each Consenting Creditor, but such waiver, change, modification, or amendment receives the consent of the Consenting Creditors (i) holding at least 66.67% of the outstanding relevant First Lien Claims and (ii) representing at least a majority in number of holders of First Lien Claims, this Agreement shall be deemed to have been terminated only as to such Non-Consenting Creditor and this Agreement shall continue in full force and effect in respect to all other Consenting Creditors from time to time.

14.04. Any proposed modification, amendment, waiver or supplement that does not comply with this Section 14 shall be ineffective and void *ab initio*.

14.05. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver of any such right, power or remedy or any provision of this Agreement, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. All remedies under this Agreement are cumulative and are not exclusive of any other remedies provided by Law.

Section 15. ***Disclosure; Publicity.***

15.01. The Company Parties shall submit drafts to Designated Counsel of any Communications Materials prepared by the Company Parties at least three (3) Business Days in advance of their release. In accordance with Section 4.02 hereof, any such Communications Materials shall be in form and substance reasonably acceptable to the Required Consenting Creditors prior to publication. No Company Party shall make any public statements regarding the Restructuring Transactions without the consent of the Requisite Consenting Creditors (such consent not to be unreasonably withheld); *provided* that, in the event any Communications Materials or public statements regarding the Restructuring Transactions refer by name to one or more Consenting Creditors, the consent of such Consenting Creditors must be obtained before the relevant Communications Materials are released or public statements made.

15.02. Except as required by applicable Law or otherwise permitted under the terms of any other agreement between the Company Parties and any Consenting Creditor, no Party or its advisors shall disclose to any person (including, for the avoidance of doubt, any other Party), other than advisors to the Company Parties, the principal amount or percentage of any Company Claims/Interests against the Company Parties held by any Consenting Creditor, in each case, without such Consenting Creditor's consent; *provided* that (a) if such disclosure is required by law, subpoena, or other legal process or regulation, the disclosing Party shall, to the extent permitted by law, afford the relevant Consenting Creditor a reasonable opportunity to review and comment in advance of such disclosure and shall take commercially reasonable measures to limit such disclosure (the expense of which, if any, shall be borne by the relevant Consenting Creditor); and (b) the foregoing shall not prohibit the disclosure of the aggregate percentage or aggregate principal amount of Company Claims/Interests held by the Consenting Creditors, collectively, on a facility by facility basis. Any public filing of this Agreement, with the Bankruptcy Court or otherwise, that includes executed signature pages to this Agreement shall include such signature pages only in redacted form with respect to the principal amount or percentage of Company Claims/Interests held by each Consenting Creditor (provided that the holdings disclosed in such signature pages may be filed in unredacted form with the Bankruptcy Court under seal). Notwithstanding the provisions in this Section 15, any Party may disclose, to the extent consented to in writing by a Consenting Creditor, such Consenting Creditor's individual holdings.

Section 16. ***Miscellaneous***

16.01. Acknowledgement. Notwithstanding any other provision herein, this Agreement is not and shall not be deemed to be an offer with respect to any securities or solicitation of votes for the acceptance of a plan of reorganization for purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. Any such offer or solicitation will be made only in compliance with all applicable securities Laws, provisions of the Bankruptcy Code, and/or other applicable Law.

16.02. Exhibits Incorporated by Reference; Conflicts. Each of the exhibits, annexes, signatures pages, and schedules attached hereto is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include such exhibits, annexes, and schedules. Except as otherwise set forth herein, in the event of any inconsistency between this Restructuring Support Agreement (without reference to the exhibits, annexes, and schedules

hereto) and the exhibits, annexes, and schedules hereto, the Restructuring Term Sheet (without reference to the exhibits, annexes, and schedules thereto) shall govern with respect to such provision.

16.03. Further Assurances. Subject to the other terms of this Agreement, the Parties hereby covenant and agree to use commercially reasonable efforts to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, or as may be required by order of the Bankruptcy Court, from time to time, to carry out the purposes and intent of this Agreement, including to effectuate the Restructuring Transactions, as applicable.

16.04. Complete Agreement. Except as otherwise explicitly provided herein, this Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, among the Parties with respect thereto, other than any Confidentiality Agreement.

16.05. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. If the Chapter 11 Cases are commenced, each Party agrees that it shall bring any action or proceeding in respect of any claim or dispute arising out of or related to this Agreement, to the extent possible, in the Bankruptcy Court, and solely in connection with claims arising under this Agreement: (a) irrevocably submits to the exclusive jurisdiction of the Bankruptcy Court; (b) waives any objection to laying venue in any such action or proceeding in the Bankruptcy Court; and (c) waives any objection that the Bankruptcy Court is an inconvenient forum or does not have jurisdiction over any Party.

16.06. TRIAL BY JURY WAIVER. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

16.07. Execution of Agreement. This Agreement may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Each individual executing this Agreement on behalf of a Party represents and warrants that such individual has been duly authorized and empowered to execute and deliver this Agreement on behalf of such Party.

16.08. Rules of Construction. This Agreement is the product of negotiations among the Company Parties and the Consenting Stakeholders, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof. The Company Parties and the Consenting Stakeholders were each represented by counsel during the negotiations and drafting of this Agreement and continue to be represented by counsel.

16.09. Successors and Assigns; Third Parties. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors and permitted assigns, as applicable. There are no third party beneficiaries under this Agreement, and the rights or obligations of any Party under this Agreement may not be assigned, delegated, or transferred to any other person or entity.

16.10. Notices. All notices hereunder shall be deemed given if in writing and delivered, by electronic mail, courier, or registered or certified mail (return receipt requested), to the following addresses (or at such other addresses as shall be specified by like notice):

(a) if to a Company Party, to:

Nautical Solutions, L.L.C.
16201 East Main Street
Cut Off, LA 70354
Attention: Adrian Danos; Luke Newman
E-mail address: adrian.danos@chouest.com; luke.newman@chouest.com

with copies to:

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attention: Patrick J. Nash, Jr., P.C.; John Luze; Jeff Michalik
E-mail addresses: patrick.nash@kirkland.com;
john.luze@kirkland.com; jeff.michalik@kirkland.com

and

Tusk Capital Advisors, LLC
1510 State Street
New Orleans, LA 70118
Attention: Joe Maxwell
E-mail address: joe@tuskcapitaladvisors.com

(b) if to a Consenting Member, to:

Nautical Solutions, L.L.C.
16201 East Main Street
Cut Off, LA 70354
Attention: Dino Chouest; Dionne Chouest Austin
E-mail address: dino.chouest@chouest.com; dionne@chouest.com

(c) if to a Consenting Lender, to:

Simpson Thacher & Bartlett LLP, as counsel to the Agent
425 Lexington Avenue
New York, NY 10017
Attention: Nicholas Baker; Elisha D. Graff; and Zachary Weiner
Email addresses: nbaker@stblaw.com; egraff@stblaw.com;
zachary.weiner@stblaw.com

(d) if to a Consenting Noteholder, to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Ray C. Schrock, P.C.; Andriana Georgallas
Email address: ray.schrock@weil.com; andriana.georgallas@weil.com

Any notice given by delivery, mail, or courier shall be effective when received.

16.11. Independent Due Diligence and Decision Making. Each Consenting Stakeholder hereby confirms that its decision to execute this Agreement has been based upon its independent investigation of the operations, businesses, financial and other conditions, and prospects of the Company Parties.

16.12. Enforceability of Agreement. Each of the Parties hereby acknowledges and agrees: (i) that the provisions of any notice or exercise of any rights or remedies under this Agreement are not prohibited by the automatic stay provisions of the Bankruptcy Code, (ii) each party, to the extent enforceable, waives any right to assert that the exercise of termination rights under this Agreement is subject to the automatic stay provisions of the Bankruptcy Code, and expressly stipulates and consents hereunder to the prospective modification of the automatic stay provisions of the Bankruptcy Code for purposes of exercising termination rights under this Agreement, to the extent the Bankruptcy Court determines that such relief is required, (iii) that they shall not take a position to the contrary of this Section 16 in the Bankruptcy Court or any other court of competent jurisdiction, and (iv) they will not initiate, or assert in, any litigation or other legal proceeding that this Section 16 is illegal, invalid, or unenforceable, in whole or in part.

16.13. Waiver. If the Restructuring Transactions are not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. Pursuant to Federal Rule of Evidence 408 and any other applicable rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms or the payment of damages to which a Party may be entitled under this Agreement.

16.14. Specific Performance. It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party, and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (without the posting of any bond and without proof of actual damages) as a remedy of any

such breach, including an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder. Notwithstanding anything to the contrary in this Agreement, none of the Parties will be liable for, and none of the Parties shall claim or seek to recover, any punitive, special, indirect or consequential damages for lost profits. The Parties agree that in no event will any Party be liable for any consequential, special, indirect or punitive damages or damages for lost profits. Notwithstanding anything to the contrary in this Section 13.14 or otherwise in this Agreement, the sole remedy of a Consenting Member for a breach of this Agreement shall be its right to terminate this Agreement as to itself.

16.15. Several, Not Joint, Claims. Except where otherwise specified, the agreements, representations, warranties, and obligations of the Parties under this Agreement are, in all respects, several and not joint.

16.16. Severability and Construction. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect if essential terms and conditions of this Agreement for each Party remain valid, binding, and enforceable.

16.17. Remedies Cumulative. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at Law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party.

16.18. Capacities of Consenting Stakeholders. Each Consenting Stakeholder has entered into this agreement on account of all Company Claims/Interests that it holds (directly or through discretionary accounts that it manages or advises) and, except where otherwise specified in this Agreement (including pursuant to this Section and Section 9 hereof), shall take or refrain from taking all actions that it is obligated to take or refrain from taking under this Agreement with respect to all such Company Claims/Interests. Notwithstanding the foregoing, the Parties understand that the Consenting Creditors are engaged in a wide range of financial services and businesses, and therefore, in furtherance of the foregoing, the Parties acknowledge and agree that, to the extent a Consenting Creditor expressly indicates on its signature page hereto that it is executing this Agreement on behalf of specific trading desk(s) and/or business group(s) of the Consenting Creditor, the obligations set forth in this Agreement shall only apply to such trading desk(s) and/or business group(s) and shall not apply to any other trading desk or business group of the Consenting Creditor until such trading desk or business group is or becomes a party to this Agreement. Notwithstanding anything contained in this Agreement, to the extent that a Consenting Creditor also acts as an Agent or a Trustee, such Consenting Creditor shall only be bound by this Agreement in its capacity as a Term Loan Lender or Noteholder, as applicable, and not in its capacity as Agent or Trustee. If such a Consenting Creditor that is also acting as an Agent or Trustee is instructed to act or refrain from acting, in its capacity as Agent or Trustee, by the requisite holders of Term Loans or Notes, any such action or inaction shall not constitute a breach of this Agreement by such Consenting Creditor.

16.19. Survival. Notwithstanding (i) any Transfer of any Company Claims/Interests in accordance with this Agreement or (ii) the termination of this Agreement in accordance with its terms, the agreements and obligations of the Parties in Sections 6 and 16 and the Confidentiality

Agreements shall survive such Transfer and/or termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof and thereof.

16.20. Email Consents. Where a written consent, acceptance, approval, or waiver is required pursuant to or contemplated by this Agreement, pursuant to Section 4.02, Section 14, or otherwise, including a written approval by the Company Parties, the Consenting Members, or any Consenting Creditor, such written consent, acceptance, approval, or waiver shall be deemed to have occurred if, by agreement between counsel to the Parties submitting and receiving such consent, acceptance, approval, or waiver, it is conveyed in writing (including electronic mail) between each such counsel without representations or warranties of any kind on behalf of such counsel.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

Company Parties' Signature Page to
the Restructuring Support Agreement

NAUTICAL SOLUTIONS, L.L.C.

By: _____
Name: Charlie Comeaux
Title: Chief Financial Officer

NAUTICAL SOLUTIONS (TEXAS), LLC

By: _____
Name: Charlie Comeaux
Title: Authorized Signatory

Consenting Members' Signature Page to the Restructuring Support Agreement

[On file with Debtors' advisors]

Consenting Creditor Signature Page to the Restructuring Support Agreement

[On file with Debtors' advisors]

EXHIBIT A

Restructuring Term Sheet

THIS RESTRUCTURING TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. NOTHING CONTAINED IN THIS RESTRUCTURING TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR, UNTIL THE OCCURRENCE OF THE AGREEMENT EFFECTIVE DATE OF THE RESTRUCTURING SUPPORT AGREEMENT ON THE TERMS DESCRIBED HEREIN AND IN THE RESTRUCTURING SUPPORT AGREEMENT, DEEMED BINDING ON ANY OF THE PARTIES HERETO.

