

**NAUTICAL SOLUTIONS, L.L.C.**  
**16201 East Main St.**  
**Cut Off, Louisiana 70345**

To all Holders of First Lien Claims:

Reference is made to (a) (i) that certain Amended and Restated Note Purchase Agreement, dated December 7, 2018, by and among Nautical Solutions, L.L.C., a limited liability company incorporated under the laws of Louisiana (the “**Company**”), and the noteholders party thereto (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), pursuant to which the Company issued the Series A 7.50% amended and restated senior secured notes, due November 14, 2023, and (ii) that certain Amended and Restated Note Purchase Agreement, dated December 7, 2018, by and among the Company and the noteholders party thereto (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), pursuant to which the Company issued the Series B 7.50% amended and restated senior secured notes, due November 14, 2023 ((i) and (ii) collectively, the “**Note Purchase Agreements**”); (b) 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 the Company, as borrower, the lenders party thereto, JPMorgan Chase Bank N.A. as administrative and collateral agent, and Bank of America, N.A., Wells Fargo Bank, N.A., and Truist Bank (f/k/a Suntrust Bank), as co-syndication agents (the “**Credit Agreement**”); and (c) that certain Restructuring Support Agreement, dated as of September 6, 2022, by and among the Company, Nautical Solutions (Texas), LLC, a limited liability company incorporated under the laws of Texas (together with the Company, the “**Company Parties**”), certain holders of claims under the Note Purchase Agreements and the Credit Agreement (collectively, “**First Lien Claims**”) representing approximately 68% in principal amount of outstanding First Lien Claims (the “**Consenting Creditors**”), and the Consenting Members (as defined therein, and together with the Consenting Creditors, the “**Consenting Stakeholders**”) (as may be amended, restated, supplemented or otherwise modified from time to time, in accordance with its terms, the “**Restructuring Support Agreement**”).

Pursuant to the Restructuring Support Agreement, attached to the Disclosure Statement as Exhibit B, and subject to the terms and conditions set forth therein, the Company Parties and the Consenting Stakeholders agreed, among other things, to support a restructuring transaction whereby parties would exchange their First Lien Claims for, among other consideration, new senior secured notes to be issued in the aggregate principal amount of \$587,500,000<sup>1</sup> under a new senior secured notes exchange agreement (the “**New Senior Secured Notes Exchange Agreement**”), to be implemented either (i) out of court through a private exchange (the “**Out-of-Court Exchange Transaction**”) in the event the Company obtains support from holders of 100% of the First Lien Claims (the “**Out-of-Court Restructuring Consent Threshold**”) by January 6, 2023 at 5:00 p.m. (prevailing Central Time) (the “**Voting Deadline**”), or (ii) if the Out-of-Court Restructuring Consent Threshold is not obtained

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<sup>1</sup> The New Senior Secured Notes shall be issued to the holders of First Lien Claims as of the closing 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 (as set forth more fully in section 4.9(a) of the New Senior Secured Notes Exchange Agreement), which the Debtors currently expect to be between \$10 million and \$15 million.

by the Voting Deadline, by commencing voluntary proceedings under chapter 11 of title 11 of the United States Code (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of Texas to pursue confirmation 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**”).

The Company is delivering this letter to each holder of a First Lien Claim as of October 18, 2022 seeking support for the Out-of-Court Exchange Transaction concurrently with the solicitation of votes from such holders to accept or reject the Plan. In order for each holder of a First Lien Claim to consider the terms of the proposed transaction as detailed in New Senior Secured Notes Exchange Agreement (together with all security and other documents related thereto, the “**New Senior Secured Notes Documents**”) and the Plan,<sup>2</sup> copies of the following documents are provided herewith:

- 1) the New Senior Secured Notes Exchange Agreement and all other New Senior Secured Notes Documents, attached hereto as Exhibit A;
- 2) the Release Agreement, attached hereto as Exhibit B, for the Out-of-Court Exchange Transaction;
- 3) the Plan, attached hereto as Exhibit C;
- 4) the Disclosure Statement, attached hereto as Exhibit D;
- 5) the Plan Supplement, attached hereto as Exhibit E;
- 6) a blank signature page to the New Senior Secured Notes Exchange Agreement, attached hereto as Exhibit F;
- 7) a blank signature page to the Release Agreement, attached hereto as Exhibit G; and
- 8) a Ballot, attached hereto as Exhibit H.

**The Company is requesting that each holder of a First Lien Claim returns a duly executed signature page to this letter by email to [NauticalSolutionsInfo@kccllc.com](mailto:NauticalSolutionsInfo@kccllc.com) or by mail by sending a duly executed physical paper copy to Nautical Ballot Processing, C/O KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245 so that it is actually received by the Voting Deadline indicating its receipt of the above-described documents and its acknowledgment that such holder:**

- 1) is a holder of First Lien Claims;
- 2) has received, read and understands the Restructuring Support Agreement, dated as of September 6, 2022;
- 3) has received, read and understands each of the Note Purchase Agreements and/or the Credit Agreement, as applicable to such holder;
- 4) has received, read and understands the New Senior Secured Notes Exchange Agreement and each of the other New Senior Secured Notes Documents;

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings given such terms in the Plan or Disclosure Statement (as defined therein), as applicable.

- 5) has received, read and understands the Release Agreement; and
- 6) has received, read and understands the Plan, the Disclosure Statement, and the Plan Supplement.

**In addition, if the undersigned holder of First Lien Claims supports the Out-of-Court Exchange Transaction or the Plan in the case of commencement of the Chapter 11 Cases, the Company is requesting that such holder return the following documents by email to NauticalSolutionsInfo@kcellc.com or by mail by sending a duly executed physical paper copy to Nautical Ballot Processing, C/O KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245 so that they are actually received by the Voting Deadline:**

- a) a duly executed signature page to the New Senior Secured Notes Exchange Agreement, indicating agreement to be bound by the terms and conditions thereof and all other New Senior Secured Notes Documents;
- b) a duly executed signature page to the Release Agreement; and
- c) a duly executed and completed Ballot indicating its vote to accept or reject the Plan in the event the Out-of-Court Restructuring Consent Threshold is not obtained by the Voting Deadline.

Please note, if the Out-of-Court Restructuring Exchange Threshold is not obtained by the Voting Deadline, the Company anticipates commencing chapter 11 cases as early as on or about January 8, 2023 to pursue confirmation of the Plan. **In order to be counted, all Ballots must be returned by email to NauticalSolutionsInfo@kcellc.com or by mail by sending a duly executed physical paper copy to Nautical Ballot Processing, C/O KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245 by the Voting Deadline in accordance with the instructions provided therein.**

Each holder of a First Lien Claim is encouraged to carefully review each of the enclosed documents and consult with its own legal advisors regarding the New Senior Secured Notes Documents, the Release Agreement, the Plan, the Disclosure Statement, the Ballot, and all other documents related to the foregoing. The Company makes no representations concerning, and does not provide, any opinions or advice with respect to the matters described herein or in the definitive documentation related to the proposed transaction.

The laws of the State of New York govern all matters arising out of or relating to this letter and the New Senior Secured Notes Exchange Agreement, except as otherwise required by applicable law or any other New Senior Secured Notes Document, and all of the transactions it contemplates, including, without limitation, its interpretation, construction, performance, and enforcement, without giving effect to such state's conflicts of law principles or rules of construction concerning the drafter hereof.

Dated: December 22, 2022