RESTRUCTURING TERM SHEET

INTRODUCTION

This Restructuring Term Sheet describes the principal terms of the Restructuring Transactions of Nautical Solutions, L.L.C. ("**Nautical**") and Nautical Solutions (Texas), LLC that will be effectuated through a consensual out-of-court restructuring or pursuant to an in-court restructuring and a chapter 11 plan of reorganization on the terms set forth in the Restructuring Support Agreement to which this Restructuring Term Sheet is attached as **Exhibit A** in a manner consistent with the Restructuring Transaction Steps.[1] The regulatory, corporate, tax, accounting, and other legal and financial matters related to the Restructuring Transactions have not been fully evaluated, and any such evaluation may affect the terms and structure of any Restructuring Transactions. This Restructuring Term Sheet is proffered in the nature of a settlement proposal in furtherance of settlement discussions. Accordingly, this Restructuring Term Sheet and the information contained herein are entitled to protection from any use or disclosure to any party or person pursuant to Rule 408 of the Federal Rules of Evidence and any other applicable rule, statute, or doctrine of similar import protecting the use or disclosure of confidential settlement discussions.

This Restructuring Term Sheet does not include a description of all of the terms, conditions, and other provisions that will to be contained in the Definitive Documents governing the Restructuring, which remain subject to negotiation and completion in accordance with the Restructuring Support Agreement. The Restructuring will not contain any material terms or conditions that are inconsistent with this Restructuring Term Sheet or the Restructuring Support Agreement. This Restructuring Term Sheet incorporates the rules of construction as set forth in section 102 of the Bankruptcy Code.

[1] Capitalized terms used but not defined in this Restructuring Term Sheet have the meanings given to such terms in the Restructuring Support Agreement.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING	
Out-of-Court Restructuring / Chapter 11 Plan	On the Restructuring Effective Date, or as soon as reasonably practicable thereafter, each holder of a Claim or Interest, as applicable, shall receive under the Plan or pursuant to the Out-of-Court Restructuring the treatment described in this Restructuring Term Sheet in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Claim or Interest. Concurrently with soliciting acceptances of the Plan, the Company Parties will seek the requisite consent from holders of First Lien Claims to consummate the Restructuring Transactions on an out-of-court basis. Absent obtaining the consents necessary to satisfy the Out-of-Court Restructuring Threshold in accordance with the Milestones set forth in the Restructuring Support Agreement, the Company Parties will commence the Chapter 11 Cases and seek to consummate the Restructuring Transactions pursuant to the Plan on the terms set forth herein and in the Restructuring Support Agreement. Any action required to be taken by the Debtors on the Restructuring Effective Date pursuant to this Restructuring Term Sheet may be taken on the Restructuring Effective Date or as soon as is reasonably practicable thereafter.
New Senior Secured Notes	On the Restructuring Effective Date, the Company shall issue the New Senior Secured Notes on the terms set forth on the New Senior Secured Notes Term Sheet, attached hereto as **Exhibit 1**, and on terms otherwise satisfactory to the Required Consenting Creditors.
Use of Cash Collateral	If the Company Parties pursue the In-Court Restructuring, the Company Parties may use cash collateral and the Consenting Creditors, in their capacities as such, will not object to the Debtors' use of their cash collateral during the Chapter 11 Cases, in each case, on terms and conditions satisfactory to the Required Consenting Creditors, which shall include customary adequate protection, including payment of professional fees and expenses, adequate protection liens and superpriority claims, budget and reporting covenants, and milestones.
Cash on Hand	Cash distributions in accordance with this Restructuring Term Sheet and the Plan, if applicable, shall be made from cash on hand as of the Restructuring Effective Date.
Definitive Documents	This Restructuring Term Sheet is indicative, and any final agreement shall be subject to the Definitive Documents. The Definitive Documents shall contain terms, conditions, representations, warranties, and covenants, each customary for the transactions described herein consistent with the terms of this Restructuring Term Sheet. Any documents related to the Restructuring Transactions, including any Definitive Documents, that remain the subject of negotiation as of the Agreement Effective Date shall be subject to the consent rights and obligations set forth in Section 4 of the Restructuring Support Agreement. Failure to reference such consent rights and

GENERAL PROVISIONS REGARDING THE RESTRUCTURING	
	obligations as it relates to any document referenced in this Restructuring Term Sheet shall not impair such rights and obligations.
Tax Matters	The Parties shall work together in good faith and shall use commercially reasonable efforts to structure and implement the Restructuring in a tax efficient and cost-effective manner for the Company Parties and the Consenting Stakeholders to the extent reasonably practicable. From and after the Execution Date, the Consenting Members and the Company Parties shall not engage in, or allow, any transaction outside of the ordinary course that would result in a reduction of, use of or limitation on any suspended losses or deductions or credits that are otherwise available to reduce the tax liability from the Restructuring Transactions.

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN			
Class No.	**Type of Claim**	**Treatment**	**Impairment / Voting**
Unclassified Non-Voting Claims			
N/A	**Administrative Claims**	On the Restructuring Effective Date, each holder of an Allowed Administrative Claim shall receive payment in full in cash; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Claims will be paid in the ordinary course of business.	N/A
N/A	**Priority Tax Claims**	On the Restructuring Effective Date, each holder of an Allowed Priority Tax Claim shall receive treatment in a manner consistent with section 1129(a)(9)(C) of the Bankruptcy Code; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Claims will be paid in the ordinary course of business.	N/A
Classified Claims and Interests of the Debtors			
Class 1	**Other Secured Claims**	On the Restructuring Effective Date, each holder of an Allowed Other Secured Claim shall receive, at the Debtors' option with the consent of the Required Consenting Creditors: (a) payment in full in cash; (b) the collateral securing its Allowed Other Secured Claim; (c) Reinstatement of its Allowed Other Secured Claim; or (d) such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Claims will be paid in the ordinary course of business.	Unimpaired / Deemed to Accept

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN			
Class No.	**Type of Claim**	**Treatment**	**Impairment / Voting**
Class 2	**Other Priority Claims**	On the Restructuring Effective Date, each holder of an Allowed Other Priority Claim shall receive treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Claims will be paid in the ordinary course of business.	Unimpaired / Deemed to Accept
Class 3	**First Lien Claims**	On the Restructuring Effective Date, each holder of an Allowed First Lien Claim shall receive its pro rata share of the New Senior Secured Notes and any excess cash distribution in accordance with the New Senior Secured Notes Term Sheet. First Lien Claims held by the Noteholders shall include an Allowed make-whole Claim in the amount of $11,696,000.	Impaired / Entitled to Vote
Class 4	**General Unsecured Claims**	On the Restructuring Effective Date, each holder of an Allowed General Unsecured Claim shall receive, at the Debtors' option and in their sole discretion: (a) payment in full in cash; (b) reinstatement of its Allowed General Unsecured Claim; or (c) such other treatment rendering such Allowed General Unsecured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Claims will be paid in the ordinary course of business.	Unimpaired / Deemed to Accept
Class 5	**Intercompany Claims**	On the Restructuring Effective Date, each holder of an Allowed Intercompany Claim shall have its Claim reinstated or cancelled, released, and extinguished and without any distribution at the Debtors' election and in their reasonable discretion such that such Allowed Intercompany Claims are treated in a tax-efficient manner to the extent reasonably practicable; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Claims will be maintained in the ordinary course of business.	Impaired / Deemed to Reject or Unimpaired / Deemed to Accept
Class 6	**Intercompany Interests**	On the Restructuring Effective Date, Intercompany Interests shall be reinstated, set off, settled, distributed, contributed, cancelled, and released without any distribution on account of such Intercompany Interests, or such other treatment as reasonably determined by the Debtors, at the Debtors' election and in their reasonable discretion	Impaired / Deemed to Reject or Unimpaired / Deemed to Accept

TREATMENT OF CLAIMS AND INTERESTS OF THE DEBTORS UNDER THE PLAN			
Class No.	**Type of Claim**	**Treatment**	**Impairment / Voting**
		such that Intercompany Interests are treated in a tax-efficient manner to the extent reasonably practicable; *provided* that if the Company Parties consummate the Out-of-Court Restructuring, such Interests will be maintained in the ordinary course of business.	
Class 7	**Existing Common Interests in Nautical**	On the Restructuring Effective Date, the Equity Interests of each of the Consenting Members in Nautical shall be reinstated.	Unimpaired / Deemed to Accept

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
Subordination	The classification and treatment of Claims under the Plan shall conform to the respective contractual, legal, and equitable subordination rights of such Claims, and any such rights shall be settled, compromised, and released pursuant to the Plan.
Restructuring Transactions	The Confirmation Order, if applicable, shall be deemed to authorize, among other things, all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to consummate the Plan, as well as the Restructuring Transactions therein. On the Restructuring Effective Date, the Company Parties, as applicable, shall issue all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Restructuring Transactions.
Cancellation of Notes, Instruments, Certificates, and Other Documents	On the Restructuring Effective Date, except to the extent otherwise provided in this Restructuring Term Sheet and subject to customary exceptions which shall be set forth in the Plan, as applicable, all notes, instruments, certificates, and other documents evidencing First Lien Claims, if the Company Parties consummate the Out-of-Court Restructuring, and Company Claims/Interests, if the Company Parties consummate the In-Court Restructuring, in each case, including credit agreements and indentures, shall be canceled, and the Company Parties' obligations thereunder or in any way related thereto shall be deemed satisfied in full and discharged; *provided* that any indemnity, reimbursement, or similar provision in favor of the Agent/Trustee in any credit agreement, note purchase agreement, security document, ancillary document, or intercreditor agreement related to the Term Loans or the Notes that by the terms of such agreement survives the termination of such agreement, shall remain in full force and effect notwithstanding the consummation of the Restructuring Transactions.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
Executory Contracts and Unexpired Leases	If the Company Parties pursue the In-Court Restructuring, the Plan will provide that the Debtors' executory contracts and unexpired leases that are not rejected as of the Restructuring Effective Date (either pursuant to the Plan or a separate motion) shall be deemed assumed and amended (as needed to implement the terms of the Restructuring Transactions) pursuant to section 365 of the Bankruptcy Code.
Retention of Jurisdiction	If the Company Parties pursue the In-Court Restructuring, the Plan will provide that the Bankruptcy Court shall retain jurisdiction for usual and customary matters.
Discharge of Claims and Termination of Interests	If the Company Parties pursue the In-Court Restructuring, pursuant to section 1141(d) of the Bankruptcy Code and except as otherwise specifically provided in the Plan, or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Restructuring Effective Date, of Claims (including any Intercompany Claims that the Debtors resolve or compromise after the Restructuring Effective Date), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and Interests in the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Restructuring Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services that employees of the Debtors have performed prior to the Restructuring Effective Date, and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Restructuring Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the holder of such a Claim or Interest has accepted the Plan. Any default or "event of default" by the Debtors with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Restructuring Effective Date. Without prejudice to the distributions, rights, and treatment that are provided by the Plan, the Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Restructuring Effective Date, and, upon the Restructuring Effective Date, all Holders of such Claims and Interests shall be forever precluded and enjoined, pursuant to Section 524 of the Bankruptcy Code, from prosecuting or asserting any such Claim or Interest against the Debtors, Reorganized Debtors, or any of their assets or property.

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
Releases by the Debtors	If the Company Parties pursue the In-Court Restructuring, except as expressly set forth in the Plan or the Confirmation Order, effective on the Restructuring Effective Date, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party that is not an ECO Affiliate is hereby deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged by each and all of the Debtors, and each of their respective current and former Affiliates, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, including any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, a Debtor or any other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents, the pre- and postpetition marketing and sale process including any Asset Sale Agreements, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Agreement, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan and the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Restructuring Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, the Debtors' releases shall not be construed as (a) releasing any Released Party from Claims or Causes of Action arising from an act or omission that is

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
	judicially determined by a final order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence, or (b) releasing any post-Restructuring Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.
Releases by Holders of Claims and Interests	If the Company Parties pursue the In-Court Restructuring, effective on the Restructuring Effective Date, except (i) as expressly set forth in the Plan or the Confirmation Order, (ii) for the right to enforce the Plan, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, including the obligations of the Debtors under the Plan and the contributions of the Released Parties to facilitate and implement the Plan, to the fullest extent permissible under applicable law, as such law may be extended or integrated after the date upon which the Bankruptcy Court enters the Confirmation Order, on or after the Restructuring Effective Date, each Released Party, is hereby deemed expressly, conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged by each and all of the Releasing Parties (other than the Debtors or the Reorganized Debtors), in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, remedies, and liabilities, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim against, or Interest in, a Debtor, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents, the pre- and post-petition marketing and sale process including any Asset Sale Agreements, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Agreement, or the Plan, the pursuit of

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
	confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Restructuring Effective Date related or relating to the foregoing; *provided* that nothing herein shall be construed as (a) releasing any Released Party from Claims or Causes of Action arising from an act or omission that is judicially determined by a final order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence (b) releasing any post-Restructuring Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (c) releasing any Claims or Causes of Action by any Releasing Party against any Released Party arising from any financing or other transaction unrelated to the Debtors or the Chapter 11 Cases.
Exculpation	If the Company Parties pursue the In-Court Restructuring, the Plan shall provide that, except as expressly provided in the Plan or the Confirmation Order, no Exculpated Party shall have or incur liability for, and each Exculpated Party shall be released and exculpated from any and all Claims, Interests, obligations, rights, suits, damages, Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of the Debtors (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Exculpated Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents, the pre- and post-petition marketing and sale process including any Asset Sale Agreements, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents, or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Agreement, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Restructuring Effective Date related or relating to the foregoing, except for claims related to any act or omission that is determined in a final order to have constituted actual fraud or gross negligence, but in all respects such

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
	Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan, or such distributions made pursuant to the Plan. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable laws, rules, or regulations protecting such Exculpated Parties from liability. Notwithstanding anything to the contrary in the foregoing, the exculpation set forth in the Plan shall not be construed as exculpating any party or Entity from its post-Restructuring Effective Date obligations under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.
Injunction	If the Company Parties pursue the In-Court Restructuring, upon entry of the Confirmation Order, except as otherwise expressly provided in the Plan or the Confirmation Order, or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been extinguished, released, discharged, or are subject to exculpation, whether or not such Entities vote in favor of, against or abstain from voting on the Plan or are presumed to have accepted or deemed to have rejected the Plan, and other parties in interests, along with their respective present or former employees, agents, officers, directors, principals, affiliates, and Related Parties are permanently enjoined, from and after the Restructuring Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such claims or interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such claims or interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such claims or interests unless such holder has timely filed a motion with the Bankruptcy Court expressly requesting the right to perform such setoff, subrogation or recoupment on or before the Restructuring Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) commencing or continuing in any

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
	manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan. By accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Interest extinguished, discharged, or released pursuant to the Plan will be deemed to have affirmatively and specifically consented to be bound by the Plan, including, without limitation, the injunctions set forth above. The injunctions set forth above shall extend to any successors of the Debtors, the Reorganized Debtors, the Released Parties, and the Exculpated Parties and their respective property and interests in property.
Certain Definitions	The following definitions shall be applicable to the foregoing release and exculpation provisions: "*ECO Affiliate*" means any non-Debtor partnership or corporation that is an Affiliate of the Debtors, excluding the Company Parties. For the avoidance of doubt, neither Company Party shall be deemed an "ECO Affiliate." "*Released Parties*" means collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) each of the Reorganized Debtors; (c) each Consenting Stakeholder and each other holder of First Lien Claims that votes in favor of the Plan; (d) each of the Agents/Trustees; (e) each current and former Affiliate of each Entity in clause (a) through the following clause (f); and (f) each Related Party of each Entity in clause (a) through this clause (f) (and, in addition to each of the foregoing, where any of the foregoing is an investment manager or advisor for a beneficial holder, such beneficial holder); *provided* that, in each case, an Entity shall not be a Released Party if it objects to the releases contained in the Plan and such objection is not resolved before the hearing to consider confirmation of the Plan. "*Releasing Parties*" means, collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) each of the Reorganized Debtors; (c) each Consenting Stakeholder and each other holder of First Lien Claims that votes in favor of the Plan; (d) each of the Agents/Trustees; (e) each Related Party of each Entity in clause (a) through this clause (e) for which such Entity is legally entitled to bind such Related Party to the releases contained in the Plan under applicable law. "*Exculpated Parties*" means, collectively, each of the following in their capacity as such: (i) the Debtors; (ii) the Reorganized Debtors; (iii) each Consenting Stakeholder; (iv) each of the Agents/Trustees; and (v) with respect to each of the foregoing Entities in clauses (i) through (iv), all of their respective Related Parties that is not an ECO Affiliate (and, in addition to each of the foregoing, where any of the foregoing is an investment manager or advisor for a beneficial holder, such beneficial holder); *provided* that, with respect to the Entities in clauses (iii)-(v), any exculpations afforded under the Plan or the Confirmation Order shall be granted only to the extent provided for pursuant to section 1125(e) of the Bankruptcy Code. "*Related Party*" means, with respect to (w) any Entity, (x) such Entity's predecessors, successors and assigns, parents, subsidiaries, affiliates,

GENERAL PROVISIONS REGARDING THE RESTRUCTURING TRANSACTIONS	
	affiliated investment funds or investment vehicles, managed or advised accounts, funds, or other entities, and investment advisors, subadvisors, or managers, (y) with respect to each of the foregoing in clauses (w) and (x), such Entity's respective current and former officers, directors, principals, equity holders (regardless of whether such interests are held directly or indirectly and any fund managers, fiduciaries, or other agents with any involvement related to the Debtors), members, partners, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, actuaries, investment bankers, consultants, representatives, management companies, fund advisors and other professionals; and (z) with respect to each of the foregoing in clauses (w)–(y), such Entity's respective heirs, executors, estates, servants, and nominees.
Mutual Releases	If the Company Parties pursue the Out-of-Court Restructuring, on the Restructuring Effective Date, the Company Parties, the Consenting Stakeholders, and the other holders of First Lien Claims party to the Exchange Agreement (which, collectively with the Consenting Stakeholders, shall constitute holders of 100% of the aggregate outstanding principal amount of First Lien Claims) shall execute the Release Agreement, substantially in the form attached to the Restructuring Support Agreement as Exhibit D.

OTHER MATERIAL PROVISIONS REGARDING THE RESTRUCTURING	
Governance	Corporate governance for the Reorganized Debtors and Holdings, including charters, bylaws, operating agreements, or other organization documents, as applicable, shall be consistent with the Restructuring Support Agreement and this Restructuring Term Sheet (including Exhibit 1 hereto) and shall otherwise be reasonably acceptable to the Required Consenting Creditors.
Exemption from SEC Registration	The issuance of all securities under the Plan, if applicable, will be exempt from SEC registration under applicable law.
Employment Obligations	Subject to the consent rights of the Required Consenting Creditors in the Restructuring Support Agreement, the Company Parties may, in the ordinary course of business and consistent with past practice, continue their wages, compensation, and benefits programs. If the Debtors pursue the In-Court Restructuring, on the Restructuring Effective Date, the Debtors shall (a) assume all existing employment agreements, indemnification agreements, or other employment-related agreements entered into with current and former employees or (b) with the consent of the Required Consenting Creditors (not to be unreasonably withheld or delayed), enter into new agreements with such employees on terms and conditions acceptable to the Debtor and such employee.

OTHER MATERIAL PROVISIONS REGARDING THE RESTRUCTURING	
Indemnification Obligations	Consistent with applicable law, all indemnification provisions in place as of the Restructuring Effective Date (whether in the by-laws, certificates of incorporation or formation, limited liability company agreements, other organizational documents, board resolutions, indemnification agreements, employment contracts, or otherwise) for current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Company Parties, as applicable, shall be reinstated and remain intact, irrevocable, and shall survive the effectiveness of the Restructuring on terms no less favorable to such current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals of the Company Parties than the indemnification provisions in place prior to the Restructuring.
Retained Causes of Action	On the Restructuring Effective Date, the Company Parties shall retain all rights to commence and pursue any Causes of Action, other than any Causes of Action that the Company Parties have released pursuant to the Release Agreement or the release and exculpation provisions outlined in this Restructuring Term Sheet and implemented pursuant to the Plan, as applicable.
Conditions Precedent to Restructuring	The Restructuring Effective Date will be subject to the satisfaction of customary conditions, including the following, as applicable (collectively, the "**Conditions Precedent**"): (a) Concurrently with the occurrence of the Restructuring Effective Date, the Exchange Agreement and the Release Agreement shall (i) have been duly executed by holders of 100% of the aggregate outstanding principal amount of First Lien Claims and (ii) be in full force and effect; *provided* that this condition shall be deemed waived by all Parties if the Restructuring Transactions are effectuated pursuant to the Plan; (b) the Company Parties shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Restructuring Transactions and all applicable waiting periods shall have expired; (c) the final versions of the Definitive Documents and all of the schedules, documents, and exhibits related thereto shall be consistent with the Restructuring Support Agreement and the Restructuring Term Sheet, and, if applicable, the Plan, and otherwise approved by the parties thereto consistent with their respective consent and approval rights set forth in the Restructuring Support Agreement; (d) the Restructuring Support Agreement shall be in full force and effect; (e) the New Senior Secured Notes Purchase Agreement and all ancillary documentation related thereto shall have been duly executed and delivered by all of the Entities that are parties thereto, all conditions precedent (other than any conditions related to the occurrence of the Restructuring Effective Date) to the effectiveness of the New Senior Secured Notes Purchase Agreement shall have been satisfied or duly

	waived in writing in accordance with the terms of the New Senior Secured Notes Purchase Agreement, the closing of the issuance of the New Senior Secured Notes shall have occurred, and the New Senior Secured Notes Purchase Agreement shall be in full force and effect; (f) subject to the requirement in Section 3.01(a) of the Restructuring Support Agreement, the Asset Sale Agreement shall be in full force and effect and not amended or modified in a manner adverse to the Consenting Creditors or the Debtors; (g) there shall not be in effect any order by a governmental authority of competent jurisdiction restraining, enjoining, or otherwise prohibiting the consummation of the Restructuring Transactions; (h) all Consenting Creditor Fees and Expenses and, if applicable, any other fees, expenses, and other amounts payable to the Consenting Creditors pursuant to an order of the Bankruptcy Court, shall have been paid in full; (i) the Company Parties shall have implemented the Restructuring Transactions and all transactions contemplated in this Restructuring Term Sheet in a manner consistent with the Restructuring Support Agreement, this Restructuring Term Sheet, and the Plan; (j) without limiting the foregoing, if the Company Parties pursue the In-Court Restructuring: (i) the Bankruptcy Court shall have entered an order approving the Disclosure Statement, which order shall be in full force and effect and no stay thereof shall be in effect. (ii) the Bankruptcy Court shall have entered the Confirmation Order, which order shall be in full force and effect and no stay thereof shall be in effect, which shall: a. authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan; b. decree that the provisions in the Confirmation Order and the Plan are nonseverable and mutually dependent; c. authorize the Debtors, as applicable/necessary, to: (a) implement the Restructuring Transactions; (b) make all distributions and issuances as required under the Plan; and (c) enter into any agreements, transactions, and sales of property as set forth in the Plan (including the Plan Supplement); d. authorize the implementation of the Plan in accordance with its terms; and e. provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in

OTHER MATERIAL PROVISIONS REGARDING THE RESTRUCTURING	
	connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax; and (iii) all professional fees and expenses of retained professionals that require the approval of the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such fees and expenses after the Restructuring Effective Date shall have been placed in a professional fee escrow account pending the approval of such fees and expenses by the Bankruptcy Court.
Waiver of Conditions Precedent	The Conditions Precedent may be waived, in whole or in part, with the written consent of the Company Parties and the Required Consenting Creditors.
Amendments	This Restructuring Term Sheet may be amended only as permitted pursuant to the Restructuring Support Agreement.

Exhibit 1

New Senior Secured Notes Term Sheet

Agent/Trustee	The trustee and/or agent under the New Senior Secured Notes shall be an entity satisfactory to the Required Consenting Creditors and the Company Parties.
Transaction Structure	Exchange among holders of Notes Claims and Term Loan Claims, herein collectively referred to as the "**Lenders**," and Nautical Solutions, LLC ("**Nautical Solutions**" or "**Borrower**"), wherein the Lenders receive their pro-rata share based on all contractual rights of a combination of (i) New Senior Secured Notes and (ii) distribution of excess cash, described further below
Total Consideration	Aggregate consideration to the Lenders in a fixed amount of $587.5 million. a. Consideration to be comprised of New Senior Secured Notes and excess cash as described below b. Fixed consideration amount of $587.5 million to begin accruing interest at the rate of 8.5% per annum commencing 9/1/22 if transaction has not been consummated by such date, with such accrued interest amount (if any) paid in cash at closing
Excess Cash	At closing, excess cash on the balance sheet (after payment of all agreed closing costs and fees, including any tax liability of the members/shareholders of Nautical Solutions for any cancellation of debt income, including gain recognized under IRC § 731(a)(1) arising from such cancellation of indebtedness or the tax payment itself, arising solely from the Restructuring Transactions (calculated taking into account any suspended losses and other deductions or credits available to such members/shareholders from whatever source, and treating the payment as occurring in the year of the transaction)), above minimum cash to be retained on balance sheet of $25 million, to prepay the $587.5 million principal amount of the New Senior Secured Notes (without premium or penalty) Post close, quarterly excess cash distributed to holders of New Senior Secured Notes to pay down principal, per the "Cash Flow Sweep Waterfall" described below
New Senior Notes	**Amount:** a. Up to $587.5 million New Senior Secured Notes b. New Senior Secured Notes to require prepayments described below under "Cash Flow Sweep Waterfall" **Covenants:** a. LTM interest coverage covenant: set at 1.10x, tested quarterly b. Commencing the quarter ended June 30, 2023 and ending the quarter ended June 30, 2024, LTM Minimum EBITDA covenant set at a 35% cushion to levels in the final Company forecast, tested quarterly

	c. Commencing the quarter ending September 30, 2024, Maximum Net Leverage Ratio covenant tested quarterly: 7.0x until June 30, 2025; 6.50x from September 30, 2025 to June 30, 2026; 5.75x at September 30, 2026; 5.0x thereafter i. For purposes of covenants, need appropriate adjustments to accommodate addbacks of (A) fees and expenses in connection with the restructuring and the permitted asset sales, (B) collection of insurance proceeds from warranty claims, and (C) any tax claims related to the pending tax review in Guyana d. Annual retrofit capex basket of $6 million (subject to adjustment based on the consumer price index (capped at 5% per year)) without majority Lender approval e. No cap on maintenance and related capex expenses, (however, in the measurement period for the Exit Fee calculation, maintenance and related expenses shall not exceed highest level experienced in last 5 years (as adjusted to deduct from such high watermark amounts for vessels no longer owned by Nautical Solutions at the time of such measurement) (subject to adjustment based on the consumer price index (capped at 5% per year) calculated annually from such highwater amounts) f. Capex for newbuilds prohibited without majority Lender consent g. Will include equity cure rights (i) to cure any default of financial covenants (may be exercised, at the Borrower's option, 1 time during the term of New Senior Secured Notes) and (ii) to increase the Asset Sale Proceeds for purposes of satisfying the "Asset Sale" provision and calculating the PIK Fee (see "Asset Sale" below); *provided* that the Borrower must elect, in advance, whether such equity cure shall apply to clause (i) or clause (ii) hereof. h. Subject to customary exceptions, operating and affiliate transaction covenants, including prohibition on dividends **Cash Interest rate:** 8.5% fixed rate until LTM leverage is below 4.0x; 8.0% fixed rate until LTM leverage is below 2.75x; 7.5% fixed rate thereafter **Maturity:** Five years from transaction close **Prepayment Fee / Penalty:** None **Exit Fee:** a. At maturity or a refinancing; for the avoidance of doubt, a refinancing will include any payment in full of the New Senior Secured Notes by a non-Nautical Solutions ECO affiliate and/or members of the Chouest family: i. If the average annual EBITDA ("Actual Average EBITDA") achieved exceeds the forecasted average annual EBITDA for the same period ("Forecasted Average EBITDA") by 18%, Lenders are entitled to receive a cash payment equal to 10% of equity value ii. If Actual Average EBITDA exceeds Forecasted Average EBITDA by 27%, Lenders are entitled to receive a cash payment equal to 15% of equity value

	iii. Any outperformance between 18% and 27% would translate, on a linear basis, to an equity value between 10% and 15% (i.e., 22.5% outperformance equates to 12.5% of equity value) iv. Actual Average EBITDA will use the last 24 months of results to calculate an annual average EBITDA; *provided* that, if the refinancing occurs earlier than one year prior to maturity, it will be calculated using the results from the previous 12 months v. Forecasted Average EBITDA to be determined prior to closing vi. Equity value calculated as 6.25x Actual Average EBITDA less net debt **Enhanced collateral package:** See "Enhanced collateral package" section
Asset Sale	Prior to the Restructuring Effective Date, Nautical will enter into a binding agreement to sell (the "**Asset Sale**") six (6) 280' PSVs vessels to a non-ECO affiliated third-party; *provided* that if (i) any of such asset sale is not consummated pursuant to the agreement or otherwise with 12 months after the Restructuring Effective Date or (ii) any such sale agreement is terminated (for reasons other than non-compliance by Nautical), an ECO affiliated entity has the option to purchase all six (6) vessels for no less than $90.0 million of net proceeds in the aggregate. In the event that a third party purchases some but not all six (6) of such vessels, an ECO affiliated entity has the option to purchase any of the remaining six (6) vessels but the sum of the vessels sold to a third party and the vessels sold to an ECO affiliate must include each of the six (6) vessels. Any formerly Nautical owned vessels so purchased by ECO affiliated entity (a) shall not work in Jones Act oil & gas related activities, (b) shall not be lengthened beyond their current specifications, (c) shall not perform work for which there is an available 280' PSV vessel owned by Nautical Solutions and (d) to the extent the vessels are sold to an ECO affiliated entity and such ECO affiliated subsequently sells such vessel, any net proceeds above its initial purchase price will be applied as mandatory principal repayments of the New Senior Secured Notes (such limitations set forth in the foregoing clauses (a) through (d), the "**ECO 280 Limitations**"). Notwithstanding anything herein to the contrary, for the avoidance of doubt, the Company shall operate their business and enter into transactions solely in the ordinary course in a manner consistent with past practice in all material respects, and shall not operate their business or enter into any transactions in contravention of the foregoing except as expressly provided in this Restructuring Term Sheet. The sale price for each of the six (6) 280' PSVs is anticipated to be $15.0 million per vessel of net proceeds ("**Asset Sale Proceeds**") The vessel sales will close, and final payment will be made, upon recertification and delivery of the discrete vessels; *provided* that the *Jackie Chouest* cannot be sold prior to the expiration of its current contract (November 2022). All proceeds from the sales, net of applicable taxes and related expenses, will be used to make mandatory principal payments of the New Senior Secured Notes

<table>
<tr><td></td><td>

Additional PIK Interest:

a. The New Senior Secured Notes will accrue on a quarterly basis an additional 300 basis points per annum of PIK interest until the principal repayment from Asset Sale Proceeds for all six (6) vessels and/or any other payment from affiliates of Nautical (excluding any payments from Nautical cash or assets) (such amounts, collectively, "**Specified Prepayment Amount**") aggregating not less than $84 million is received (the "**PIK Fee**")

b. If the Specified Prepayment Amount results in a principal repayment of $84 million or more, no further PIK Fee will accrue

c. If the Specified Prepayment Amount equals $90 million ($15 million per vessel net average) or more, and is received within 13 months of the closing date, any accrued PIK Fee since the Restructuring Effective Date will be forgiven in its entirety

d. If the Specified Prepayment Amount is between $84 - $90 million, and/or is received after 13 months but within 15 months, the accrued PIK Fee will be reduced to the amounts set forth below (on retroactive basis):

<table>
<tr><th>(BPS)</th><th colspan="4">Net Vessel Sale Proceeds</th></tr>
<tr><th></th><th></th><th>$84-$86.99mm</th><th>$87-$89.99mm</th><th>$90mm+</th></tr>
<tr><td rowspan="3">Months From Closing</td><td>14-15</td><td>250</td><td>200</td><td>150</td></tr>
<tr><td>13-14</td><td>200</td><td>150</td><td>100</td></tr>
<tr><td><13</td><td>150</td><td>100</td><td>0</td></tr>
</table>

provided that, at the option of Nautical, any equity contribution within 15 months after the closing date shall be deemed as Asset Sale Proceeds at the time of such equity contribution for the purpose of this paragraph of this "Asset Sale" provision.

Nautical will have the right to sell the Tug for no less than $3.5 million and both FSVs for no less than $1.0 million in the aggregate, in each case, to one or more unaffiliated third party purchasers. Unless otherwise specified herein, no other asset sales without Required Consenting Creditor consent; *provided* that, if the charter agreement of any of the three (3) vessels chartered to Petrobras is terminated (for reasons other than non-compliance by Nautical Solutions), ECO affiliated entity has the option to purchase any such vessel for no less than $15.0 million of net proceeds subject, in each case, to the ECO 280 Limitations. All proceeds for any such sales to be applied as mandatory principal repayments of the New Senior Secured Notes

</td></tr>
<tr><td>Cash Flow Sweep Waterfall</td><td>

Post close, mandatory fixed amortization of the principal amount of the New Senior Secured Notes of $2.0 million per quarter in aggregate

Quarterly excess cash flow sweep of 100% of excess cash above $30 million (after fixed amortization) to holders of New Senior Secured Notes (without any prepayment premium or penalty) to be paid on the 14th day of February, May, August and November in each year, commencing with first such date following the closing date

</td></tr>
</table>

G&A Allocation Adjustments / Fees for ECO-Provided Services	ECO entities to allocate GMS expenses based on pro rata ECO vessel revenue Monthly amount allocated shall not be greater than the below per month per active vessel: a. 312' / AHTS vessels: $72,500 b. 280' vessels: $56,000 c. Forte / Fast Boats vessels: $7,300 All rates subject to annual CPI adjustments
Enhanced Collateral Package	**Enhanced Collateral Package:** a. **Security:** Subject to customary exceptions, secured on a first priority basis by substantially all of the present and future assets of (i) a newly formed holdings entity ("**Holdings**") which holds 100% of the issued and outstanding capital stock of the Borrower and (ii) the Borrower, including: (a) first priority mortgage on vessels and all equipment thereon, (b) capital stock of the Borrower, (c) capital stock of any future subsidiary directly held by the Borrower, and (d) all of its other tangible and intangible assets. b. **Credit Enhancements:** Enhanced collateral package to include for Holdings and the Borrower: (i) security interest in all revenue generated from vessels, (ii) assignment of earnings under the bareboat charters, (iii) assignment of insurance, (iv) control agreements on Nautical Solutions bank accounts, (v) covenant with Borrower affiliate to crew the vessels for duration of New Senior Secured Notes and in connection with any exercise of remedies as contemplated below for the remaining duration of any third-party customer contracts existing on the date of a change of control of the Borrower for so long as the ECO affiliate is being paid for such services in a manner consistent with past practice; *provided* that Borrower's obligation to crew the boats terminates on the earlier of (i) one year after the agent takes title to the boats or (ii) title to the boats passes from the agent to a third party; (vi) perpetual, irrevocable, worldwide, royalty-free right and license with Borrower affiliate for technology and IP which shall, in any case, be transferable and assignable to the agent (for the benefit of the lenders) thereof until the New Senior Secured Notes have been paid in full and further transferable and assignable to the unaffiliated third party purchasers by the agent for each such vessel sold on a one-time basis. The documentation relating to the IT and IP will be based on the equivalent documentation for the ECO/Hornbeck transaction. c. **Passive Holding Company:** Holdings will be subject to a customary passive holding company covenant and its 100% ownership of the Borrower will be addressed by the change of control provisions applicable to the New Senior Secured Notes. d. **Tax Status:** On the Restructuring Effective Date, (i) Holdings shall be properly classified as a partnership and treated as a continuation of Nautical Solutions for U.S. federal and applicable state and local income tax purposes, and (ii) Nautical Solutions will become a

	wholly owned subsidiary of Holdings classified as an entity disregarded as separate from Holdings for U.S. federal income tax purposes. e. **Support Agreement:** In addition to Managers' Undertakings similar to existing form, ECO affiliates will provide to the Lenders, their affiliates, designees and/or any unaffiliated third-party purchasers (in connection with a change of control in connection with an exercise of remedies), at their elections, (a) vessel operations and management support for one (1) year from the date of change of control of the Borrower with the cost included in the GMS overhead charge, (b) appropriate services to support delivery of vessels to a U.S. port of such party's choosing with the cost of such support charged at market rates, (c) other services such as shipyard repairs and maintenance on an ongoing basis at market rates (where market rates are publicly available to third parties); services will be provided on a commercial best-efforts basis subject to crew availability (where crew is not already placed and therefore, available), shipyard availability, etc., and (d) any necessary training or other support services to allow the Lenders, their affiliates, designees and/or any unaffiliated third-party purchasers (in connection with a change of control in connection with an exercise of remedies) to properly operate the licensed IP and technology. Creditor owned or transferred vessels to not be prioritized, nor disadvantaged, versus other ECO vessels that require like services, employees, or parts at the same time. f. **Shared Services:** Borrower to document any material shared services or other intercompany arrangements and all such agreements shall provide Lenders as third-party beneficiaries and grant Lenders an assignable pledge thereunder where services are rendered to Borrower or its subsidiaries – Services to be provided at market rates (where market rates are publicly available to third parties) or otherwise to be negotiated and reflected in the shared services agreement; in connection with an exercise of remedies, such shared services will be continue to be available to the Lenders, their affiliates, designees and/or any unaffiliated third-party purchasers for one year from the date of change of control of the Borrower. g. **Duration:** Except as specifically provided above, the arrangements above will be provided to the Borrower until the obligations with respect to New Senior Secured Notes are paid in full and, additionally, the Enhanced Collateral Package will benefit the Lenders (or any agent or designee on their behalf in connection with an exercise of remedies) and any third party purchaser to which any Collateral is sold until the date that is one (1) year following the occurrence of a change of control of the Borrower; it being understood and agreed that the IP and IT licenses will continue to benefit such third party purchaser on a perpetual basis.

EXHIBIT B

Form of Joinder

Joinder Agreement to Restructuring Support Agreement

The undersigned (the "**Joinder Party**") hereby acknowledges that it has reviewed and understands the Restructuring Support Agreement dated as of _____ (the "**Agreement**"),[1] by and among Nautical Solutions, L.L.C. and its affiliates and subsidiaries bound thereto and the Consenting Stakeholders and agrees to be bound by the terms and conditions thereof to the extent the other Parties are thereby bound, and shall be deemed a "Consenting Lender," "Consenting Noteholder," or "Consenting Member," as applicable, under the terms of the Agreement.

The undersigned Joinder Party specifically agrees to be bound by the terms and conditions of the Agreement and makes all representations and warranties contained therein as of the date of this joinder and any further date specified in the Agreement.

This joinder agreement shall be governed by the governing law set forth in the Agreement.

Date Executed:

_____
Name:
Title:

Address:

E-mail address(es):

Aggregate Amounts Beneficially Owned or Managed on Account of:	
Term Loan	
Notes	
Equity Interests	

[1] Capitalized terms used but not otherwise defined herein shall having the meaning ascribed to such terms in the Agreement.

EXHIBIT C

Provision for Transfer Agreement

Transfer Agreement

The undersigned ("**Transferee**") hereby acknowledges that it has read and understands the Restructuring Support Agreement, dated as of _____ (the "**Agreement**"),[2] by and among Nautical Solutions, L.L.C. and its affiliates and subsidiaries bound thereto and the Consenting Stakeholders, including the transferor to the Transferee of any Company Claims/Interests (each such transferor, a "**Transferor**"), and agrees to be bound by the terms and conditions thereof to the extent the Transferor was thereby bound, and shall be deemed a "Consenting Lender," "Consenting Noteholder," or "Consenting Member," as applicable, under the terms of the Agreement.

The Transferee specifically agrees to be bound by the terms and conditions of the Agreement and makes all representations and warranties contained therein as of the date of the Transfer, including the agreement to be bound by the vote of the Transferor if such vote was cast before the effectiveness of the Transfer discussed herein.

Date Executed:

_____
Name:
Title:
Address:
E-mail address(es):

Aggregate Amounts Beneficially Owned or Managed on Account of:	
Notes	
Term Loan	
Equity Interests	

[2] Capitalized terms used but not otherwise defined herein shall having the meaning ascribed to such terms in the Agreement.

EXHIBIT D

Release Agreement

MUTUAL RELEASE AGREEMENT

This **Mutual Release Agreement** (this "Agreement"), dated as of [●], 2022, is hereby entered into by and among (i) Nautical Solutions, L.L.C., a Louisiana limited liability company (the "Company") and Nautical Solutions (Texas), LLC (together with the Company, the "Company Parties"), (ii) the Consenting Stakeholders, (iii) the Agent, and (iv) each other holder of First Lien Claims party to the Exchange Agreement that is a signatory hereto. All persons that are party to this Agreement are referred to herein individually as a "Party" and collectively, as the "Parties." Capitalized terms used herein and not otherwise defined shall have the meanings set forth in that certain *Restructuring Support Agreement*, dated as of [●], 2022 (such agreement as amended, restated, supplemented, or otherwise modified from time to time (the "RSA").

RECITALS

WHEREAS, the Company is party to (i) that certain First Amended and Restated Credit Agreement (the "Credit Agreement"), dated as of December 7, 2018, among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, Bank Of America, N.A., Wells Fargo Bank, N.A. and Suntrust Bank, as co-syndication agents, and Capital One, National Association, and Compass Bank, as co-documentation agents, as amended and restated from time to time, including pursuant to that certain Third Amendment, dated as of May 28, 2020; (ii) that certain Amended and Restated Note Purchase Agreement (the "Series A Note Purchase Agreement"), dated December 7, 2018, by and among the Company, the noteholders party thereto, and JPMorgan Chase Bank, N.A., as collateral agent, as amended and restated from time to time, pursuant to which the Company issued the Series A Notes; and (iii) that certain Amended and Restated Note Purchase Agreement (the "Series B Note Purchase Agreement"), dated December 7, 2018, by and among the Company, the noteholders party thereto, and JPMorgan Chase Bank, N.A., as collateral agent, as amended and restated from time to time, pursuant to which the Company issued the Series B Notes;

WHEREAS, certain Events of Default (as defined in the Credit Agreement, the Series A Note Purchase Agreement, and the Series B Note Purchase Agreement, as applicable) have occurred and are continuing;

WHEREAS, following good faith, arm's length negotiations, on [●], the Company Parties and the Consenting Stakeholders entered into the RSA, pursuant to which the Company Parties and the Consenting Stakeholders agreed to support certain restructuring and recapitalization transactions with respect to the Company Parties' capital structure on the terms therein (such transactions, the "Restructuring Transactions");

WHEREAS, on [●], the Company Parties commenced the Solicitation, seeking acceptance of a private exchange of New Senior Secured Notes by the Company to each holder of Notes Claims and Term Loan Claims (the "Exchange Offer"), to be effectuated through an out-of-court restructuring (such transactions, the "Out-of-Court Restructuring") in the event that the Out-of-Court Restructuring Threshold was satisfied;

WHEREAS, on [●], the Out-of-Court Restructuring Threshold was satisfied, and accordingly the Parties intend to consummate the Out-of-Court Restructuring; and

WHEREAS, this Agreement is a condition to and material inducement to the Parties' willingness to enter into and consummate the Out-of-Court Restructuring, and the Parties will benefit from such Out-of-Court Restructuring;

NOW, **THEREFORE**, for and in consideration of the promises and the mutual releases, covenants, and undertakings contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE I.
DEFINITIONS, RULES OF CONSTRUCTION

1. Definitions. For purposes of this Agreement, (i) capitalized terms not defined herein that are defined in the RSA shall have the meanings set forth in the RSA; and (ii) the following terms shall have the meanings ascribed to them in this Article I:

"**Agent**" means JPMorgan Chase Bank, N.A. in its capacity as administrative agent and collateral agent for the holders of the Term Loans and in its capacity as collateral agent for the holders of the Notes.

"**Related Party**" means, with respect to (w) any Entity, (x) such Entity's predecessors, successors and assigns, parents, subsidiaries, Affiliates, affiliated investment funds or investment vehicles, managed or advised accounts, funds, or other entities, and investment advisors, subadvisors, or managers, (y) with respect to each of the foregoing in clauses (w) and (x), such Entity's respective current and former officers, directors, principals, equity holders (regardless of whether such interests are held directly or indirectly and any fund managers, fiduciaries, or other agents with any involvement related to the Company Parties), members, partners, employees, agents, trustees, advisory board members, financial advisors, attorneys, accountants, actuaries, investment bankers, consultants, representatives, management companies, fund advisors and other professionals; and (z) with respect to each of the foregoing in clauses (w)–(y), such Entity's respective heirs, executors, estates, servants, and nominees.

"**Released Claims**" means any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities, including any derivative claims asserted or assertable on behalf of any Entity that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of any other Entity, that are connected with, arise out of, relate to or are otherwise based as a whole or in part on any acts, omissions, facts, matters, transactions or occurrences taking place on or prior to the Restructuring Effective Date, directly or indirectly, relating to any or all of (i) the ownership, operation, management, financing, capital structure, assets, properties, affairs, financial condition, results of operations, earnings, restructuring efforts, or any other aspect of any of the Company Parties; (ii) any other matters related to the Term Loan, the Series A Notes, the Series B Notes, including any defaults or Events of Default under any of the foregoing, or any document or instrument related to any of the foregoing, or any of the transactions contemplated by any of the foregoing; (iii) any aspect of

any of the dealings or relationships or the consummation of the transactions between or among any or all of the Releasing Parties with respect to matters relating to the Restructuring Transactions or the Definitive Documents, on the one hand, and any or all of the Released Parties with respect to matters relating to the Restructuring Transactions or the Definitive Documents, on the other hand; (iv) the Definitive Documents, the Solicitation, the Exchange Offer, the Restructuring Transactions, and any other contract, instrument, release, or other agreement or document created or entered into in connection with the Definitive Documents or Restructuring Transactions (including any aspect of the negotiation, formulation, preparation, dissemination, discussions, or marketing process relating thereto and any aspect of the structuring or consummation of any of the transactions contemplated therein), or (v) any other act, omission, transaction, agreement, event or other occurrence taking place on or before the Restructuring Effective Date related or relating to the foregoing.

"**Released Parties**" means collectively, and in each case in its capacity as such: (a) each Company Party; (b) each Consenting Stakeholder; (c) each other holder of First Lien Claims party to the Exchange Agreement that is a signatory hereto; (d) the Agent; and (e) each Related Party of each Entity in the foregoing clause (a) through and including clause (d) (and, in addition to each of the foregoing, where any of the foregoing is an investment manager or advisor for a beneficial holder, such beneficial holder). For the avoidance of doubt, any holder of First Lien Claims who is not a signatory hereto shall not be a Released Party.

"**Releasing Parties**" means, collectively, and in each case in its capacity as such: (a) each Company Party; (b) each Consenting Stakeholder; (c) each other holder of First Lien Claims party to the Exchange Agreement that is a signatory hereto; (d) the Agent; (e) each Related Party of each Entity in the foregoing clause (a) through and including clause (d) for which such Entity (i) is legally entitled to bind such Related Party to the releases contained in this Agreement under applicable law or (ii) has been granted the express authority to bind such Related Party to the releases contained in this Agreement. For the avoidance of doubt, any holder of First Lien Claims who is not a signatory hereto shall not be a Releasing Party.

"**Restructuring Effective Date**" means the date on which the Out-of-Court Restructuring is consummated, including the issuance of the New Senior Secured Notes.

2. Interpretation. For purposes of this Agreement:

(a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;

(b) capitalized terms defined only in the plural or singular form shall nonetheless have their defined meanings when used in the opposite form;

(c) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(d) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit shall mean such document, schedule, or exhibit, as it may have been or may be amended, restated, supplemented, or otherwise modified from time to time; *provided* that any capitalized terms herein which are defined with reference to another agreement, are defined with reference to such other agreement as of the date of this Agreement, without giving effect to any termination of such other agreement or amendments to such capitalized terms in any such other agreement following the date hereof;

(e) unless otherwise specified, all references herein to "Sections" are references to Sections of this Agreement;

(f) the words "herein," "hereof," and "hereto" refer to this Agreement in its entirety rather than to any particular portion of this Agreement;

(g) captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Agreement;

(h) references to "shareholders," "directors," and/or "officers" shall also include "members" and/or "managers," as applicable, as such terms are defined under the applicable limited liability company Laws; and

(i) the use of "include" or "including" is without limitation, whether stated or not.

ARTICLE II.
RELEASES

3. Except as expressly set forth in Section 6 of this Agreement, effective upon the Restructuring Effective Date, and to the greatest extent permitted by applicable law, each of the Releasing Parties, hereby completely, conclusively, unconditionally, and irrevocably forever releases, waives, voids, extinguishes, and discharges each Released Party from any and all Released Claims whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise.

4. As to each and every Released Claim, each Party hereby represents that it has received the advice of legal counsel with regard to the releases contained herein, and having been so advised, specifically waives the benefit and protections of any law that may provide that a general release does not extend to claims which such party does not know or suspect to exist in its favor at the time of executing the release, which, if known by such party, might have materially affected its settlement with the other Parties hereto. Notwithstanding the New York choice of law provisions in this Agreement, to the extent that California law is proposed to apply or is deemed to apply to the release and indemnification provisions set forth herein, each Party specifically waives the benefits and protections of Section 1542 of the Civil Code of California, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

5. Each party hereto acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to the Released Claims, which, if known at the time of signing this Agreement, may have materially affected this Agreement and such Party's decision to enter into this Agreement, intends hereby to assume the risk of existing but as yet unknown Claims or Causes of Action, and agrees that this Agreement shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Party hereto understands, acknowledges, and agrees that the releases set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of the provisions of such releases. Each Releasing Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of this Agreement.

6. Each of the Parties hereby acknowledges that it has read this Agreement and has conferred with its counsel and advisors regarding this Agreement's content, including this Article II, and is freely and voluntarily entering into this Agreement and hereby agrees to waive any argument or claim that the terms of this Agreement (including, without limitation, the releases contained herein) are invalid or otherwise unenforceable. Each Releasing Party expressly disclaims any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of this Agreement does not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity thereof.

7. **Limitation of Release**. Notwithstanding anything herein, nothing in this Agreement shall release, waive, modify, discharge, limit, or repair (i) any Claim, Cause of Action, right, or obligation arising under the Definitive Documents solely to the extent (if any) such Claim, Cause of Action, right, or obligation survives the Restructuring Effective Date in accordance with the terms of such Definitive Documents, or becomes effective on or after the Restructuring Effective Date, (ii) any indemnity, exculpation, or fee or expense reimbursement obligations (x) in favor of the Agent arising under the Credit Agreement, the Series A Notes Purchase Agreement, the Series B Notes Purchase Agreement or any security or loan documents related to the foregoing, in each case that by their terms survive termination of such agreement, or (y) owed by the Company Parties to any Related Party of the Company Parties existing under applicable law (whether now existing or existing under prior applicable law), advisor engagement letter, or the organizational documents of any Company Party, (iii) any Claim or Cause of Action for gross negligence, willful misconduct, or actual fraud (in each case as determined by a final order of a court of competent jurisdiction), and (iv) any liabilities and obligations arising under this Agreement.

8. **Covenant Not to Sue**. Each Party covenants and agrees (on behalf of itself/himself/herself and all of its/his/her Related Parties) not to directly or indirectly commence, assert, maintain, prosecute, assist, or voluntarily aid, against any Released Party any action at law or in equity, or any other proceeding, in any administrative or judicial forum of any jurisdiction in any nation, or give notice with respect to any Released Party to, or file any complaint against any Released Party with, any governmental or non-governmental authority, based on, or which involves, any allegation, Cause of Action, damages, Claim, cross-claim, liability, debt, attorneys' fees, cost, or demand that arises from any Claim or Cause of Action released, absolved, acquitted or discharged hereunder, and that each Releasing Party will indemnify and hold each Released Party harmless from any loss, liability, damage or expense, including reasonable attorneys' fees, incurred in defending, responding to, or otherwise seeking relief from any claim, suit, or judgment incurred by reason of any Claim that a court of competent jurisdiction determines by a final order was released, absolved, acquitted, or discharged hereunder that is asserted by such Releasing Party or on its behalf at such Releasing Party's direction; *provided* that nothing contained in this Agreement shall prevent any Releasing Party from providing information that is requested or required pursuant to law, rule, regulation, court order or other similar process (including, without limitation, by oral questions interrogatories, requests for information or documents in legal or regulatory proceedings, subpoena, civil investigative demand or other similar process).

ARTICLE III.
MISCELLANEOUS PROVISIONS

9. **Effectiveness**. This Agreement and the Parties' respective obligations hereunder shall become effective when (a) each of the Parties (which shall include holders of 100% of the aggregate outstanding principal amount of First Lien Claims) shall have executed and delivered to the other Parties (or their respective counsels) a counterpart of this Agreement and (b) the Restructuring Effective Date shall have occurred. The releases and other covenants set forth herein shall be null and void and of no force and effect if the Restructuring Effective Date does not occur.

10. **Amendment; Waiver**. No part of this Agreement may be changed, except in writing executed by the Parties. No breach of any provision of this Agreement may be waived, unless such waiver is in writing and signed by the party waiving such breach. The failure of any Party to exercise any right, power, or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other Party with its obligations hereunder, and any custom or practice of the Parties at variance with the terms hereof, shall not constitute a waiver by such Party of its right to exercise any such or other right, power, or remedy or to demand such compliance. The waiver of a breach of any provision of this Agreement shall not be deemed to be a waiver of any other breach hereof.

11. **Successors and Assigns; Third Party Beneficiaries**. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any Party hereto, without the prior written consent of the other Parties hereto, and then only to a person who has agreed to be bound by the provisions of this Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, the Released Parties, and their respective successors and permitted assigns. Any Released Party who is not named as a Party hereto shall have the rights of an

intended third-party beneficiary with respect to the provisions of this Agreement. Except as set forth in this Section, no other Entity not a Party hereto shall be deemed a third-party beneficiary of any provision of this Agreement or shall otherwise be entitled to enforce any provision hereof.

12. **Notices**. All notices hereunder shall be deemed given if in writing and delivered, by electronic mail, courier, or registered or certified mail (return receipt requested), to the following addresses (or at such other addresses as shall be specified by like notice):

If to a Company Party, to:

Nautical Solutions, L.L.C.
16201 East Main Street
Cut Off, LA 70354
Attention: Adrian Danos; Luke Newman
E-mail address: adrian.danos@chouest.com; luke.newman@chouest.com

with copies to:

Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attention: Patrick J. Nash, Jr., P.C.; John Luze; and Jeff Michalik
E-mail addresses: patrick.nash@kirkland.com;
john.luze@kirkland.com; jeff.michalik@kirkland.com

and

Tusk Capital Advisors, LLC
1510 State Street
New Orleans, LA 70118
Attention: Joe Maxwell
E-mail address: joe@tuskcapitaladvisors.com

If to a Consenting Member, to:

Nautical Solutions, L.L.C.
16201 East Main Street
Cut Off, LA 70354
Attention: Dino Chouest; Dionne Chouest Austin
E-mail address: dino.chouest@chouest.com; dionne@chouest.com

If to a Consenting Lender or the Agent, to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: Nicholas Baker; Elisha D. Graff; and Zachary Weiner
Email addresses: nbaker@stblaw.com; egraff@stblaw.com;
zachary.weiner@stblaw.com

If to a Consenting Noteholder, to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Ray C. Schrock, P.C.; Andriana Georgallas; and Sean Feener
Email addresses: ray.schrock@weil.com; andriana.georgallas@weil.com;
sean.feener@weil.com

If to any other holder of First Lien Claims, to the address set forth in such holder's signature page hereto.

13. **Interpretation**. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect if the essential terms and conditions of this Agreement for each party hereto remain valid, binding, and enforceable.

14. **Entire Agreement**. This Agreement, together with the Definitive Documents, embodies the complete agreement and understanding among the Parties hereto with respect to the subject matter addressed herein, and supersedes and preempts any prior arrangements, understandings, agreements, or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

15. **No Strict Construction**. The parties hereto 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 shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any of the provisions of this Agreement.

16. **Headings**. Headings of sections are inserted for convenience of reference only and shall not be deemed a part of or to affect the meaning or interpretation of this Agreement.

17. **Severability**. If any portion of this Agreement is held by a court of competent jurisdiction to be illegal, invalid, unenforceable, void, or voidable, or violative of applicable law, in whole or in part, the remaining portions of this Agreement, so far as they may practicably be performed, shall remain in full force and effect and binding on the Parties hereto. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so

as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

18. **Counterparts; Facsimile and Email**. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement. Facsimile counterpart signatures or counterpart signatures delivered by email in .pdf format, in each case, to this Agreement shall be acceptable and binding.

19. **Governing Law; Jurisdiction**. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflicts of law provision that would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, the Parties irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit, or proceeding, shall be brought, to the extent possible, in either the United States District Court for the Southern District of New York or any New York State court sitting in New York City. By execution and delivery of this Agreement, the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of the United States District Court for the Southern District of New York or any New York State court sitting in New York City, generally and unconditionally, with respect to any such action, suit, or proceeding, and waives any objection it may have to venue or the convenience of the forum.

20. **Waiver of Jury Trial**. EACH OF THE PARTIES HERETO HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH OR IN RESPECT OF ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF ANY PARTY HERETO OR ARISING OUT OF ANY EXERCISE BY ANY PARTY HERETO OF ITS RIGHTS UNDER THIS AGREEMENT OR IN ANY WAY RELATING TO THE TRANSACTIONS CONTEMPLATED HEREBY (INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT AND WITH RESPECT TO ANY CLAIM OR DEFENSE ASSERTING THAT THIS AGREEMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER OF RIGHT TO TRIAL BY JURY IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH OF THE PARTIES HERETO IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION 20 IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER. THIS WAIVER OF JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT.

21. **Specific Performance**. The Parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with its terms and each person or entity having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement, to seek the remedy of specific performance of one or more such breached provisions and agreements and injunctive and certain other equitable relief in addition to any other remedy or rights to which such Parties are entitled, at law or in equity. All such rights and remedies shall be cumulative and non-exclusive, and may be exercised singularly or concurrently.

22. **Several, Not Joint, Obligations**. The agreements and obligations of each of the Parties under this Agreement are, in all respects, several and not joint.

23. **No Admission of Liability**. Nothing in this Agreement shall be deemed an admission of liability by any Party with respect to any of the Claims, interests, or Causes of Action released pursuant to this Agreement.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered by their respective duly authorized officers, all as of the date and year first above written.

NAUTICAL SOLUTIONS, L.L.C.

By: _____
Name: [●]
Title: [Authorized Signatory]

NAUTICAL SOLUTIONS (TEXAS), LLC

By: _____
Name: [●]
Title: [Authorized Signatory]

[CONSENTING MEMBER]

By: _____
Name: [●]
Title: [●]

[CONSENTING CREDITOR]

By: _____
Name: [●]
Title: [●]

Address: [●]

Email Address(es): [●]

[OTHER HOLDER OF FIRST LIEN CLAIMS]

By: _____
Name: [●]
Title: [●]

Address: [●]

Email Address(es): [●]

Exhibit C

New Senior Secured Notes Exchange Agreement

[Included Elsewhere in These Solicitation Materials]

Exhibit D

Liquidation Analysis

LIQUIDATION ANALYSIS[1]

Introduction

Under the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of an allowed claim or interest that does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To demonstrate that the Plan satisfies the best interests of creditors test, the Debtors, with the assistance of their restructuring advisors, Ankura Consulting Group, LLC, have prepared the hypothetical liquidation analysis (the "Liquidation Analysis"), which is based upon certain assumptions discussed in the Disclosure Statement and accompanying notes to the Liquidation Analysis.

The Liquidation Analysis sets forth an estimated range of recovery values for each Class of Claims and Interests upon disposition of assets pursuant to a hypothetical chapter 7 liquidation. As illustrated by this Liquidation Analysis, holders of Claims in the Impaired Class and holders of Claims in certain Unimpaired Classes would receive a lower recovery in a hypothetical liquidation than they would under the Plan. Further, no holder of a Claim or Interest would receive or retain property under the Plan of a value that is less than such holder would receive in a chapter 7 liquidation. Accordingly, and as set forth in greater detail below, the Debtors believe that the Plan satisfies the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code.

Statement of Limitations

The preparation of a liquidation analysis is an uncertain process involving the use of estimates and assumptions that, although considered reasonable by the Debtors based upon their business judgment and input from their advisors, are inherently subject to significant business, economic, and competitive risks, uncertainties and contingencies, most of which are difficult to predict and many of which are beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could materially affect the ultimate results in an actual chapter 7 liquidation.

The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good faith estimate of the proceeds that would be generated if the Debtors' assets were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose.

The underlying financial information in the Liquidation Analysis and values stated herein have not been subject to any review, compilation, or audit by any independent accounting firm. In addition,

[1] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the *Joint Prepackaged Plan of Reorganization of Nautical Solutions, L.L.C. and its Debtor Affiliate Pursuant to Chapter 11 of the Bankruptcy Code* (as altered, amended, modified, or supplemented from time to time, the "Plan").

various liquidation decisions upon which certain assumptions are based are subject to change. As a result, the actual amount of claims that would ultimately be Allowed against the Debtors' estates could vary significantly from the estimates stated herein, depending on the nature and amount of claims asserted during the pendency of the chapter 7 case. Similarly, the value of the Debtors' assets in a liquidation scenario is uncertain and could vary significantly from the values set forth in the Liquidation Analysis.

The Liquidation Analysis does not include estimates for: (i) the tax consequences, either foreign or domestic, that may be triggered upon the liquidation and sale of assets, (ii) recoveries resulting from any potential preference, fraudulent transfer, or other litigation or avoidance actions, (iii) certain claims that may be entitled to priority under the Bankruptcy Code, including administrative priority claims under sections 503(b) and 507(b) of the Bankruptcy Code, or (iv) environmental or other governmental claims arising from the shut-down or sale of the Debtors' assets. More specific assumptions are detailed in the notes below. ACCORDINGLY, NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS OF A LIQUIDATION OF THE DEBTORS WOULD OR WOULD NOT, IN WHOLE OR IN PART, APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED HEREIN. THE ACTUAL LIQUIDATION VALUE OF THE DEBTORS IS SPECULATIVE AND RESULTS COULD VARY MATERIALLY FROM ESTIMATES PROVIDED HEREIN.

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review the Debtors' financial statements to account for other known liabilities, as necessary. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the chapter 11 cases, but which could be asserted and allowed in a chapter 7 liquidation, including unpaid chapter 11 Administrative Claims, and chapter 7 administrative claims such as wind down costs and trustee fees (together, the "Wind-Down Expenses"). To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing this Liquidation Analysis. Therefore, the Debtors' estimation of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

Basis of Presentation

The Liquidation Analysis has been prepared assuming that the Debtors filed for cases under chapter 7 of the Bankruptcy Code on or about December 31st, 2022 (the "Liquidation Date"). Except as otherwise noted herein, the Liquidation Analysis is based upon the unaudited financial statements of the Debtors as of June 30th, 2022, and those values, in total, are assumed to be representative of the Debtors' assets and liabilities as of the Liquidation Date, unless otherwise adjusted to reflect the Debtors' management team and advisors' current expectations. The Debtors' management team and advisors believe that the June 30th, 2022 book value of assets and certain liabilities are a proxy for such book values as of the Liquidation Date. It is assumed that

on the Liquidation Date, the Bankruptcy Court would appoint a chapter 7 trustee (the "Trustee") to oversee the liquidation of the Debtors' estates, during which time all of the assets of the Debtors would be sold, in piecemeal or in whole, and the cash proceeds, net of liquidation-related costs, would then be distributed to creditors, in turn, in accordance with applicable law: (i) for payment of liquidation, wind down expenses, trustee fees and other chapter 7 administrative claims attributable to the Wind-Down Expenses; (ii) to pay the secured portions of all Allowed Secured Claims from the respective collateral; and (iii) to pay amounts on the Allowed Other Priority Claims. Any remaining net cash would be distributed to creditors holding Unsecured Claims, including Deficiency Claims that arise to the extent of the unsecured portion of the Allowed Secured Claims.

This Liquidation Analysis assumes operations of the Debtors and Non-Debtors (collectively, the "Liquidating Entities") will cease immediately on the Liquidation Date and the related individual assets will be sold in a sale under a 12 -month liquidation process (the "Liquidation Timeline") under the direction of the Trustee, utilizing the Debtors' resources and third-party advisors, to allow for the orderly wind down of the Debtors' estates. There can be no assurance that the liquidation would be completed in this limited time frame, nor is there any assurance that the recoveries assigned to the assets would in fact be realized. Under section 704 of the Bankruptcy Code, a trustee must, among other duties, collect and convert the property of the estate as expeditiously (generally in a distressed process) as is compatible with the best interests of parties-in-interest. The Liquidation Analysis is also based on the assumptions that: (i) the Debtors have continued access to cash collateral during the course of the Liquidation Timeline to fund Wind Down Expenses and (ii) operations, accounting, treasury, IT, and other management services needed to wind down the estates are no longer provided by the Debtors and the Non-Debtor Affiliates – all management services are provided by third-party operators. The Liquidation Analysis is displayed below on a consolidated basis for convenience.

DETAILED LIQUIDATION ANALYSIS

The following table provides a summary of Liquidation Analysis of the Debtors, which should be reviewed in conjunction with the associated notes.

($ in USD '000s)	Notes	Estimated Balance 12/31/2022	Estimated Claim Amount Low	Estimated Claim Amount High	Nautical Solutions Recovery Estimate (%) Low	Nautical Solutions Recovery Estimate (%) High	Nautical Solutions Recovery Estimate ($) Low	Nautical Solutions Recovery Estimate ($) High
Gross Proceeds of Asset Liquidation, by Asset Type								
Assets								
Cash and Equivalents	[A]	$ 54,852			100%	100%	$ 54,852	$ 54,852
Accounts Receivable	[B]	38,524			45%	60%	17,322	23,276
Intercompany Receivable	[C]	(94)			0%	0%	-	-
Other Current Assets	[D]	1,574			0%	5%	-	79
Construction-in-Process	[E]	12,012			15%	25%	1,802	3,003
Vessels	[F]	873,106			24%	35%	208,254	302,139
Restricted Cash	[G]	1			0%	0%	-	-
Gross Recovery		**$ 979,974**			**28.8%**	**39.1%**	**$282,230**	**$383,349**
Carve-Out Claim and Liquidation Cost Summary								
Carve-Out Claims								
Unpaid Chapter 11 Professional Fees	[H]						$ (275)	$ (275)
US Trustee Fee	[I]						(3,411)	(4,927)
Ch. 7 Professional Fees	[J]						(5,684)	(8,212)
Total Carve-Out Claims							**$ (9,370)**	**$ (13,415)**
Chapter 7 Liquidation Costs								
Liquidation Wind-Down Exp.	[K]						$ (32,652)	$ (32,058)
Broker Fees	[L]						(3,124)	(4,532)
Chapter 7 Liquidation Costs							**$ (35,776)**	**$ (36,590)**
Total Liquidation Costs							**$ (45,146)**	**$ (50,005)**
Gross Liquidation Proceeds							**$282,230**	**$383,349**
Less: Liquidation Costs							$ (45,146)	$ (50,005)
Net Liquidation Proceeds							**$237,084**	**$333,344**
Distribution of Liquidation Proceeds								
Liquidation Proceeds Available to Distribute							**$237,084**	**$333,344**
Ch. 11 Adequate Protection Claim	[M]		$ -	$ -	0%	0%	$ -	$ -
Ch. 7 Adequate Protection Claim	[N]		-	-	0%	0%	-	-
Admin Claims - 503(b)(9) Claims	[O]		-	-	0%	0%	-	-
Class 1 - Other Secured Claims	[P]		-	-	0%	0%	-	-
Class 2 - Other Priority Claims	[Q]		1,275	1,275	100%	100%	(1,275)	(1,275)
Class 3 - First Lien Claims	[R]		742,172	742,172	32%	45%	(235,809)	(332,069)
Class 4 - General Unsecured Claims	[S]		2,800	3,800	0%	0%	-	-
Class 5 - Intercompany Claims	[T]		187	187	0%	0%	-	-
Class 6 - Intercompany Interests	[U]		n/a	n/a	0%	0%	-	-
Class 7 Existing Common Interests in Nautical	[V]		n/a	n/a	0%	0%	-	-
Net Liquidation Proceeds			$746,434	$747,434	32%	45%	$ -	$ -

Memo Item: First Lien Recovery Comparison						
Plan Recovery	742,172	742,172	87%	87%	$643,135	$643,135
Liquidation Recovery	742,172	742,172	32%	45%	$235,809	$332,069

NOTES AND ASSUMPTIONS TO THE LIQUIDATION ANALYSIS

Notes Ref.	Description	Commentary
n/a	Global Assumptions	─ The Debtors prepared the Liquidation Analysis assuming a chapter 7 liquidation commences on or about December 31, 2022 (the "Liquidation Date"). ─ The Debtors have assumed that their liquidation would occur over approximately 12 months, during which the Trustee would monetize substantially all assets of the estate. ─ No assumptions made for purposes of this analysis in any way restrict or limit any of the Debtors' rights which are fully reserved. ─ After the Liquidation Date, the Debtors may not be entitled to certain ordinary course state income tax refunds of their annual property taxes because the Trustee would not be operating the Debtors' vessels during the Liquidation Timeline. The failure to receive such refunds could constitute an additional cost that is not reflected in the Liquidation Analysis.
[A]	Cash and Equivalents	Estimated 12/31/2022 ending cash balance per the cash collateral forecast dated 12/19/2022.
[B]	Accounts Receivable	Estimated accounts receivable balance as of 12/31/2022 prepared by performing a roll forward of the latest AR aging received from the Debtors dated week ending 12/16/2022 based on actual work performed and forecasted collection dates. Forecasted AR was aged based on expected invoice date. Assumes customers offset a portion of outstanding accounts receivable to mitigate switching costs associated with changing to a new vessel provider after contract termination due to insolvency. Estimated recovery range is 45% - 60%.
[C]	Intercompany Receivable	Reflects net payable balance to affiliates. Estimated recovery is 0%.
[D]	Other Current Assets	Reflects prepaid vessel property insurance. Estimated recovery range is 0% - 5%.
[E]	Construction-in-Process	Book value is primarily from a vessel crane that was purchased but not installed and not currently used as specifications are no longer suited for use. Estimated recovery is 15% - 25%.
[F]	Vessels	Vessel recovery estimated on a vessel-by-vessel basis, using latest vessel international fair market value estimates sourced from VesselsValue on 11/14/2022, management knowledge and insight, and comparable vessel sales, adjusted for the following: 1. Jones Act Vessel Premiums, 2. Forced sale discount from flooding the market with nearly 30 Jones Act Vessels with limited potential buyers, 3. Vessel redeployment delay discount, as potential buyers will likely need at least 18 months additional months to find shipyard resources to replace equipment, re-engineer the vessel, and re-certify vessels for work. 4. Collateral discount to reflect the replacement cost of vessel equipment, certifications, and drawings (critical vessel navigational and operational equipment is not owned by the Debtors), and 5. Vessel carrying costs while awaiting shipyard availability to replace equipment, re-engineer, re-certify, and re-deploy the vessels. Vessels are assumed to be sold for scrap value if projected sale recoveries are lower than scrap value. Scrap values are from the latest appraisal report dated 10/12/2022. Overall estimated recovery range is 24% - 35%.
[G]	Restricted Cash	No estimated recovery.
[H]	Unpaid Chapter 11 Professional Fees	Estimated debtor and Unsecured Creditors Committee (none anticipated) professional fees accrued but unpaid from filing through conversion (net of retainers).
[I]	US Trustee Fee	Estimated as 1.5% of total estimated gross recoveries, excluding cash recoveries.

[J]	Ch. 7 Professional Fees	Estimated as 2.5% of total estimated gross recoveries, excluding cash recoveries.
[K]	Liquidation Wind-Down Exp.	Estimated wind-down budget for assumed 12-month orderly process. Budget based on cash forecast for: - Relocation cost to tug all vessels to the nearest available US port (for vessels in GOM and Guyana), Brazilian port (for vessels in Brazil), or nearest scrapyard. - Storage Cost for all vessels until they are sold (12 months) or scrapped (6 months) - Insurance coverage for vessels until they are sold (12 months) or scrapped (6 months) - Tank cleaning for all currently active vessels - Relocation oversight, vessel management, and regulatory compliance services provided by a third-party operator during vessel relocation and scrapping process
[L]	Broker Fees	Estimated as 1.5% of total estimated vessel recoveries.
[M]	Ch. 11 Adequate Protection Claim	No estimated claim.
[N]	Ch. 7 Adequate Protection Claim	No estimated claim.
[O]	Admin Claims - 503(b)(9) Claims	No estimated claim.
[P]	Class 1 - Other Secured Claims	No estimated claim.
[Q]	Class 2 - Other Priority Claims	Amount reflects estimated Lender Professional Fees accrued but unpaid prior to conversion, payable pursuant to the cash collateral order; all accrued fees are forecast to be paid immediately before year-end.
[R]	Class 3 - First Lien Claims	Estimated outstanding principal balance and accrued interest through 12/31/2022.
[S]	Class 4 - General Unsecured Claims	Claim amount estimated based on four week run rate of third-party expenses.
[T]	Class 5 - Intercompany Claims	Amount due from affiliates as of 6/30/2022.
[U]	Class 6 - Intercompany Interests	n/a
[V]	Class 7 Existing Common Interests in Nautical	n/a

Exhibit E

Financial Projections

Nautical Solutions
Summary Disclosure Statement Output
($ in millions)

#	Detail	Fiscal Year				
		2023	2024	2025	2026	2027
1.	**Income Statement**					
2.	**Revenue**	**199.1**	**213.7**	**204.9**	**199.0**	**204.4**
3.	Direct Expenses:					
4.	Labor	(49.2)	(50.3)	(50.0)	(46.6)	(47.9)
5.	Repairs & Maint.	(14.6)	(15.9)	(15.7)	(13.5)	(14.2)
6.	Other Direct Expenses	(24.2)	(18.9)	(17.9)	(12.5)	(12.3)
7.	Direct Expenses	(88.0)	(85.2)	(83.7)	(72.6)	(74.4)
8.	**Total Vessel Contribution**	**111.1**	**128.6**	**121.2**	**126.4**	**130.0**
9.	Corporate Expenses	(19.4)	(20.2)	(20.3)	(19.2)	(19.9)
10.	**EBITDA**	**91.7**	**108.4**	**100.9**	**107.2**	**110.1**
11.	Depreciation	(48.7)	(45.2)	(45.2)	(45.2)	(45.2)
12.	**EBIT**	**43.0**	**63.2**	**55.7**	**61.9**	**64.9**
13.	Interest	(43.4)	(33.2)	(25.8)	(18.7)	(11.9)
14.	Restructuring	-	-	-	-	-
15.	Debt Write Off	-	-	-	-	-
16.	Gain/Loss Asset Sale	6.2	-	-	-	-
17.	**Net Income**	**5.8**	**29.9**	**29.9**	**43.3**	**53.1**

Nautical Solutions
Summary Disclosure Statement Output
($ in millions)

#	Detail	Fiscal Year				
		2023	2024	2025	2026	2027
1.	**Balance Sheet**					
2.	Current Assets:					
3.	Cash	30.0	30.0	30.0	30.0	30.0
4.	Trade and Other Receivables	49.4	52.9	45.2	49.5	50.8
5.	Restricted Cash	5.0	5.0	5.0	5.0	5.0
6.	Other Current Assets	1.5	1.5	1.5	1.5	1.5
7.	Total Current Assets	85.9	89.4	81.7	86.0	87.3
8.	Net PP&E	740.7	695.5	650.2	605.0	559.8
9.	Construction in Progress	12.0	12.0	12.0	12.0	12.0
10.	**Total Assets**	**838.6**	**796.8**	**743.9**	**703.0**	**659.1**
11.	Current Liabilities:					
12.	Accounts Payable	0.8	0.9	0.7	0.8	0.8
13.	Accrued Expenses	3.3	4.2	2.2	3.3	3.7
14.	Other Current Liabilities	-	-	-	-	-
15.	Total Current Liabilities	4.1	5.1	2.9	4.2	4.5
16.	New Senior Secured Notes (SSN)	431.8	359.1	278.6	193.1	95.7
17.	Due To Affiliates	1.0	1.1	0.9	1.0	1.0
18.	Total Liabilities	436.9	365.3	282.4	198.3	101.3
19.	Members Equity	401.6	431.6	461.5	504.8	557.8
20.	**Total Liabilities & Equity**	**838.6**	**796.8**	**743.9**	**703.0**	**659.1**

Nautical Solutions
Summary Disclosure Statement Output
($ in millions)

#	Detail	Fiscal Year				
		2023	2024	2025	2026	2027
1.	**Statement of Cash Flows**					
2.	Cash Flows from Operations:					
3.	Net Income	5.8	29.9	29.9	43.3	53.1
4.	Depreciation	48.7	45.2	45.2	45.2	45.2
5.	Gain / Loss on Asset Sale	(6.2)	-	-	-	-
6.	Changes in Working Capital	(1.5)	(2.4)	5.3	(3.0)	(0.9)
7.	Other CF from Operations	-	-	-	-	-
8.	Cash Inflow (Outflow) from Operations	46.8	72.7	80.5	85.5	97.4
9.	Cash Flow From Investing:					
10.	Capex	-	-	-	-	-
11.	Asset Sales	90.0	-	-	-	-
12.	Other CF from Investing	-	-	-	-	-
13.	Cash Inflow (Outflow) from Investing	90.0	-	-	-	-
14.	Cash Flow From Financing:					
15.	Debt Repayment	(133.7)	(72.7)	(80.5)	(85.5)	(97.4)
16.	Debt Issuance	-	-	-	-	-
17.	Other CF from Financing	-	-	-	-	-
18.	Cash Inflow (Outflow) from Financing	(133.7)	(72.7)	(80.5)	(85.5)	(97.4)
19.	**Total Net Cash Flow**	**3.1**	**-**	**-**	**-**	**-**
20.	Beginning Cash and Cash Equivalents	26.9	30.0	30.0	30.0	30.0
21.	Net Cash Flow	3.1	-	-	-	-
22.	**Ending Cash and Cash Equivalents**	**30.0**	**30.0**	**30.0**	**30.0**	**30.0**

Exhibit F

Assumed Executory Contract and Unexpired Lease List

Assumed Executory Contract and Unexpired Lease List

Article V.A of the Plan provides as follows:

> On the Effective Date, except as otherwise provided herein, any Executory Contract or Unexpired Lease of the Debtors is deemed to be an Assumed Executory Contract or Unexpired Lease, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (1) previously were assumed, assumed and assigned, or rejected by the Debtors; (2) are identified on the Rejected Executory Contract and Unexpired Lease List; (3) are the subject of a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (4) are subject to a motion to reject an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such rejection is after the Effective Date.
>
> Entry of the Confirmation Order by the Bankruptcy Court shall constitute a court order approving the assumptions, assumptions and assignments, or rejections of the Executory Contracts or Unexpired Leases as set forth in the Plan, the Rejected Executory Contract and Unexpired Lease List, or the Assumed Executory Contract and Unexpired Lease List pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or pursuant to any order of the Bankruptcy Court, which has not been assigned to a third party before the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption or rejection under applicable federal Law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, with the consent of the Required Consenting Creditors (not to be unreasonably withheld or delayed), reserve the right to alter, amend, modify, or supplement the Rejected Executory Contract and Unexpired Lease List and the Assumed Executory Contract and Unexpired Lease List at any time through and including thirty (30) days after the Effective Date.
>
> To the maximum extent permitted by applicable Law, to the extent that any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any "change of control" or similar provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

Article V.C of the Plan provides as follows:

> The Debtors or the Reorganized Debtors, as applicable, shall pay Cures, if any, on the Effective Date or as soon as reasonably practicable thereafter, with the amount and

timing of payment of any such Cure dictated by the Debtors' ordinary course of business. Unless otherwise agreed upon in writing by the parties to the applicable Executory Contract or Unexpired Lease, all requests for payment of Cure that differ from the ordinary course amounts paid or proposed to be paid by the Debtors or the Reorganized Debtors to a counterparty must be Filed with the Claims and Noticing Agent on or before thirty (30) days after the Effective Date. Any such request that is not timely Filed shall be disallowed and forever barred, estopped, and enjoined from assertion, and shall not be enforceable against any Reorganized Debtor, without the need for any objection by the Reorganized Debtors or any other party in interest or any further notice to or action, order, or approval of the Bankruptcy Court. Any Cure shall be deemed fully satisfied, released, and discharged upon payment by the Debtors or the Reorganized Debtors of the Cure in the Debtors' ordinary course of business; *provided* that nothing herein shall prevent the Reorganized Debtors from paying any Cure despite the failure of the relevant counterparty to File such request for payment of such Cure. The Reorganized Debtors also may settle any Cure without any further notice to or action, order, or approval of the Bankruptcy Court. In addition, any objection to the assumption of an Executory Contract or Unexpired Lease under the Plan must be Filed with the Bankruptcy Court on or before thirty (30) days after the Effective Date. Any such objection will be scheduled to be heard by the Bankruptcy Court at the Debtors' or Reorganized Debtors', as applicable, first scheduled omnibus hearing for which such objection is timely Filed. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption of any Executory Contract or Unexpired Lease will be deemed to have consented to such assumption.

If there is any dispute regarding any Cure, the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then payment of Cure shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the Debtors or the Reorganized Debtors, as applicable, and the counterparty to the Executory Contract or Unexpired Lease.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise and full payment of any applicable Cure pursuant to this Article V, in the amount and at the time dictated by the Debtors' ordinary course of business, shall result in the full release and satisfaction of any Cures, Claims, or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any and all Proofs of Claim based upon Executory Contracts or Unexpired Leases that have been assumed in the Chapter 11 Cases, including pursuant to the Confirmation Order, and for which any Cure has been fully paid pursuant to this Article V, in the amount and at the time dictated by the Debtors' ordinary course of business, shall be deemed disallowed and expunged as of the Effective Date without the need for any objection thereto or any further notice to or action, order, or approval of the Bankruptcy Court.**

Assumed Executory
Contracts and Unexpired Lease List

Assumed Executory Contracts				
Reference No.	**Counterparty**	**Debtor Counterparty**	**Description of Contract**	**Cure Amount**
1	HORNBECK OFFSHORE SERVICES, LLC	NAUTICAL SOLUTIONS, L.L.C.	CONTROLLING VESSEL PURCHASE AGREEMENT, dated December 22, 2022, including, for the avoidance of doubt, Appendix B – Alternative 2 VPA and Appendix C – Coordinating Agreement	N/A
2	PETRÓLEO BRASILEIRO S.A. - PETROBRAS	NAUTICAL SOLUTIONS, L.L.C.	Agreement for the time charter of vessel type PSV 4500, Ms. Virgie (lot 5).	N/A
3	PETRÓLEO BRASILEIRO S.A. - PETROBRAS E BRAM OFFSHORE TRANSPORTES MARITIMOS LTDA	NAUTICAL SOLUTIONS, L.L.C.	Agreement for the provision of vessel operation services of the Ms. Virgie vessel.	N/A
4	PETRÓLEO BRASILEIRO S.A. - PETROBRAS	NAUTICAL SOLUTIONS, L.L.C.	Agreement for the time charter of vessel type PSV 4500, the Corcovado.	N/A
5	PETRÓLEO BRASILEIRO S.A. - PETROBRAS E BRAM OFFSHORE TRANSPORTES MARITIMOS LTDA	NAUTICAL SOLUTIONS, L.L.C.	Agreement for the provision of vessel operation services of the Mr. Sidney vessel.	N/A
6	PETRÓLEO BRASILEIRO S.A. - PETROBRAS E BRAM OFFSHORE TRANSPORTES MARITIMOS LTDA	NAUTICAL SOLUTIONS, L.L.C.	Agreement for the provision of vessel operation services of the Corcovado vessel.	N/A
7	PETRÓLEO BRASILEIRO S.A. - PETROBRAS	NAUTICAL SOLUTIONS, L.L.C.	Agreement for the time charter of vessel type PSV 4500, the Corcovado.	N/A

Exhibit G

Rejected Executory Contract and Unexpired Lease List

None.

Exhibit H

Restructuring Steps Memorandum

Tarpon: Restructuring Steps Memorandum

Restructuring Transactions Overview:

This Restructuring Steps Memorandum sets forth a summary description of certain of the proposed Restructuring Transactions[1] to be effectuated prior to or on the Effective Date in connection with the *Joint Prepackaged Plan of Reorganization of Nautical Solutions, L.L.C. and its Debtor Affiliate Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. ●] (as amended, supplemented or modified from time to time in accordance with its terms, the "**Plan**"). The Restructuring Transactions remain under discussion among the Debtors and other parties, and, subject to the applicable consent rights contained in the Restructuring Support Agreement and the Plan, the Debtors reserve all rights to modify, amend, supplement, or restate any part of this Restructuring Steps Memorandum as necessary or appropriate.

The Plan provides that the Confirmation Order will approve the Restructuring Steps Memorandum and the various actions and transactions set forth in this Restructuring Steps Memorandum (as well as any modifications or deviations from this Restructuring Steps Memorandum, subject to the applicable consent rights set forth in the Restructuring Support Agreement and the Plan), and authorize the Debtors, the Reorganized Debtors, and New Nautical HoldCo, as applicable, to take any and all actions as may be necessary or appropriate in their discretion (with the consent, not to be unreasonably withheld, conditioned, or delayed, of the Required Consenting Creditors, prior to the Effective Date, and thereafter the New HoldCo Board), to implement any action or transaction described in, contemplated by, necessary or appropriate to effectuate the Plan, the Restructuring Steps Memorandum and the Restructuring Transactions.

Specifically, pursuant to the Plan, and without limiting the terms thereof, the Debtors intend to implement the below Restructuring Transactions after the Confirmation Date but prior to or on the Effective Date. The definitive documentation necessary or appropriate to implement the Restructuring Transactions may include, among other things, merger, purchase, assignment and/or contribution agreements.

Step 1: On or before the Effective Date, the members of Nautical Solutions, L.L.C. ("Nautical") will form New Nautical HoldCo, LLC, a new Louisiana limited liability company ("New Nautical HoldCo").

Step 2: On the Effective Date, Nautical will issue the New Senior Secured Notes and pay to the agent under the New Senior Secured Notes Exchange Agreement, for the benefit of the holders of the New Senior Secured Notes, in accordance with Article III.b.3 of the Plan (i) any excess Cash distribution owed and payable in accordance with section 4.9(a) of the New Senior Secured Notes Exchange Agreement; and (ii) additional Cash in an amount calculated at a rate of 8.50% per annum on the New Senior Secured Notes Principal Amount for the period from September 1, 2022 through the Effective Date, in accordance with section 8.1(b) of the New Senior Secured Notes Exchange Agreement.

---

[1] Capitalized terms used but not defined herein shall have the definitions set forth in the Plan. In the event of an inconsistency between the Plan and the terms hereof, the terms of the Plan shall control.

Step 3: On the Effective Date, immediately after Step 2, the members of Nautical will contribute 100% of the Existing Nautical Interests to New Nautical HoldCo in exchange for 100% of the New Nautical Equity. New Nautical HoldCo will pledge the Existing Nautical Interests in favor of the holders of the New Senior Secured Notes in accordance with the terms of the New Senior Secured Notes Documents.